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WK 11778/2018 INIT

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## **WORKING PAPER**

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#### **WORKING DOCUMENT**

From:	Dk dELEGATION
To:	Working Party on Competitiveness and Growth (Internal Market)
Subject:	Denmark's written comments on Platform-to-Business Regulation



NOTE

4. oktober 201818/10703-65mbo-KFST

#### Danish amendments to PRES CA no. WK 11228/2018 INIT

DK would like to thank the PRES on the work on the P2B regulation.

In general the Danish government supports the intention to promote fairness and transparency for business users of online intermediation services. Increased competition will benefit business users as well as consumers.

The proposal from the Commissions generally strikes a fine balance, which should be maintained. In this regard we do not support extending the scope to include OSE.

It is also important to acknowledge the broad scope of application of the proposal, that concerns many online intermediaries of different sizes and spans across multiple sectors. Therefore it is important to maintain a horizontal, light-touch approach.

Further, we find it important that the main ranking parameters are public available, since the ranking of goods and services by the providers of online platform has an impact on consumers choice and thus on the final business sales.

Lastly, it is of great importance for DK that the regulation is enforced effectively. We believe the best way is for member states to appoint a competent authority or designate a body to ensure sufficient enforcement of the rules laid down in this regulation.

We set out below DK's comments to PRES amendments WK 11228/2018 INIT. DK reserves the right to submit further comments on this proposal and its further amendments.

# PRES CA no. WK 11228/2018 INIT

(5) Online intermediation services and online search engines, as well as the commercial transactions facilitated by those services, have an intrinsic crossborder potential and are of particular importance for the proper functioning of the Union's internal market in today's economy. The potentially unfair and harmful trading practices of certain providers of those services in respect of business users and corporate website users and the lack of effective redress mechanisms hamper the full realisation of that potential and negatively affect the proper functioning of the internal market. In addition, the full realisation of that potential is hampered, and the proper functioning of the internal market is negatively affected, by diverging laws of certain Member States which, with a varying degree of effectivness. regulate those services, while other **Member States are considering** adopting such laws.

#### **DK** amendments

(5) Online intermediation services and online search engines, as well as the commercial transactions facilitated by those services, have an intrinsic crossborder potential and are of particular importance for the proper functioning of the Union's internal market in today's economy. The potentially unfair and harmful trading practices of certain providers of those services in respect of business users and corporate website users and the lack of effective redress mechanisms hamper the full realisation of that potential and negatively affect the proper functioning of the internal market. In addition, the full realisation of that potential is hampered, and the proper functioning of the internal market is negatively affected, by diverging laws of certain Member States which, with a varying degree of effectiveness, regulate those services, while other Member States are considering adopting such laws.

#### Justification

In general we support harmonized rules that ensure a well-functioning single market and avoid legal fragmentation.

Thus, we disagree with the deletion of the last sentence in recital 5. We obvious believe that national rules fragment the single market making it difficult for companies to operate.

(6) A uniform and targeted set of mandatory rules should therefore be established at Union level to ensure a fair, predictable, sustainable and trusted online business environment within the internal market by ensuring, in particular, that the business users of online intermediation services are afforded appropriate transparency as well as effective redress possibilities throughout the Union. Those rules should also provide for appropriate transparency as regards the ranking of corporate website users in the search results generated by online search engines. At the same, those rules should be such as to safeguard the important innovation potential of the wider online platform economy. It is appropriate to clarify that this Regulation should be without prejudice to national civil law such as the rules on the formation or modification of a contract, the validity of terms and conditions, the validity of the retention or termination of a contract, the rules on liability and tort rules. Member States should therefore remain free to apply national laws which prohibit or sanction unilateral conduct or unfair commercial practices.

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#### Justification

In general we support harmonized rules that ensure a well-functioning single market and avoid legal fragmentation.

The wording of PRES CA on re-

cital 6 do seem to interfere with the scope of this regulation, since it mentions contract law, termination of contracts etc.

(16) A provider of online intermediation services can have legitimate reasons to decide to suspend or terminate the provision of its services, in whole or in part, to a given business user, including by delisting individual goods or services of a given business user or effectively removing search results. However, given that such decisions can significantly affect the interests of the business user concerned, they should be properly informed of the reasons thereof at least [x] days before the entry into force of that decision, with a statement of reasons for that decision in a verifiable manner such as on a durable medium in a retrievable manner.

The statement of reasons should allow business users to ascertain whether there is scope to challenge the decision, thereby improving the possibilities for business users to seek effective redress where necessary. In addition, requiring a statement of reasons should help to prevent or remedy any unintended removal of online content provided by business users which the provider incorrectly considers to be illegal content, in line with Commission Recommendation (EU) No 2018/3344. The statement of reasons should identify the objective ground or grounds for the decision, based

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on the grounds that the provider had set out in advance in its terms and conditions, and refer in a proportionate manner to the relevant specific circumstances that led to that decision. The requirement of verifiability should enable business users to retrieve decisions of online intermediation services regarding the suspension or termination of their services at any point in time.

on the grounds that the provider had set out in advance in its terms and conditions, and refer in a proportionate manner to the relevant specific circumstances that led to that decision. The requirement of verifiability should enable business users to retrieve decisions of online intermediation services regarding the suspension or termination of their services at any point in time.

#### **Justification**

With the amendment to recital 16, burdens will be laid on the platforms. We believe it is an unnecessary burden, especially for small enterprises to provide a business user with a decision of suspension or termination [X] days before the decision enters into force. A [X] days implementation period will interfere with the platforms right to do business, if i.e. a platform has a certain policy of what is to be sold on the platform. If a business user contradicts the platforms policy, then the platform is forced to sell the business users products in [X] more days.

(16a) However, where a provider of online intermediation services is required to suspend or terminate, in whole or in part, the provision of its online intermediation services to a given business user, under a regulatory obligation pursuant to national or Union law, or in order to benefit from the liability exemption as laid down in Article 14 of Directive 2000/31/EC, the period

(16a) However, where a provider of online intermediation services is required to suspend or terminate, in whole or in part, the provision of its online intermediation services to a given business user, under a regulatory obligation pursuant to national or Union law, or in order to benefit from the liability exemption as laid down in Article 14 of Directive 2000/31/EC, the period

of at least [x] days should not apply. Nonetheless, the provider of online intermediation services should provide the business user concerned with a statement of reasons for any such course of action taken in a retrievable manner within [x] days.

(17) The ranking of goods and services by the providers of online intermediation services has an important impact on consumer choice and, consequently, on the commercial success of the business users offering those goods and services to consumers. Providers of online intermediation services should therefore outline the main parameters determining ranking beforehand, in order to improve predictability for business users, to allow them to better understand the functioning of the ranking mechanism and to enable them to compare the ranking practices of various providers. The notion of main parameter should be understood to refer to any general criteria, processes, specific signals incorporated into algorithms or other adjustment or demotion mechanisms used in connection with the ranking. The description of the main parameters determining ranking should also include an explanation of any possibility for business users to actively influence ranking against remuneration, as well as of the relative effects thereof. This description should provide business users with

an adequate understanding of how

of at least [x] days should not apply. Nonetheless, the provider of online intermediation services should provide the business user concerned with a statement of reasons for any such course of action taken in a retrievable manner within [x] days.

(17) The ranking of goods and services by the providers of online intermediation services has an important impact on consumer choice and, consequently, on the commercial success of the business users offering those goods and services to consumers. Providers of online intermediation services should therefore **publicly** outline the main parameters determining ranking beforehand, in order to improve predictability for business users, to allow them to better understand the functioning of the ranking mechanism and to enable them to compare the ranking practices of various providers. The notion of main parameter should be understood to refer to any general criteria, processes, specific signals incorporated into algorithms or other adjustment or demotion mechanisms used in connection with the ranking. The description of the main parameters determining ranking should also include an explanation of any possibility for business users to actively influence ranking against remuneration, as well as of the relative effects thereof. This description should provide business users with an adequate understanding of how

the ranking mechanism takes account of the characteristics of the actual goods or services offered by the business user, and their relevance to the consumers of the specific online intermediation services.

the ranking mechanism takes account of the characteristics of the actual goods or services offered by the business user, and their relevance to the consumers of the specific online intermediation services.

#### Justification

The parameters of ranking is also of great importance for consumers when searching for or buying a product on a platform, if the consumer is to find the best product at the cheapest price.

(20) The ability to access and use data, including personal data, can enable important value creation in the online platform economy. Accordingly, it is important that providers of online intermediation services provide business users with a clear description of the scope, nature and conditions of their access to and use of certain categories of data. The description should be proportionate and might refer to general access conditions. rather than an exhaustive identification of actual data, or categories of data, in order to enable business users to understand whether they can use the data to enhance value

These information requirements do not touch the providers' right to voluntarily supply any additional descriptions to business users. Processing of personal data should comply with Regulation (EU) 2016/679 of

creation, including by possibly

retaining third-party data services.

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intermediary services are en-

couraged to give access to busi-

the European Parliament and of the Council.

ness users data in a proportionate manner. Processing of personal data should comply with Regulation (EU) 2016/679 of the European Parliament and of the Council.

#### Justification

Access to and use of data, including personal data is important in the value creation in the online platform economy. Platforms exclusive right to access to data generated on the platforms may hamper the business users innovation ability in creating new products and in targeting their marketing to the consumers.

(24) Mediation can offer providers of online intermediation services and their business users a means to resolve disputes in a satisfactory manner, without having to use judicial proceedings which can be lengthy and costly. Therefore, providers of online intermediation services should facilitate mediation by, in particular, identifying at least two mediators with which they are willing to engage. The minimim number of mediators to be identified aims at safeguarding the mediators' neutrality. Mediators which provide their services from a location outside the Union should only be identified where it is guaranteed that the use of those services does not in any way deprive the business users concerned of any legal protection offered to them under Union law or the law of the Member States, including the requirements of this Regulation and

the applicable law

(24) Mediation can offer providers of online intermediation services and their business users a means to resolve disputes in a satisfactory manner, without having to use judicial proceedings which can be lengthy and costly. Therefore, providers of online intermediation services should facilitate mediation by, in particular, identifying at least two mediators with which they are willing to engage. Platforms may appoint public entities according to national law to function as a mediator. The minimum number of mediators to be identified aims at safeguarding the mediators' neutrality. When defining mediators, objective, fair and non-discriminatory conditions should be applied and public entities should also be designated as a mediator. Mediators which provide their services from a location outside the Union should only be identified where it is guaranteed that the use of those

regarding protection of personal data and trade secrets. Nonetheless, providers of online intermediation services and their business users should remain free to jointly identify any mediator of their choice after a concrete dispute has arisen between them. In order to be accessible, fair, and as swift, efficient and effective as possible, all identified those mediators should meet certain set criteria.

services does not in any way deprive the business users concerned of any legal protection offered to them under Union law or the law of the Member States, including the requirements of this Regulation and the applicable law regarding protection of personal data and trade secrets. Nonetheless, providers of online intermediation services and their business users should remain free to jointly identify any mediator of their choice after a concrete dispute has arisen between them. In order to be accessible, fair, and as swift, efficient and effective as possible, all identified those mediators should meet certain set criteria

#### Justification

It should be possible for member states to designate a public entity to mediate between the platform and the business user in order to ensure proper compliance with the rules laid down in this regulation.

Further it is important to ensure that the individual or joint set up of one or more independent mediator organisations does not lead to a direct or indirect market foreclosure through the establishment of "closed forums" and industry-based standards/certification schemes. Hence, industry-based standards may work as an entry barrier and – as an effect – work as a competitive advantage for large, established entities.

(28 new)

(28 new) In order to ensure propor compliance with and effective enforcement of the rules laid

### in this regulation member states shall appoint a competent authority or designate a body.

#### Justification

In order to ensure proper compliance with this regulation, member states should ensure adequate and effective enforcement. It should be up the member states to decide whether it should be a public authority or a designated body.

(28) Codes of conduct, drawn up either by the service providers concerned or by organisations or associations representing them, can contribute to the proper application of this Regulation and should therefore be encouraged. When drawing up such codes of conduct, in consultation with all relevant stakeholders, account should be taken of the specific features of the sectors concerned as well as of the specific characteristics of micro, small and medium-sized enterprises.

(28) Codes of conduct, drawn up either by the service providers concerned or by organisations or associations representing them, can contribute to the proper application of this Regulation and should therefore be encouraged. The Codes of Conduct should be transparent, objective, fair and nondiscriminatory. When drawing up such codes of conduct, in consultation with all relevant stakeholders. account should be taken of the specific features of the sectors concerned as well as of the specific characteristics of micro, small and medium-sized enterprises.

#### Justification

It is important to ensure that the codes of conduct do not lead to a direct or indirect market foreclosure through the establishment of "closed forums" and industry-based standards/ certification schemes. Hence, industry-based standards may work as barrier to entry and – as an effect – work as a competitive advantage for large, established entities.

#### Article 1

## **Subject-matter and scope**

1. This Regulation lays down rules

#### Article 1

# Subject-matter and scope 1. The purpose of this Regulation

to ensure that business users of online intermediation services and corporate website users in relation to online search engines are granted appropriate transparency and effective redress possibilities.

- 2. This Regulation shall apply to online intermediation services and online search engines provided, or offered to be provided, to business users and corporate website users. respectively, that have their place of establishment or residence in the Union and that, through online intermediation services or online search engines, offer goods or services to consumers located in the Union. irrespective of the place of establishment or residence of the providers of those services and irrespective of the law otherwise applicable to contracts concluded with the providers of those services.
- 3. This Regulation shall be witout prejudice to national civil law, in particular contract law and national laws which prohibit or sanction unilateral conduct or unfair commercial practices.

is to contribute to the proper functioning of the internal market by the layings down rules to ensure that business users of online intermediation services and corporate website users in relation to online search engines are granted appropriate transparency and effective redress possibilities.

- 2. This Regulation shall apply to online intermediation services and online search engines provided, or offered to be provided, to business users and corporate website users. respectively, that have their place of establishment or residence in the Union and that, through online intermediation services or online search engines, offer goods or services to consumers located in the Union, irrespective of the place of establishment or residence of the providers of those services.
- 3. This Regulation shall be without prejudice to national civil law, in particular contract law and national laws rules which, in conformity with Union law, prohibit or sanction unilateral conduct or unfair commercial practices.
- 4. This Regulation shall be without prejudice to Union law applicable in the areas of judicial cooperation in civil matters, competition, consumer protection, electronic commerce and financial services.

#### Justification

In general we support harmonized rules that ensure a well-functioning single market and avoid legal fragmentation.

We <u>support the proposed amendment from SK</u> both on article 1, paragraph 1, 3 and 4.

The wording of PRES CA on article 1.3 do seem to interfere with the scope of this regulation, since it mentions contract law, termination of contracts etc.

#### Article 4

#### Suspension and termination

- 1. Where a provider of online intermediation services decides to suspend or terminate, in whole or in part, the provision of its online intermediation services to a given business user, it shall, in a retrievable manner, provide the business user concerned, at least [x] days before that decision enters into effect without undue delay, with a statement of reasons for that decision in a verifiable manner.
- 2. The statement of reasons referred to in paragraph 1 shall contain a reference to the specific facts or circumstances that led to the decision of the provider of online intermediation services, as well as a reference to the applicable objective ground or grounds for that decision referred to in Article 3(1)(c).

#### Article 4

### Suspension and termination

- 1. Where a provider of online intermediation services decides to suspend or terminate, in whole or in part, the provision of its online intermediation services to a given business user, it shall, in a retrievable manner, provide the business user concerned, at least [x] days before that decision enters into effect without undue delay, with a statement of reasons for that decision in a verifiable manner.
- 2. The statement of reasons referred to in paragraph 1 shall contain a reference to the specific facts or circumstances that led to the decision of the provider of online intermediation services, as well as a reference to the applicable objective ground or grounds for that decision referred to in Article 3(1)(c).

- 3. Where a provider of online intermediation services is required to suspend or terminate, in whole or in part, the provision of its online intermediation services to a given business user, (a) under a regulatory obligation pursuant to national or Union law, or (b) in order to benefit from the liability exemption as laid down in Article 14 of Directive 2000/31/EC, the period referred to in paragraph 1 shall not apply. The provider of online intermediation services shall nonetheless provide the business user concerned with a statement of reasons in a written form for any such course of action taken within [x] days.
- 3. Where a provider of online intermediation services is required to suspend or terminate, in whole or in part. the provision of its online intermediation services to a given business user, (a) under a regulatory obligation pursuant to national or Union <del>law, or</del> (b) in order to benefit from the liability exemption as laid down in Article 14 of Directive 2000/31/EC. the period referred to in paragraph 1 shall not apply. The provider of online intermediation services shall nonetheless provide the business user concerned with a statement of reasons in a written form for any such course of action taken within [x] days

#### Justification

With the amendment to article 4, paragraph 1, burdens will be laid on the platforms. We believe it is an unnecessary burden, especially for small enterprises to provide a business user with a decision of suspension or termination [X] days before the decision enters into force. A [X] days implementation period will interfere with the platforms right to do business, if i.e. a platform has a certain policy of what is to be sold on the platform. If a business user contradicts the platforms policy, then the platform is forced to sell the business users products in [X] more days.

Article 5

Article 5

#### Ranking

- 1. Providers of online intermediation services shall set out in their terms and conditions the main parameters determining ranking and the reasons for the relative importance of those main parameters as opposed to other parameters. Where those main parameters include the possibility to influence ranking against any direct or indirect remuneration paid by business users to the provider of online intermediation services concerned, that provider of online intermediation services shall also include in its terms and conditions a description of those possibilities and of the effects of such remuneration on ranking.
- 2. Providers of online search engines shall set out for corporate website users the main parameters determining ranking and the reasons for the relative importance of those main parameters as opposed to other parameters, by providing an easily and publicly available description, drafted in plain and intelligible and unambiguous language on the online search engines of those providers. They shall keep that description up to date.

#### Ranking

1. Providers of online intermediation services shall set out in their terms and conditions the main parameters determining ranking and provide for an easily and publicly available description, drafted in plain and intelligible and unambiguous language on the online intermediary service and the reasons for the relative importance of those main parameters as opposed to other parameters. Where those main parameters include the possibility to influence ranking against any direct or indirect remuneration paid by business users to the provider of online intermediation services concerned. that provider of online intermediation services shall also include in its terms and conditions a description of those possibilities and of the effects of such remuneration on ranking.

2. Providers of online search engines shall set out for corporate website users the main parameters determining ranking and the reasons for the relative importance of those main parameters as op-<del>posed to other parameters</del>, by providing an easily and publicly available description, drafted in plain and intelligible and unambiguous language on the online search engines of those providers. They shall keep that description up to date.

<u>Justificati</u>on The ranking of goods and services by the providers of online platform has an impact on consumers choice and thus on the final business sales. In order for the online platforms to support efficient markets consumers should be able to take an active and well-informed choices. Thus the consumers need to know on what grounds the decision is taken upon.

When the ranking parameters are publicly available, then consumers also have the insight of how and why certain products are ranked the way they are. We question the fact that consumers are able to get the insight, if ranking parameters only appears in the terms and conditions between the platform and business which in our understanding very randomly is made public.

Further, it is important that the descriptions of the parameters should not be too detailed but kept in an overall level. We suggest to delete "reasons for", since it is too burdensome for the platform in relation to the added value for the business user.

Article 6	Article 6
Differentiated treatment	Differentiated treatment
	Comment:  We do not support extending the s cope of this article to OSE. In case of differentiated treatment and the misuse of a dominant position the competition rules are sufficient as seen with the Google Shopping case. Further, in cases of ranking on the OSE, article 5 of this regulation is sufficient.
Article 8	Article 8

# Restrictions to offer different conditions through other means

Where, in the provision of their services, providers of online intermediation services

in accordance with national law restrict the ability of business users to offer the

same goods and services to consumers under different conditions through other means

than through those services, they shall include grounds for that restriction in their

terms and conditions and make those grounds easily available to the public. Those grounds shall include the main economic, commercial or legal

considerations for those restrictions

# Restrictions to offer different conditions through other means

Where, in the provision of their services, providers of online intermediation services

<del>in accordance with national law</del> restrict the ability of business users to offer the same goods and services to consumers under different conditions through other means than through those services, they shall include grounds for that restriction in their terms and conditions and make those grounds easily available to the public. Those grounds shall include the main economic, commercial or legal considerations for those restrictions

#### **Justification**

We are aware of the differences in the member states regulation on this area. But since the PRES is working on a more horizontal article 1 regarding the reference to national law, we do not see the need for a reference to national law in article 8.1.

#### Article 9

## Internal complaint-handling system

4. Providers of online intermediation services shall annually establish and make easily available to the public information on the functioning and effectiveness of their internal complaint-handling system

That information shall include the total number of complaints lodged,

#### Article 9

## Internal complaint-handling system

4. Providers of online intermediation services shall annually establish and make easily available to the public information on the functioning and effectiveness of their internal complaint-handling system.

That information shall include the total number of complaints lodged,

the subjectmatter	the subjectmatter
main types of the complaints, and	main types of the complaints, and
the average time period needed to	the average time period needed to
process	process
the complaints and the decision	the complaints and the decision
taken on the complaints.	taken on the complaints.
	Justification We are aware that the PRES has tried to find a middle way regarding the information requirements in art. 9(4). Still, we believe the information obligations in this paragraph is too burdensome to the platform and will not provide added value. Especially since the current CA doesn't include proper enforcement tools of this regulation, i.e. by public enforcement. Thus, we suggest to delete the second section of article 9(4).  We support the PRES proposal on maintaining the original wording on the definition of small enterprises within the meaning of the Commission's recommendation from 2003 in art. 9(5).
Article 10 Mediation	Article 10 Mediation
	Comment  DK cannot support the proposal on restricting article 10 to only mediators from the EU.
	1. Each Member State shall appoint a competent authority or designate a body or bodies responsible for adequate and effective enforcement of this Regulation.  2. Member States shall lay down the rules setting out the

measures applicable to infringements of the provisions of this Regulation and shall ensure that they are implemented. The measures provided for shall be effective, proportionate and dissuasive.

3. The competent authority or designated body may give guidance to business users in detecting unfair practices from platforms.

3. The competent authorities or designated bodies referred to in paragraph 1 shall be communicated to the Commission and made publicly available on the Commission's website.

#### Justification

We do not believe article 12 on the judicial proceedings by representative organisations and public bodies will ensure the right enforcement. It is expensive to bring an action before court and the time frame is elongated. This means, platforms breaching the rules laid down in this regulation will be able to do so for a long time before a court reaches a decision. This both effect the business selling on the platforms and the consumers.

In order to ensure proper compliance with this regulation, member states should ensure adequate enforcement. We believe it should be up the member states to decide whether it should be a public authority or a designated body.

It is important to state that member states should lay down rules setting

out the measures applicable to the infringements. In this regard mem-
ber states should by themselves decide whether or not penalties are to be an applicable measure.