



KOREA
COMMUNICATIONS
COMMISSION

ANNUAL REPORT 2015



Korea Communications
Commission

This annual report is a summary of the main activities and achievements of the Korea Communications Commission during the year 2015, pursuant to Article 16 of the 「Act on the Establishment and Operation of Korea Communications Commission」 .

Message from the Chairman



The year 2015 has seen the Korea Communications Commission set a meaningful milestone of realizing the vision of ‘trusted broadcasting and communications sector that brings happiness to people’ as the regulatory agency enters its third term.

Amid the trend of convergence in the broadcasting and communications industries and a fast evolving environment brought on by the development of the ICT technology, the Commission has striven to level the playing field, while creating a sound broadcasting ecosystem. The Commission has also addressed diverse broadcasting and communications policies to improve its services. This annual report summarizes the works and key policy achievements that were made during the past year.

To begin with, the Commission has laid groundwork for next-generation broadcasting such as terrestrial UHD, allowed pilot MMS broadcasting of the EBS channel, and expanded production support for local broadcasting stations to help them improve the quality of broadcasting services.

In addition, the introduction of the Total Advertising Cost System, aimed at strengthening the competitiveness of broadcasting content, has increased the relevancy of broadcasting regulations as the Commission strived to accommodate the voices from the broadcasting industry. The Commission also submitted to the National Assembly an act amendment highlighting the integration of the 「Broadcasting Act」 and the 「Internet Multimedia Broadcast Services Act」, establishing the principle of ‘one regulation for one service’ for paid broadcasting business operators.

Furthermore, the enforcement of the 「Mobile Device Distribution Improvement Act」 has encouraged business operators to discard unnecessary fierce competition and work towards reducing rates and providing enhanced services. Policy improvement regarding combined products has contributed to upgrading user protection and promoting fair competition among service operators.

The Commission has endeavored to foster a sound Internet culture, for example, by laying out the guidelines on privacy protection for big data and smart phones while conducting education and campaigns for heightened online ethics.

Going forward, the Korea Communications Commission pledges to contribute to raising the sense of public responsibility and quality of broadcasting services, by exploring a variety of measures to develop the nation’s broadcasting and communications industry and protect viewers and users.

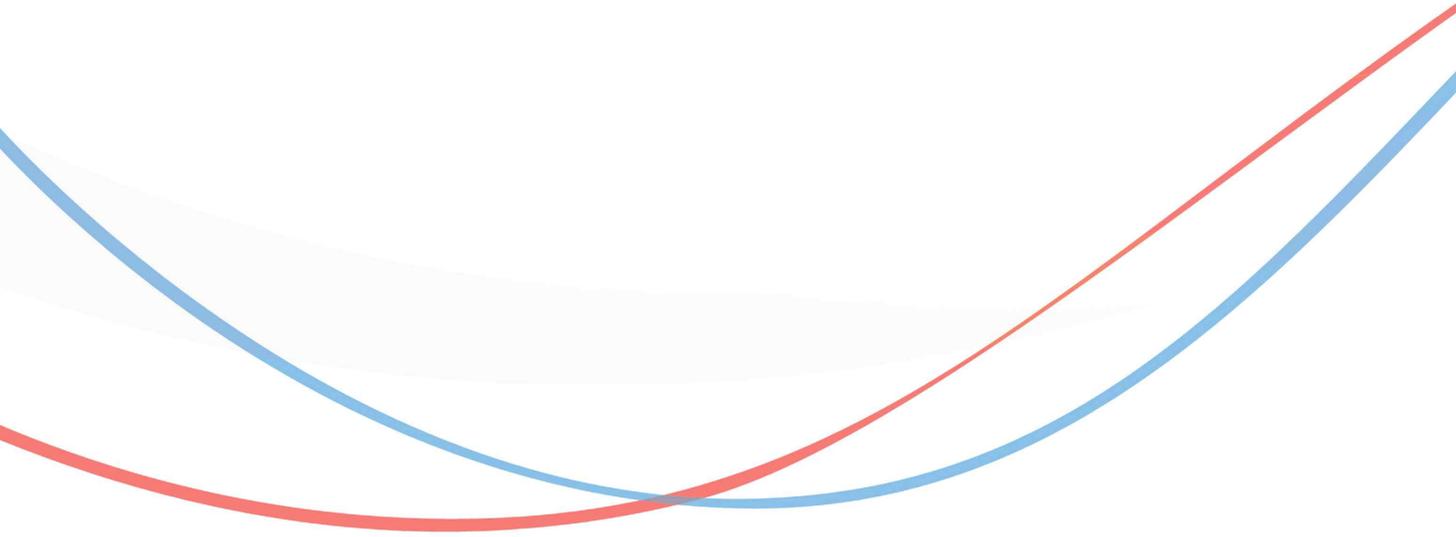
Your continued interest and encouragement are greatly appreciated.

June 2016

Choi Sung-joon

Chairman

Korea Communications Commission



KOREA
COMMUNICATIONS
COMMISSION
ANNUAL REPORT 2015

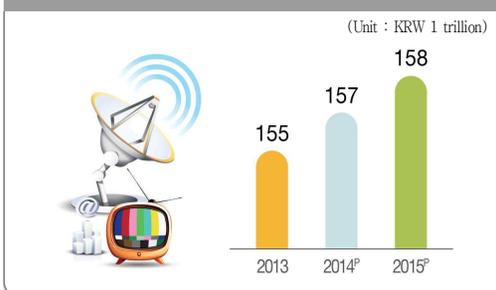


Broadcasting and Communications Policy Accomplishments in Graphs

The broadcasting and communications industry contributes to national economic growth

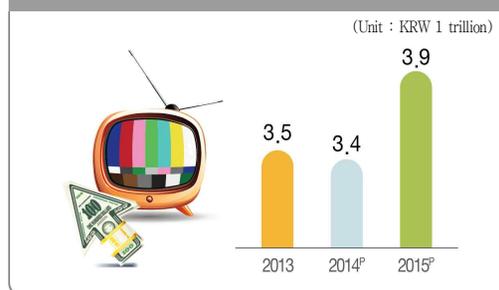
- In 2015, Korea's broadcasting and communications industry generated record highs of KRW 158 trillion in production.
- Korea has ranked top in the International Telecommunication Union (ITU)'s ICT development index.

Domestic broadcasting and communications output



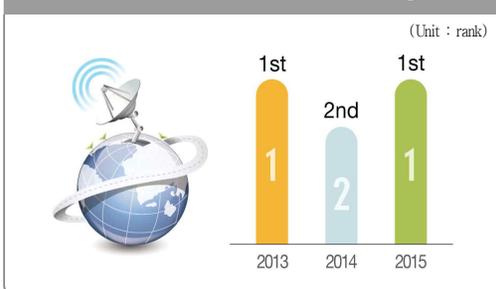
Note) P : Preliminary (tentative value), Korea Association for ICT Promotion (2015)

Domestic broadcasting advertisement sales



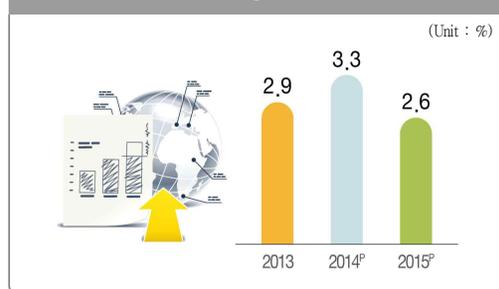
Note) P : Preliminary (tentative value), Korea Association for ICT Promotion (2015)

ITU IDI evaluation ranking



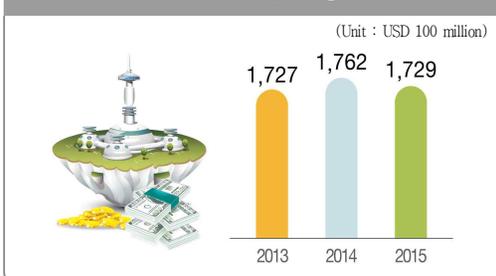
Note) IDI : ICT Development Index, Ministry of Science, ICT and Future Planning (2015)

GDP growth



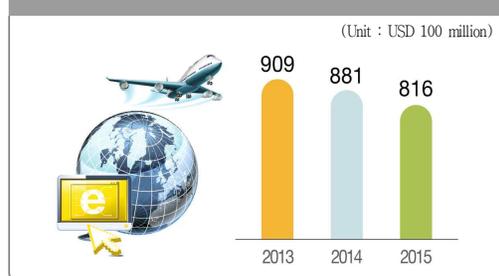
Note) P : Preliminary (tentative value), Bank of Korea (2015)

ICT industry export



Note) Ministry of Trade, Industry and Energy, Ministry of Science, ICT and Future Planning (2016)

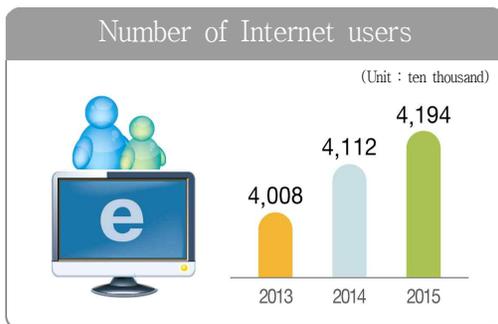
ICT trade balance



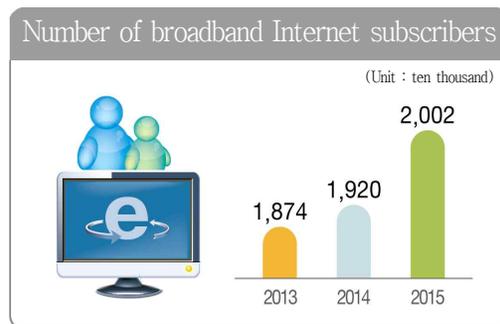
Note) Ministry of Trade, Industry and Energy, Ministry of Science, ICT and Future Planning (2016)

Created an environment for the future broadcasting and communications services with the expansion of next-generation services

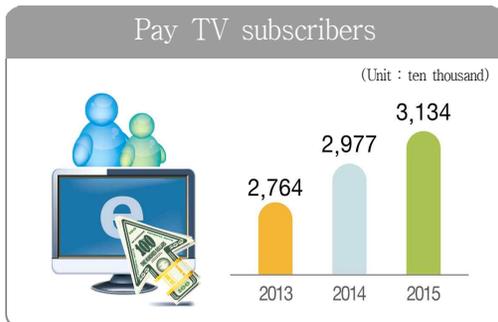
- The stable service of quality broadcasting and communications is well represented by the number of broadband Internet subscribers and IPTV subscribers reaching 20 million and 12 million, respectively.
- Wireless data traffic has seen a 43.3% increase compared to 2014 with the number of LTE subscribers rising to 41.69 million, ushering in the era of high-speed, large volume, and quality media.



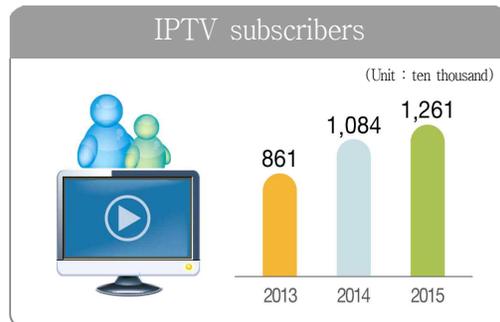
Note) Korea Internet & Security Agency (2015)



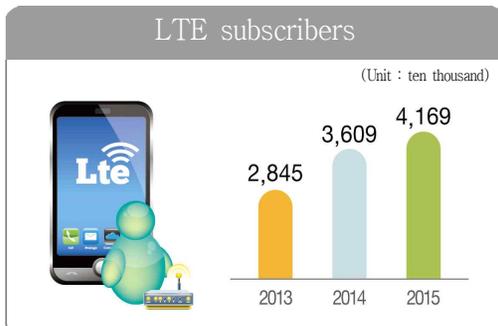
Note) Ministry of Science, ICT and Future Planning (2015)



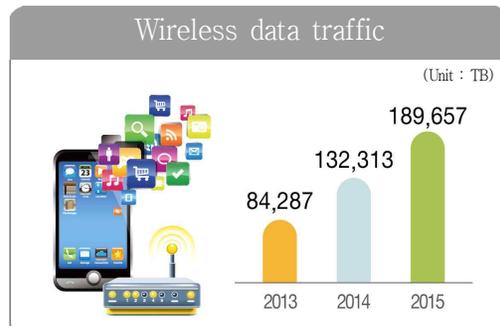
Note) Relay wired broadcasting excluded, Ministry of Science, ICT and Future Planning, Korea Cable television & Telecommunications Association, Skylife (2016)



Note) Ministry of Science, ICT and Future Planning (2016)



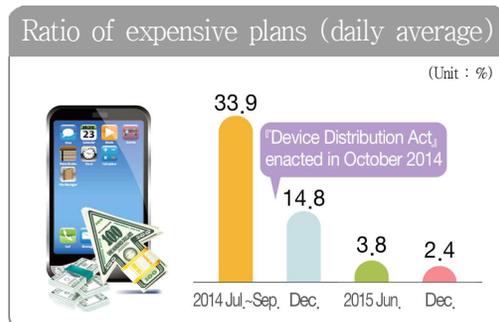
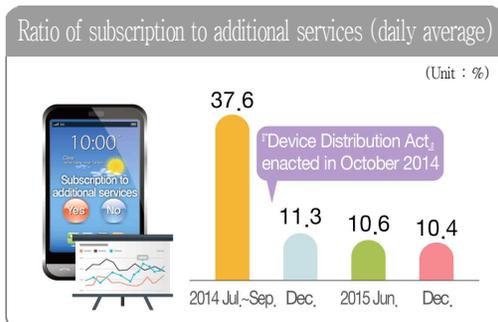
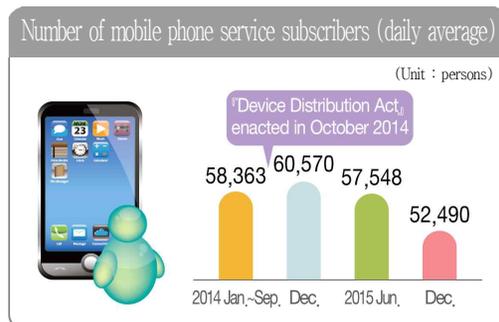
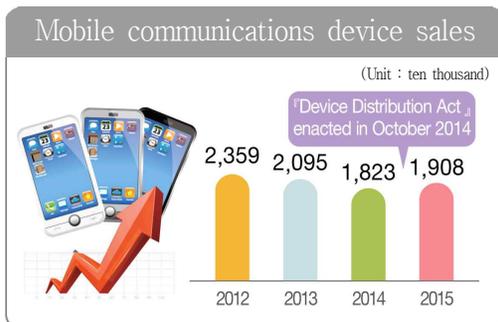
Note) Ministry of Science, ICT and Future Planning (2016)



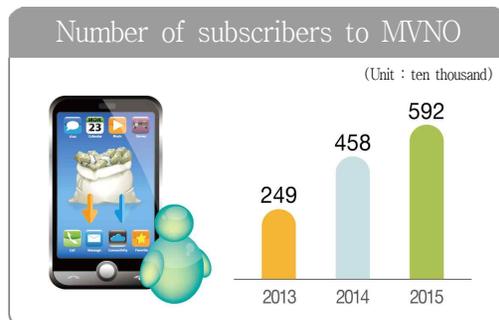
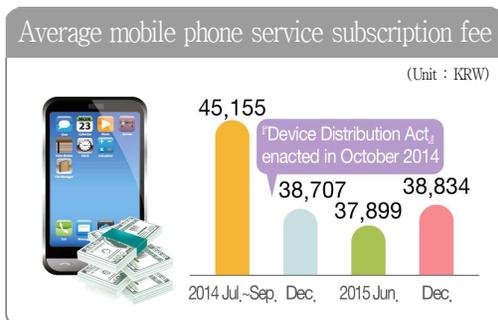
Note) Traffic by wireless communication technologies (2G, 3G, 4G, WiBro, Wi-Fi), as of December each year (one month), Ministry of Science, ICT and Future Planning (2016)

Contributed to enhancing user convenience by leveling the playing field in the communications market

- The enforcement of the 「Mobile Device Distribution Improvement Act」 (hereinafter referred to as 「Device Distribution Act」) has encouraged competition for rates and services in the communications market.
- The number of subscribers to the Mobile Virtual Network Operator (MVNO) surpassed 5 million and the ratio of subscription to additional services and expensive plans fell, helping to relieve households of communication costs burden.



Note) Expensive plan : KRW 600,000 or higher plan

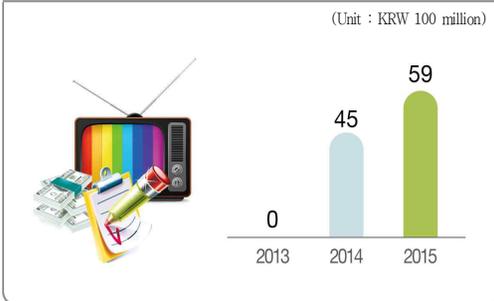


Note) Ministry of Science, ICT and Future Planning(2016)

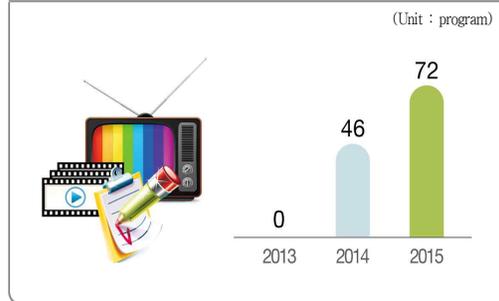
Strived to ensure media diversity and guarantee viewers' rights

- The Commission has strengthened the quality of local broadcasting services through policy support for regional, small and medium broadcasting providers.
- The Commission has expanded production support for regional, small and medium broadcasting providers, helping to enhance their content competitiveness.

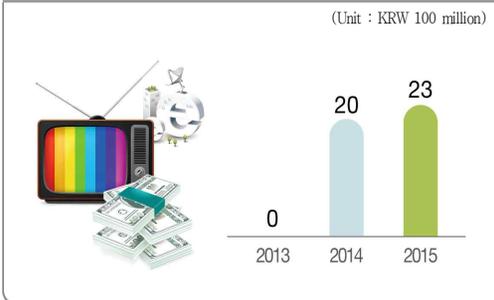
Application for grants for regional, small and medium broadcasting



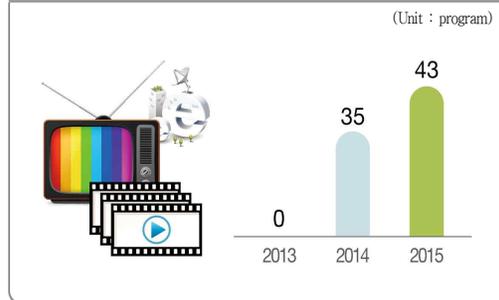
Number of shows applied for grants



Grants provided for regional, small and medium broadcasting

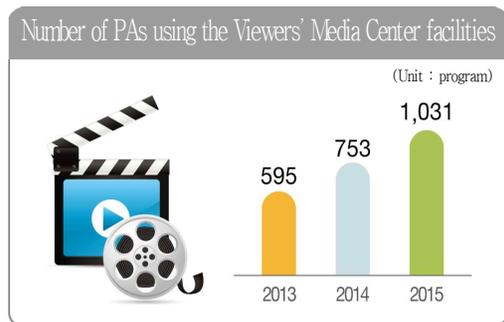
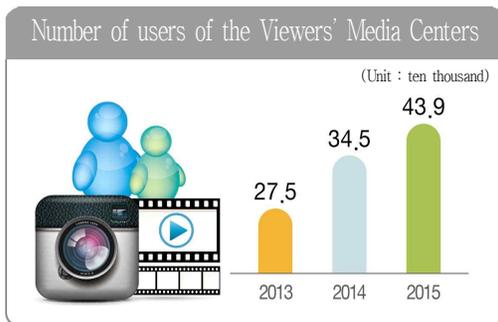


Number of shows received grants

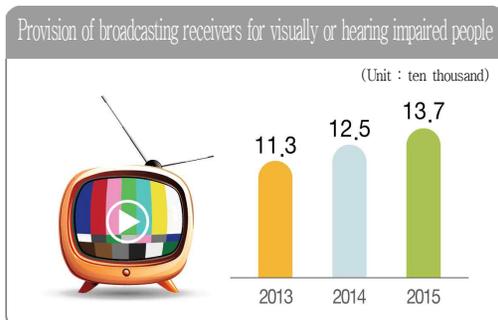
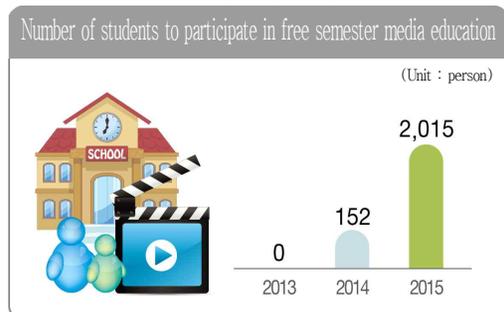
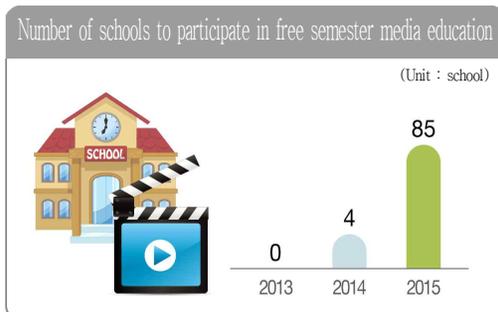


Increased access opportunity to broadcasting for the marginalized promote the welfare of Korean viewers.

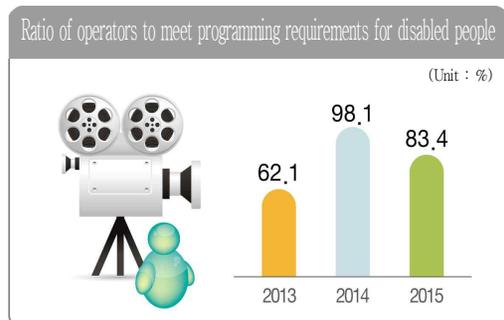
- The Commission has expanded public access to the Viewers' Media Centers to boost viewers' engagement and offered media education for young students to nurture their creativity and self-driven study.
- By providing broadcast receivers for the visually or hearing impaired and supporting broadcast programs for the disabled, the Commission has improved access to broadcast service for those who previously experienced a disadvantage.



Note) PA(Public Access) : Broadcasting contents such as TV or radio shows created by the general public



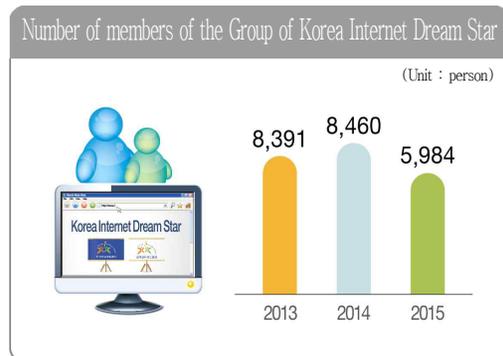
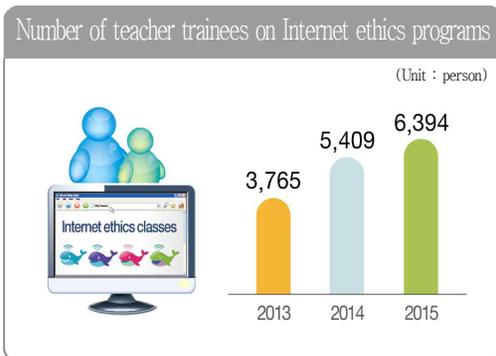
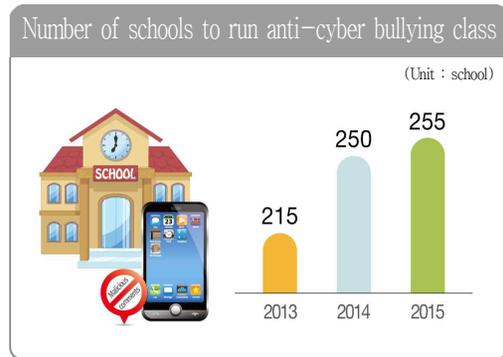
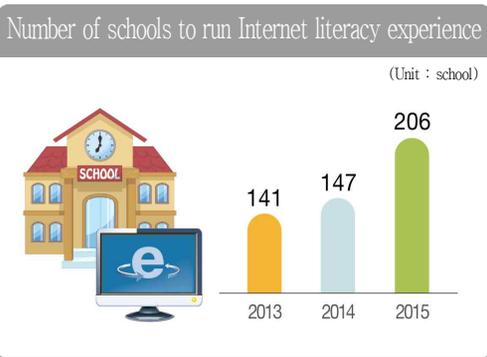
Note) Number of receivers cumulative



Note) First half only covered in 2015 figures

Implemented a variety of activities to nurture a sound Internet culture.

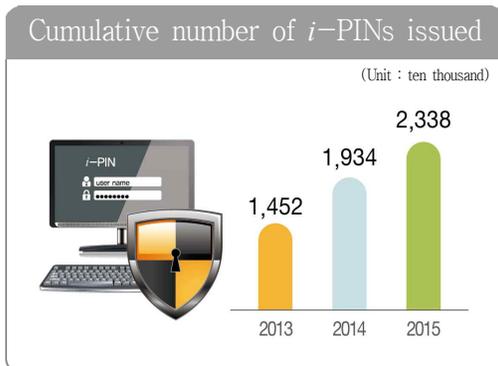
- The Commission has expanded programs for Internet literacy experience and anti-cyber bullying class.
- The Commission continued to implement Internet ethics activities, operating Internet ethics classes and the Group of Korea Internet Dream Star.



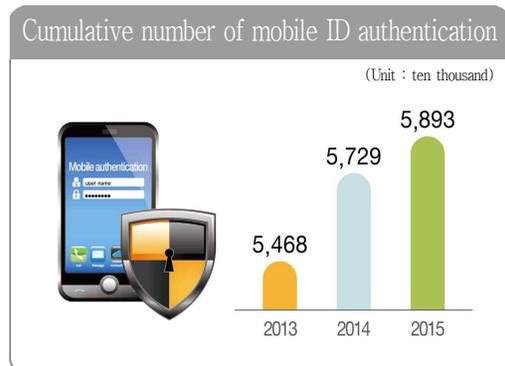
Note) Members included elementary, middle, and high school students until 2014. From 2015, however, the number fell as the admission was limited to elementary students.

Strengthened privacy protection and improved broadcasting and communications service environment for users.

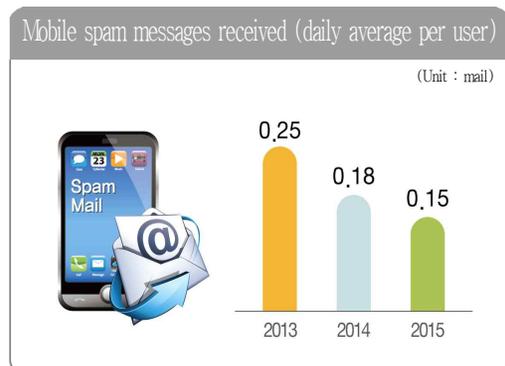
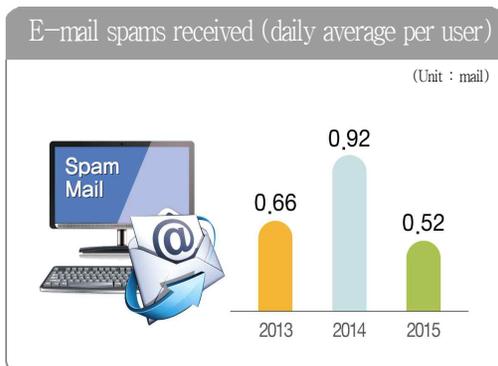
- The Commission has enhanced transparency in personal information usage by issuing 23.38 million *i*-PINs and processing 58.93 million requests for mobile ID authentication.
- The number of daily spam mails and mobile messages received by an average user recorded 0.52 and 0.15 each on average, as a result of the Commission's continuous work towards protecting people from unsolicited messages.



Note) Number of *i*-PINs accumulative
Note) *i*-PIN : An alternative to resident registration number on the Internet that requests personal ID and password for user authentication.



Note) Number of mobile ID authentication accumulative





CONTENTS



I. Broadcasting and Communications Policy Environment..... 1

1. Trends in the Global Macro Economy and Broadcasting and Communications Markets..... 3
 - a. Trends in the Global Macro Economy..... 3
 - b. Trends in the Global Broadcasting and Communications Markets..... 6
2. Korea Broadcasting and Communications Policy Environment..... 9
 - a. Trends in the Domestic Broadcasting and Communications Market..... 9
 - b. Changes in the Broadcasting and Communications Policy Environment..... 16

II. Status and Policy Objectives of the Korea Communications Commission.... 19

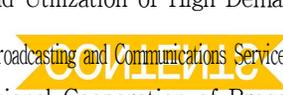
1. Overview..... 21
2. Organization and Functions..... 24
 - a. Organizational Status..... 24
 - b. Responsible Services and Division of Duties..... 27
 - c. Public and Relevant Organizations under Jurisdiction of the Commission..... 32
 - d. Expenditure Budget in 2015..... 33
 - e. Status of Government Initiated Legislation in 2015..... 35
3. Key Policy Achievements in 2014..... 35
 - a. Creating A Trusted Broadcasting Environment..... 35
 - b. Supporting Reinvigoration of Broadcasting and Communications Services..... 37
 - c. Protecting Users to Promote People's Convenience..... 38
4. Key Policy Objectives in 2015..... 40



III. Broadcasting and Communications Policy Outcomes of the Year 2015..... 43

Chapter 1	Enhancing Public Responsibility, the Role and Fairness of Broadcasting.....	45
1.	Enhancing Public Responsibility of Broadcasting.....	45
a.	Improving Policy for License Renewal & Approval of Broadcasting Operators....	45
b.	Inspecting General Service PP Implementation.....	47
c.	Conducting Evaluation of 2014 Broadcasting Performances.....	49
d.	Raising the Quality of Broadcasting Language.....	53
e.	Certification of Public Benefit Channels and Welfare Channels for Disabled People....	55
2.	Guaranteeing Diversity of Media and Rights to Viewing.....	57
a.	Reinvigorating Regional Broadcasting.....	57
b.	Researching and Assessing Share of Audience among Broadcasting Business Operators....	60
c.	Researching Integrated Share of Audience.....	63
3.	Promotion of Viewers' Rights and Interests.....	65
a.	Establishment of the Community Media Foundation.....	65
b.	Expanding Media Education.....	66
c.	Promoting Viewers' Participation in Broadcasting.....	68
d.	Enhancing Access to Broadcasting Services for Marginalized Groups.....	69
4.	Improving Disaster Broadcasting.....	72
a.	Overhauling the 「Framework Act on Broadcasting Communications Development」	72
b.	Improving Disaster Broadcasting Reception Environment.....	74
c.	Strengthening Responsible Organization.....	75

Chapter 2	Invigoration of Broadcasting and Communications Services	76
1.	Promoting New Broadcasting Services	76
a.	Test Service on Multi-Mode Service	76
b.	Introduction of Terrestrial UHD Broadcasting	80
2.	Improving Regulations on Broadcasting Advertisement and Industry Support	83
a.	Easing Regulations on Broadcasting Advertisement	83
b.	Creating a Basis for Promotion of Broadcasting Advertisement	87
3.	Expanding the Foundation for Broadcasting Content	90
a.	Nurturing Broadcasting Content Production Talents	90
b.	Creating a Desirable Outsourcing Production Environment	92
4.	Strengthening Protection of Location Information and Industry Promotion	93
a.	Strengthening Protection of Location Information	93
b.	Promoting the Location-Based Services Industry	95
c.	Upgrade Social Safety Net	95
5.	Improving Broadcasting and Communications Regulations and Government 3.0 Performance	97
5.1.	Improving Broadcasting and Communications Regulations	97
a.	Identifying and Easing of Core Regulations	97
b.	Overhauling Existing Regulations	105
5.2.	Government 3.0 performance	115
a.	Change Management of Government 3.0	115
b.	Promoting Services Tailored for People's Needs	119
c.	Innovation in Working Methods	128
d.	Supporting Opening and Utilization of High Demand-High Added Value Data	130
6.	Supporting Overseas Expansion of Broadcasting and Communications Services and Enhancing Inter-Korean Exchanges	136
a.	Strengthening International Cooperation of Broadcasting and Communications	136
b.	Supporting Overseas Expansion of Broadcasting Content and Spread of the Korean Wave	141
c.	Promoting Inter-Korean Broadcasting and Communications Exchange	143





Chapter 3 Fair Competition in the Broadcasting and Communications Market and Protection of Users	147
1. Establishing Fair Competition Order in the Broadcasting Market	147
a. Inspection and Correction of Unfair Practices	147
b. Announcement of Property Status	148
c. Assessment of Competition Status	149
d. Rational Overhauling of Regulations on the Broadcasting Market	154
e. Operation of Terrestrial Broadcasting Retransmission Consultative Body	155
f. Unification of paid broadcasting Service Regulation Structure	156
g. Guarantee Viewers' Rights to Reliable Viewing	158
2. Establishing Fair Competition Order in the Broadcasting Market and User Protection	159
a. Establishing Fair Competition Order in the Communications Market	159
b. Inspecting Violation of Users' Interests	163
c. Strengthening the Right to Choice and Conveniences for Consumers	171
3. Establishing Fair Trade Environment for Broadcasting and Communications Combined Products	180
a. Correctional Measures on False Advertisement	180
b. Policy Improvement for Broadcasting and Communications Combined Products	185
4. Strengthening Personal Information Protection Online	193
a. Inspection and Measures for Personal Information Management Status	193
b. Improvement of Laws on Personal Information Protection	194
c. Raising Awareness on Personal Information Protection	196
5. Fostering a Sound Internet Culture	203
a. Internet Ethics Education and Promotion	203
b. Improving Policy On Prevention of Illegal or Harmful Information	209
c. Enhanced Response to Spams	211
Appendix	219
1. Financial Statements of 2015	221
2. The List of General Meetings and Agenda Items of the Commission	223
3. Monthly Major Achievements of 2015	233
4. Acronyms	255
5. Status of Broadcasting and Communications Industry by Sector	257

List of Tables

Table I -1	Trends and forecasts of worldwide economic growth.....	4
Table I -2	Forecast of domestic economic growth.....	6
Table I -3	Size of the global IT market.....	6
Table I -4	Forecast of the global communications market.....	7
Table I -5	Forecast of subscribers to mobile communications services and global data traffic	8
Table I -6	Trends and forecast of production volume of the domestic broadcasting and communications industry	10
Table I -7	Trend and forecast of broadcasting and communications device exports	11
Table I -8	Trends of market size by domestic broadcasting service sector.....	11
Table I -9	Trends of the domestic advertisement market.....	12
Table I -10	Trends of market size by domestic communications service sector.....	13
Table I -11	Number of subscribers to mobile phones and smartphones.....	13
Table I -12	Trends of mobile phone subscribers by technology.....	14
Table II -1	Laws under jurisdiction of the Korea Communications Commission.....	22
Table II -2	Division of work by each department of the Commission.....	30
Table II -3	Public organization under jurisdiction of the Korea Communications Commission	32
Table II -4	Relevant organizations to the Korea Communications Commission.....	33
Table II -5	Details of the 2015 expenditure budget of the Commission.....	34
Table III -1	Comparison of review standards for license renewal & approval of broadcasting operators	46
Table III -2	Content Investment and implementation performances against plans for mandatory rate of reruns by general service PPs.....	48
Table III -3	Correction orders on general service PPs.....	48
Table III -4	Implementation performances against plans for ratio of news programs by TV Chosun and Channel A.....	48
Table III -5	Article 17, section 3 and Article 31, section 1 of the 「Broadcasting Act」 ...	49
Table III -6	Broadcasting business operators subject to 2014 assessment.....	50
Table III -7	Broadcasting assessment items by sector.....	50
Table III -8	Key amendments to ‘Rules on the Assessment of Broadcasting’.....	53
Table III -9	Key elements of ‘Guidelines on Broadcasting Language’.....	54
Table III -10	Selection of public benefit channels and certification of welfare channels for physically impaired people in 2016.....	57
Table III -11	Vision and implementation strategy for the regional broadcasting support plan	58
Table III -12	Screening results of content competitiveness enhancement programs for regional, small, and medium broadcasting in 2015.....	59
Table III -13	Survey results of audience share of major broadcasting operators in 2014	61
Table III -14	Key progress of the Community Media Foundation.....	65

TableIII-15	Key projects of the Community Media Foundation in 2015	66
TableIII-16	Operation model of the free semester system and program matching	67
TableIII-17	Broadcasting of programs created by users in the Viewers' Media Center	68
TableIII-18	Assessment Results on the Performance of Broadcast Services for Disabled People in 2014	71
TableIII-19	Article 40, Section 3 of the 「Framework Act on Broadcasting Communications Development」	73
TableIII-20	Results of complete survey of the signal reception environment for disaster broadcasting	74
TableIII-21	Meetings held by the civil complaints response team for terrestrial MMS	77
TableIII-22	Phase-in schedule for terrestrial UHD broadcasting	82
TableIII-23	Comparison of advertisement regulations between terrestrial and paid broadcasting	84
TableIII-24	Regulations on broadcasting advertisement in foreign countries	84
TableIII-25	Key elements of amendment to the 「Enforcement Decree of the Broadcasting Act」 for policy improvement of broadcasting advertisement	86
TableIII-26	Advertisement Support for Innovative SMEs	88
TableIII-27	Discount benefits for transmission fees for Innovative SMEs	88
TableIII-28	Support for media hub school	90
TableIII-29	Major courses linked to colleges	91
TableIII-30	Status of location information business operators and location-based services business operators (accumulative)	94
TableIII-31	Status of license for location information support center·report consultation	94
TableIII-32	Activities to gather opinions on deregulation	98
TableIII-33	Before and after the Gross Cap Regulation of Advertising Time	100
TableIII-34	Before and after the introduction of virtual advertisement	101
TableIII-35	Briefings to the National Assembly for legislation	104
TableIII-36	Consultations with stakeholders on terrestrial MMS	106
TableIII-37	News reports on trial service of EBS2 MMS	108
TableIII-38	Number of disputes arbitrated by the Broadcast Dispute Mediation Committee	109
TableIII-39	Statements of opposition to the amendment of 「Broadcasting Act」	110
TableIII-40	News reports on opposition to the amendment of the 「Broadcasting Act」	110
TableIII-41	Results of gathering and review of opinions from stakeholders and relevant agencies	113
TableIII-42	News reports on amendment to 「Broadcasting Act」	114
TableIII-43	Online and SNS promotion	118
TableIII-44	Success cases of innovative SMEs through broadcasting advertisement support program	122
TableIII-45	Status of utilization of broadcasting and communications services and production and distribution of damage prevention content	127
TableIII-46	Major broadcasting content of Mosaic TV	129
TableIII-47	Disclosing public data	131
TableIII-48	Utilization of public data	131
TableIII-49	Status of media base schools	134
TableIII-50	Major courses linked to colleges	134

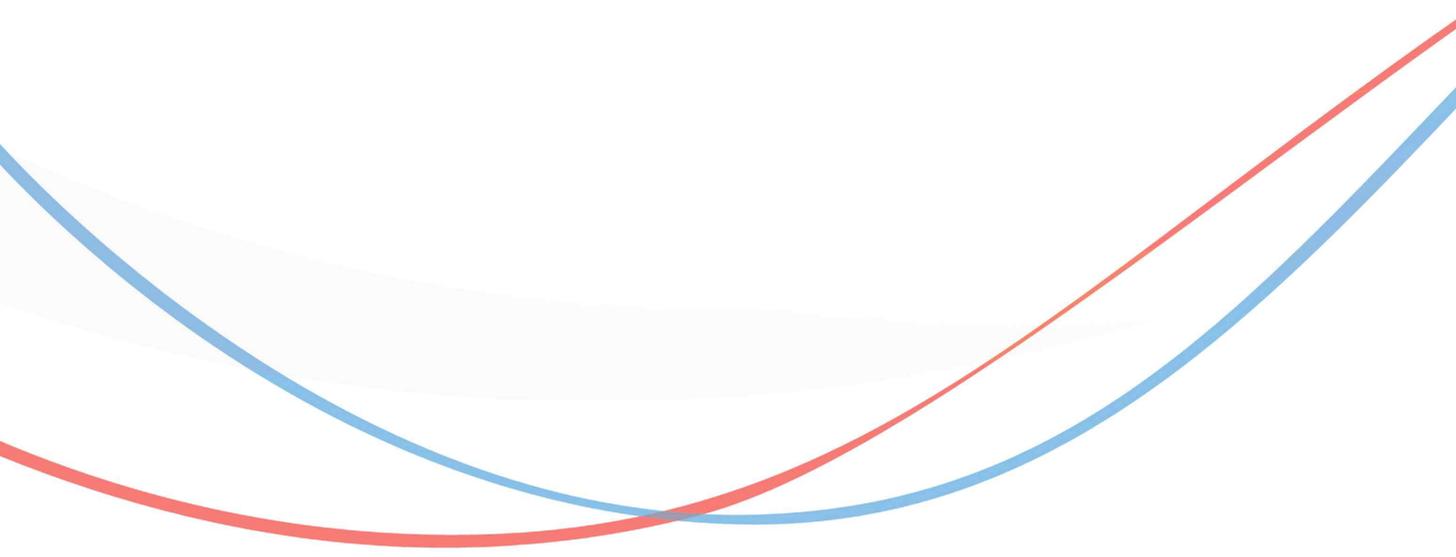
TableIII-51	Career experience in government job fair and creative economy fair	135
TableIII-52	Utilization and support performance of Viewers' Media Centers	135
TableIII-53	Major activities for inter-governmental broadcasting and communications cooperation	138
TableIII-54	Program of the international conference on inter-Korean broadcasting and communications	144
TableIII-55	Profit and loss status of broadcasters in 2014	149
TableIII-56	Major broadcasting markets subject to evaluation	150
TableIII-57	Trends of changes in the market concentration index in broadcasting markets	152
TableIII-58	Trends of revenue by terrestrial broadcasting and PP operators	153
TableIII-59	Trends of production costs by terrestrial broadcasting and PP operators	154
TableIII-60	Key elements of integrated amendment to the 'Broadcasting Act' and the 'IPTV Act'	157
TableIII-61	Cases of interruption of broadcasting between terrestrial and paid broadcasting	158
TableIII-62	Article 91.7 of 'Broadcasting Act' (added)	159
TableIII-63	Distribution status of promotional leaflet	161
TableIII-64	Key elements of 'multi-level mobile phone marketing guidelines'	162
TableIII-65	Violation of the 'Mobile Device Distribution Improvement Act' by distributors and measures taken	166
TableIII-66	Comparison between subsidization and discount plans	173
TableIII-67	Changes in plan rates after discount rate hike	173
TableIII-68	For display in stores (sample) : to be displayed side by side with the subsidy table	174
TableIII-69	Before and after the new mobile app description method	176
TableIII-70	Status of user protection by communications operators	177
TableIII-71	Major programs of the 6th broadcasting and communications users' week	179
TableIII-72	Major violation cases of false advertisement	180
TableIII-73	Types and major violations of false or deceptive advertisement	183
TableIII-74	Key regulations improvement tasks of 'policy improvement of broadcasting and communications combined products (proposal)'	187
TableIII-75	Key improvements of the policy on broadcasting and communications combined products	192
TableIII-76	Personal information protection education for business operators in 2015	197
TableIII-77	Status of personal information protection education for users in 2015	199
TableIII-78	Key advertisement programs for '2015 Campaign for Keeping My Internet Information'	201
TableIII-79	Courses of Internet ethics education in 2015	203
TableIII-80	Overview of production and promotion of user-engaging content	206
TableIII-81	Supply status of harmful information prevention SW for young children	207
TableIII-82	Status of supply of the Secure Cyber Zone by year	208
TableIII-83	Status of blocking harmful information against young children in major countries	209
TableIII-84	Articles regarding sanctions on technological measures on the 'Telecommunications Business Act'	210
TableIII-85	Implementation procedure upon the supply of blocking means of harmful content for young children, etc.	211

TableIII-86	Number of phone to phone spams reported.....	213
TableIII-87	Results of the spam distribution status for the first half of 2015.....	213
TableIII-88	Survey results on spam prevention rate by three mobile communications operators for the first half of 2015.....	214
TableIII-89	Key anti-spam promotional activities.....	216
Appendix Table-1	Execution of the Budget in 2015.....	221
Appendix Table-2	Budgets and Expenses by Program.....	221
Appendix Table-3	Assets and Liabilities of the Broadcast Communications Development Fund.....	222
Appendix Table-4	Income and Expenses of the Broadcast Communications Development Fund.....	222
Appendix Table-5	List of General Meetings and Agenda Items of the Commission..	223
Appendix Table-6	Monthly Major Achievements of 2015.....	233
Appendix Table-7	Acronyms.....	255

List of Figures

Figure I -1	Growth rate of the global broadcasting market by sector : TV advertisement	9
Figure I -2	Status of monthly traffic by wireless technology	14
Figure I -3	Trends of MVNO service subscribers	15
Figure I -4	Trends of domestic IPTV subscribers	16
Figure II -1	The current standing commissioners of the third-term Commission	24
Figure II -2	Organizational Chart of the Korea Communications Commission	26
Figure II -3	Vision and policy objectives	41
Figure III -1	Gathering for nurturing beautiful language culture	55
Figure III -2	Expert meeting and forum on the introduction of integrated TV ratings	63
Figure III -3	Organizational chart of the Community Media Foundation	65
Figure III -4	Launching ceremony of the Community Media Foundation and Community Media Festival	69
Figure III -5	Standard method for smart sign language broadcasts	70
Figure III -6	Ratio of trial service of EBS2 content	76
Figure III -7	Number of civil complaints on terrestrial MMS technology	78
Figure III -8	Survey results on awareness of terrestrial broadcasting channels	79
Figure III -9	Distribution of frequency bands of 700MHz bandwidth (proposal)	81
Figure III -10	Characteristics of terrestrial UHD broadcasting	83
Figure III -11	Overview of the Gross Cap Regulation of Advertising Time	85
Figure III -12	Before and after the Gross Cap Regulation of Advertising Time	86
Figure III -13	Business agreement to support growth of Innovative SMEs	89
Figure III -14	Chairman Choi Sung-joon held round-tables with the CEOs of Korea's broadcasting systems	93
Figure III -15	Opinions on advertisement regulation improvement by major media	97
Figure III -16	News reports on amendment of the 「Enforcement Decree of the Broadcasting Act」	101
Figure III -17	Photos of meetings, forums, and site visits	103
Figure III -18	Improvement of regulations on outsourcing production	105
Figure III -19	Number of households with access to EBS2	108
Figure III -20	News reports on spam prevention	116
Figure III -21	Street campaigns	117
Figure III -22	News reports on TV set provision for disabled people	119
Figure III -23	Broadcasting advertisement promotion infrastructure	120
Figure III -24	Virtuous cycle of support programs for broadcasting advertisement for innovative SMEs	121
Figure III -25	News reports on support for broadcasting advertisement for SMEs	122

FigureIII-26	Overview of support for encryption of personal information for small businesses	124
FigureIII-27	Survey of businesses on encryption of personal information of businesses	125
FigureIII-28	Activity progress of the Government 3.0 Design Group of People	126
FigureIII-29	Public advertisement campaign on damage prevention	128
FigureIII-30	Screens for Mosaic TV broadcasting	129
FigureIII-31	Overview of Viewers' Media Center	133
FigureIII-32	Study and discussion on broadcasting and communications in the UK and Spain	137
FigureIII-33	Interview with Mongolian state-run TV MNB and Bloomberg TV	140
FigureIII-34	CASBAA Convention and meeting with Telecom Regulatory Authority of India	140
FigureIII-35	Opening ceremony	145
FigureIII-36	Presentation and discussions at the conference by session	146
FigureIII-37	Market segmentation for competition evaluation	150
FigureIII-38	Trends of revenue by the broadcasting industries	151
FigureIII-39	Promotional leaflet on the prior approval system of wired communications	161
FigureIII-40	Examples of subscription criteria to the 20% discount plan or mobile device subsidization system	168
FigureIII-41	Personal information protection education for business operators in 2015	197
FigureIII-42	Advanced video education on personal information protection education for CEOs and CPOs	198
FigureIII-43	Personal Information Protection Night of 2015	198
FigureIII-44	Personal information protection education for users in 2015	199
FigureIII-45	Five Do's to protect personal information on smartphones	200
FigureIII-46	Five Don'ts to protect personal information on smartphones	200
FigureIII-47	Emoticons and advertisement of '2015 Campaign for Keeping My Internet Information'	201
FigureIII-48	Campaign events of '2015 Campaign for Keeping My Internet Information'	202
FigureIII-49	Footage from promotion advertisement by media	205
FigureIII-50	Overview of the Secure Cyber Zone service	208
FigureIII-51	Samples of image spams	212
FigureIII-52	System of voice spam prevention services	212
FigureIII-53	System of e-mail spam prevention services	215
FigureIII-54	Status of operation of exhibition halls	216
FigureIII-55	Promotions by media	217



KOREA
COMMUNICATIONS
COMMISSION
ANNUAL REPORT 2015



I . Broadcasting and Communications Policy Environment

1. Trends in the Global Macro Economy and Broadcasting and Communications Markets
2. Korean Broadcasting and Communications Policy Environment

I. Broadcasting and Communications Policy Environment

1. Trends in the Global Macro Economy and Broadcasting and Communications Markets

a. Trends in the Global Macro Economy¹⁾

It is forecasted that the growth rate of the global economy in 2015 will be lower compared to 2014 due to the stagnant recovery in advanced economies except for the US and the deepening economic slowdown in emerging countries. The International Monetary Fund (IMF) has lowered its forecast for global economic growth in April's projection by 0.2% point to 3.1%, lower than that of 2014. It predicted that advanced economies would see modest growth thanks to a drop in oil prices and accommodative monetary policies, while raising the growth forecast for the US because of falling energy prices, easing fiscal drag, a strengthened bottom line, and a recovering housing market. The eurozone was forecast to continue to see moderate growth with the help of dropping oil prices, accommodative monetary policies, and depreciation of the euro. Japan was expected to show gradual recovery thanks to additional quantitative and qualitative easing, drop in oil and raw material prices, and stock price rise (Ministry of Strategy and Finance, 2015).

The global economy of 2016 is likely to record a modest recovery thanks to expansionary macroeconomic policies, lower prices of raw materials, and labor market improvement. However, the dwindling global trade volume and the vulnerability of

1) Based on data provided by IMF(2015), OECD(2015), Ministry of Strategy and Finance(2015), and Bank of Korea(2016)

emerging economies to the interest rate hikes by the US will serve as a downward risk. Looking at major economies, private consumption and corporation investment will boost the growth of the US economy despite a strong dollar and reduced investment in the energy sector. The ezone is anticipated to experience continued growth attributable to falling oil prices, expansionary monetary policies, and refugee influx. On the other hand, Japan and China will see their growth trajectory slow down (based on data provided by the OECD and Ministry of Strategy and Finance, 2015).

Meanwhile, according to the Bank of Korea, the global economy of 2016 is likely to maintain low growth below the trend level in the absence of a strong growth engine. The US will post a steady growth driven by a robust increase in private consumption and housing investment. However, there is a lingering possibility of stagnation in export and the manufacturing industry due to the persistently strong dollar and the weakening growth momentum in emerging economies. Additional quantitative easing and increase in fiscal expenditure due to the refugee influx will fuel domestic demand and consumption. While Japan's growth rate will go up to an extent following the recovering business activities, however, the momentum for recovery remains declined. The growth rate for emerging countries may improve slightly but oil exporters such as Brazil, Russia and resources exporters will struggle with persistently lagging growth rate. China, given its mid-term growth goal and solid growth of production and consumption in services sector, will achieve a growth rate of around 6.5% (Bank of Korea, 2016).

Table I - 1 Trends and forecasts of worldwide economic growth (Unit : %)

Classification	IMF			OECD			
	2014	2015	2016	2014	2015	2016	
World	3.4	3.1	3.6	3.3	2.9	3.3	
Advanced countries	Average	1.8	2.0	2.2	-	-	
	USA	2.4	2.6	2.8	2.4	2.4	2.5
	Euro zone	0.9	1.5	1.6	0.9	1.5	1.8
	Japan	△0.1	0.6	1.0	△0.1	0.6	1.0
	Korea	3.3	2.7	3.2	3.3	2.7	3.1

Classification		IMF			OECD		
		2014	2015	2016	2014	2015	2016
Emerging countries	Average	4.6	4.0	4.5	—	—	—
	China	7.3	6.8	6.3	7.4	6.8	6.5
	India	7.3	7.3	7.5	7.3	7.2	7.4
	Russia	0.6	△3.8	△0.6	0.6	△4.0	1.7
	Brazil	0.1	△3.0	△1.0	0.2	△3.1	1.8

Note) Forecast for Korea based on the results from Korea-IMF annual meeting final report, May 2015, △ : Reduction
 Source) (1) Based on data provided by IMF(2015), Ministry of Strategy and Finance(2015), IMF Global Economic Outlook, October 2015
 (2) OECD(2015), OECD Economic Outlook

The Korean economy in 2015, which recovered from the aftermath of MERS outbreak thanks to consumption-boosting measures such as supplementary budgets and the decrease in Individual Consumption Tax, posted a 1.3% growth in the third quarter, putting an end to the abysmal growth rate of near 0% for five quarters in a row. However, amid the export decline due to the shrinking external demand, its economic recovery stood at 2% growth from 2014 (Ministry of Strategy and Finance and Bank of Korea 2015).

While the Korean economy in 2016 is showing signs of recovery led by consumption, the recovery is likely to record 3% compared to 2015 due to the slowing improvement of external demand. Looking at the contribution to growth by each spending sector, domestic demand will exceed exports. The consumer confidence will rise because of the accelerating growth in the US and eurozone, increase in real purchasing power of households, and the government's measures to boost consumption. However, there is lingering downward risks, for example, the slowing growth of China emerging re-sources exporters, suppressed economic sentiment due to increase in both external and internal geopolitical risks, and the possible growth slowdown because of the drag-ging structural reform (Bank of Korea, 2016).

Table I - 2 Forecast of domestic economic growth (Unit : %)

Classification	Ministry of Strategy and Finance		Bank of Korea		Korea Development Institute	
	2015	2016	2015	2016	2015	2016
Economic growth rate	2.7	3.1	2.6	3.0	2.6	3.0

Source) Ministry of Strategy and Finance(2015), Bank of Korea(2016), Korea Development Institute(2015)

b. Trends in the Global Broadcasting and Communications Markets

The global ICT industry seems to have shown a stagnant recovery as the slowing global economy and the fluctuating exchange rates of US dollar led to an increase in product and service prices and delayed purchase by consumers and businesses (Korea Information Society Development Institute). Gartner, Inc., a market research and advisory firm (2015), estimated that global IT spending in 2015 was down by 5.8% to USD 3.51 trillion, lower than in 2014. All sectors including appliances & devices (Δ 5.8%), SW (Δ 1.4%), IT service (Δ 4.5%), and communications service (Δ 8.3%) posted stagnant growth except for data center system (1.8%).

In 2016, the global IT market is anticipated to grow 0.6% to USD 3.53 trillion over 2015 due to a moderate global economic recovery (Gartner, 2015). While data center, SW, and IT service will drive the growth, appliances & devices and communications service are likely to continue to slow down.

Table I - 3 Size of the global IT market (Unit : USD 1 billion, %)

Classification	2014	2015	2016	Growth rate		
				2013~2014	2014~2015	2015~2016
Appliances & devices	694	653	641	2.5	Δ 5.8	Δ 1.9
Data center systems	167	170	175	2.4	1.8	3.0
SW	314	310	326	5.7	Δ 1.4	5.3
IT services	955	912	940	1.9	Δ 4.5	3.1
Communications services	1,604	1,472	1,454	0.1	Δ 8.3	Δ 1.2
Total	3,734	3,517	3,536	1.5	Δ 5.8	0.6

Note) Based on consumption, △ : Reduction
 Source) Gartner (2015), Gartner Market Databook

The global communications market of 2015 saw both the wired and wireless service markets post negative growth due to the decline in service price and stiffened competition. The wired sector seems to have experienced a far greater drop than the wireless sector. According to Gartner (2015), the communications market in 2015 is expected to record a 11.3% decline in wired services and a 6.5% drop in wireless services compared to 2014.

Table I-4 Forecast of the global communications market (Unit : USD 1 billion, %)

Classification		2014	2015	2016	Growth rate		
					2013~2014	2014~2015	2015~2016
Wired service	Business	287	258	250	△4.3	△10.2	△3.4
	Individual	296	259	252	△3.8	△12.4	△2.9
	Sub total	583	518	501	△4.0	△11.3	△3.1
Wireless service	Business	292	279	276	1.5	△4.5	△1.1
	Individual	729	675	677	3.0	△7.4	0.2
	Sub total	1,021	954	953	2.6	△6.5	△0.1
Total		1,604	1,472	1,454	0.1	△8.3	△1.2

Note) Based on consumption, △ : Reduction
 Source) Gartner (2015), Gartner Market Databook

Despite the decline in global wired communications, the number of wireless service subscribers and data traffic appears to have risen by a great margin. According to Ericsson (2015), the number of mobile broadband subscribers in 2015 increased by 24% from 2014, and a dramatic rise of 66% in monthly wireless data traffic is anticipated. This upward trend will continue in the coming years, recording an annual growth of 15% in the number of wireless broadband subscribers and 45% in wireless data traffic from 2015 to 2021. Furthermore, along with the rapid growth in demand for wireless data communications, high-speed wireless networks, such as LTE and 5G, are also spreading quickly. The number of LTE subscribers in 2015 is estimated at 1 billion globally, a 100% increase over 2014, and is expected to rise by 25% every year from 2015 to 2021. Meanwhile, subscribers to 5G services around the world is expected to

be around 150 million by 2021, 3.7% compared to the number of subscribers to LTE.

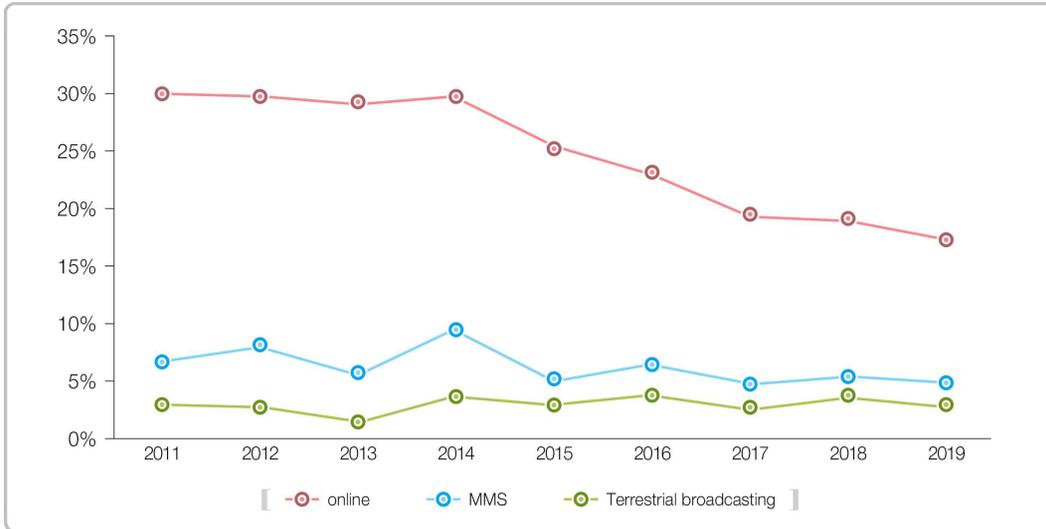
Table I - 5 Forecast of subscribers to mobile communications services and global data traffic (Unit : million, GB, EB, %)

Classification		2014	2015	2021	2014~2015 Growth rate*	2015~2021 CAGR
Mobile communi- cations service	Mobile users	7,100	7,400	9,100	4.2	5
	Smartphone users	2,600	3,400	6,400	30.8	10
	Mobile PC, tablet, and router users	250	250	350	0.0	5
	Wireless broadband subscribers	2,900	3,600	7,700	24.1	15
	Mobile service subscribers (GSM/EDGE only)	4,000	3,600	1,300	△10.0	△15
	Mobile service subscribers (WCDMA/HSPA)	1,900	2,200	3,200	15.8	5
	Mobile service subscribers (LTE)	500	1,000	4,100	100.0	25
	5G	-	-	150	-	-
Data traffic	Monthly smartphone data (GB/month)	1	1.4	8.5	40	35
	Monthly mobile PC data (GB/month)	4	5.8	20	45	25
	Monthly tablet data (GB/month)	1.8	2.6	9.7	44	25
	Total monthly wireless data traffic (EB/month)	3.2	5.3	51	66	45
	Total monthly wired data traffic (EB/month)	50	60	150	20	20

Note) * Estimate, △ : Reduction
Source) Ericsson(2015)

The growth of the global broadcasting market appears to be slowing down as markets mature. According to PWC (2015), after recording 5.3% of growth every year from 2010 to 2014, the growth rate of TV subscription and licensing fees are expected to drop to 3.4% from 2015 to 2019. Furthermore, as the TV advertisement market continues to expand online thanks to the spread of OTT, terrestrial broadcasting and MMS TV advertisement are forecast to record negative growth. While global online advertisement is likely to continue to grow at an annual average of 20% from 2015 to 2019, global MMS TV advertisement and the average annual growth rate of terrestrial broadcasting advertisement over the same period will remain at 5.1% and 2.8%, respectively. As a result, the share of MMS TV advertisement and terrestrial broadcasting advertisement in the entire TV advertisement sector will fall from 97.2% in 2014 to 94.3% in 2019 (PWC, 2015).

Figure I - 1 Growth rate of the global broadcasting market by sector : TV advertisement



Source) PWC (2015), Global Entertainment and Media Outlook 2015~2019

2. Korea Broadcasting and Communications Policy Environment

a. Trends in the Domestic Broadcasting and Communications Market²⁾

The domestic broadcasting and communications industry in 2015 is estimated to have posted a lower growth rate than in 2014 due to the sluggish global economy. According to the Korea Association for ICT Promotion, the broadcasting and communications industry of 2015 has seen a 0.6% growth reaching KRW 158.3 trillion. The broadcasting and communications service industry grew by 1.7% to record KRW 72.9, while the broadcasting and communications device industry fell by 0.3% to KRW 85.4 trillion.

Going into details, the communications service sector, among all the broadcasting and communications sectors, was estimated to have declined by 2.3% in 2015 from 2014 to KRW 44 trillion and the broadcasting service sector was estimated at KRW 15.3

2) Compiled based on output and export data from Korea Information Society Development Institute (2015) and Korea Association for ICT Promotion (2015)

trillion, up 8.2% from 2014. The broadcasting and communications convergence industry, backed by the surging wire and wireless content due to the solid growth of on-line games and web advertisement services, showed an 8.7% increase from 2014 to KRW 13.6 trillion, to record the highest growth rate among subsectors of the broadcasting and communications industry. In the meantime, the production output of broadcasting and communications devices is estimated to have fallen by 0.3% to KRW 85.4 trillion while communications devices rose by 0.9%. Broadcasting devices are expected to have posted a negative growth of 5.7%.

The export volume of domestic broadcasting and communications devices was estimated to record USD 40.86 billion, up 2.4% from 2014. In the area of mobile phone devices which takes up about 90% of communications device exports, the total export of communications devices showed a higher growth rate than in 2014, as local manufacturers aggressively distributed mid-low priced devices in emerging economies. In the meanwhile, the export of digital TVs, which represent over 60% of broadcasting devices exports, appears to have declined due to factors including stagnant demand, sluggish European economy, export slowdown to emerging countries, expansion of overseas production, and price drops due to increased competition.

Table I - 6 Trends and forecast of production volume of the domestic broadcasting and communications industry (Unit : KRW 1 trillion, %)

Classification	2013	2014 ^P	2015 ^P	Growth rate	
				2013~2014	2014~2015
Broadcasting and communications industry	154.3	157.3	158.3	2.0	0.6
Broadcasting and communications services	69.9	71.7	72.9	2.6	1.7
Communications services	44.4	45.1	44.0	1.6	△2.3
Broadcasting services	13.8	14.1	15.3	2.1	8.2
Broadcasting and communications convergence services	11.7	12.5	13.6	7.2	8.7
Broadcasting and communications device	84.4	85.6	85.4	1.4	△0.3
Communications devices	69.0	70.3	71.0	1.88	0.9
Broadcasting devices	15.4	15.3	14.4	△0.5	△5.7

Note) P : Preliminary, △ : Reduction

Source) Korea Association for ICT Promotion (2015), Monthly survey of information & communication technology statistics

Table I - 7

Trend and forecast of broadcasting and communications device exports (Unit : USD 100 million, %)

Classification	2013	2014 ^P	2015 ^P	Growth rate	
				2013~2014	2014~2015
Broadcasting and communications devices	404.3	398.8	408.6	△1.3	2.4
Communications devices	297.7	300.0	323.1	0.8	7.7
Broadcasting devices	106.6	98.9	85.5	△7.2	△13.5

Note) P : Preliminary, △ : Reduction

Source) Korea Association for ICT Promotion(2015), Monthly survey of information & communication technology statistics

Sales in broadcasting services by domestic broadcasting business operators in 2015 increased by 8.2% from 2014 to KRW 15.27 trillion. Advertisement sales in terrestrial broadcasting service is slowing down, but is expected to grow thanks to increases in TV subscription fees, retransmission, and sales of shows. CATV system operators of paid broadcasting services are expected to face negative growth due to a decrease in the number of subscribers resulting from increased competition among paid broadcasting media. Program providers are likely to grow thanks to a slight increase in advertisement sales, and growth in home shopping sales and broadcasting programs provision.

Table I - 8

Trends of market size by domestic broadcasting service sector (Unit : KRW 100 billion, %)

Classification	2013	2014 ^P	2015 ^P	Growth rate	
				2013~2014	2014~2015
Broadcasting services	138.2	141.1	152.7	2.1	8.2
Terrestrial (TV, Radio, DMB)	39.1	38.3	39.9	△2.0	4.2
Paid broadcasting (CATV broadcasting, satellite broadcasting)	29.3	30.5	29.9	4.2	△2.0
Program production and distribution	69.3	71.7	82.3	3.5	14.8
Other broadcasting services	0.6	0.6	0.6	3.8	△3.0

Note) P : Preliminary, △ : reduction

Source) Korea Association for ICT Promotion (2015), Monthly survey of information & communication technology statistics

On the other hand, the domestic advertisement market has been found to have grown by 4% from 2014 to KRW 11.1525 trillion. Breaking down the figures into media types, mobile, IPTV, and cable PP led the growth while printed media such as newspapers and magazines posted a negative growth (Ministry of Science, ICT and Future Planning and Korea Broadcast Advertising Corporation, 2015).

Table I - 9 Trends of the domestic advertisement market (Unit : KRW 100 million, %)

Classification	2013	2014	2015	Growth rate		
				2013~2014	2014~2015	
Broad-casting	Terrestrial TV	21,359	19,647	19,993	△8.0	1.8
	Radio	2,825	2,541	2,703	△10.1	6.4
	Terrestrial DMB	130	115	117	△11.3	1.4
	Cable PP	16,134	17,432	19,166	8.0	9.9
	Cable SO	1,252	1,275	1,366	1.8	7.2
	IPTV	399	630	730	57.9	15.9
	Satellite broadcasting	174	212	230	21.6	8.7
	Sub total	42,273	41,852	44,305	△1.0	5.9
Online	Internet	22,832	21,410	22,134	△6.2	3.4
	Mobile	4,757	9,099	10,744	91.3	18.1
	Sub total	27,589	30,509	32,878	10.6	7.8
Printed	Newspaper	16,227	15,612	15,367	△3.8	△1.6
	Magazine	5,451	4,905	4,734	△10	△3.5
	Sub total	21,678	20,517	20,101	△5.4	△2.0
	Outdoor	8,715	8,578	8,328	△1.6	△2.9
Others	DM	1,653	819	877	△50.4	7.1
	Life information	4,714	4,433	4,459	△6.0	0.6
	Job information	1,337	539	577	△59.7	6.9
	Total	107,959	107,247	111,525	△0.3	4.0

Note) △ : Reduction

Source) Ministry of Science, ICT and Future Planning, Korea Broadcast Advertising Corporation (2015)

The estimated sales of domestic communications services in 2015 fell by 2.3% from 2014 to KRW 44.02 trillion. Wired communications services have seen a decline in the overall sales due to sales drop in wire phone services resulting from alternative wire and wireless services and sales decline of high-speed internet due to the increase in combined consumption. Wireless communications services are also observed to have suffered a

drop in overall sales due to temporary effects resulting from transition to new plans.

Table I – Trends of market size by domestic communications service sector (Unit : KRW 100 billion, %)

Classification	2013	2014 ^P	2015 ^P	Growth rate	
				2013~2014	2014~2015
Communications services	443.6	450.6	440.2	1.6	△2.3
Wire communications service	124.6	119.9	113.0	△3.7	△5.8
Wireless communications service	241.4	248.9	241.2	3.1	△3.1
Lease and resale of line equipment, communication service acquisition, relay service	16.8	18.8	19.3	11.9	2.7
Additional communications services	60.7	63.0	66.6	3.7	5.8

Note) P : Preliminary, △ : Reduction

Source) Korea Association for ICT Promotion (2015), Monthly survey of information & communication technology statistics

The wireless communications service sector is assumed to have reached a saturation state recording a 113.5% penetration rate as of September 2015. However, the sector saw a slight growth from 2014 due to increased use of MVNO phones and introduction of data-oriented plans. However, the sales appears to have declined due to the spread of alternative voice and text message services including Kakao Talk or LINE, increase in subscription to lower-priced MVNO services, and phase-out of membership fees (membership fee scrapped by SKT in November 2014, and in March 2015 by KT and LG U+). In the meantime, the number of smartphone subscribers reached 43.67 million in 2015, taking up 74.1% of the total mobile phone subscribers.

Table I – Number of subscribers to mobile phones and smartphones (Unit : ten thousand, %)

Classification	2012	2013	2014	2015
Mobile phone subscribers (A)	5,362	5,468	5,729	5,894
Smartphone subscribers (B)	3,273	3,752	4,070	4,367
Ratio (B/A)	61.0	68.6	71.0	74.1

Source) Recompiled data provided by Ministry of Science, ICT and Future Planning on the number of mobile subscribers

In terms of mobile phone subscribers by technology, only LTE saw a great increase out of CDMA, WCDMA, and LTE from 2014 due to intensified race toward securing more users and widening their coverage as well as the introduction of data-oriented plans. The num-

ber of LTE subscribers as of the end of 2015 was around 41.69 million, surpassing 70.7% of that of mobile phones.

Table I - Trends of mobile phone subscribers by technology (Unit : ten thousand, %)

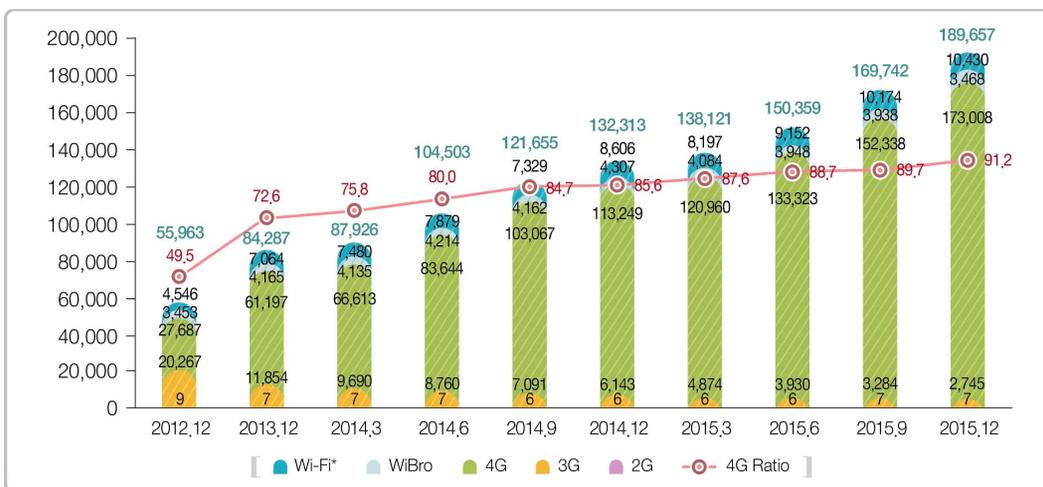
Classification	2013		2014		2015		2014~2015 Growth rate
	Subscribers	Ratio	Subscribers	Ratio	Subscribers	Ratio	
CDMA	774	14.2	633	11.1	471	8.0	△25.6
WCDMA	1,849	33.8	1,487	26.0	1,254	21.3	△15.7
LTE	2,845	52.0	3,600	62.9	4,169	70.7	15.8
Total	5,468	100	5,721	100	5,894	100	3.0

Note) △ : Reduction

Source) Recompiled data provided by Ministry of Science, ICT and Future Planning on the number of mobile subscribers

As a result, the domestic wireless communications traffic is rapidly rising led by 4G, recording 189,657 TeraBytes (TB) as of December 2015, a 43.8% increase from a year earlier. In terms of wireless technologies including 2G, 3G, 4G, WiBro, and Wi-Fi, only 4G grew by 52.8% from 2014 while 3G and WiBro fell by 55.3% and 19.5%, respectively. 4G traffic had accounted for a mere 9.5% of the total wireless data as of January 2012, but rose to 49.5% in the 4th quarter of 2012, 72.6% in the same quarter in 2013, 85.6% in the same quarter of 2014, and 91.2% in the same quarter of 2015, taking up most of wireless data traffic.

Figure I - 2 | Status of monthly traffic by wireless technology (Unit : TB, %)



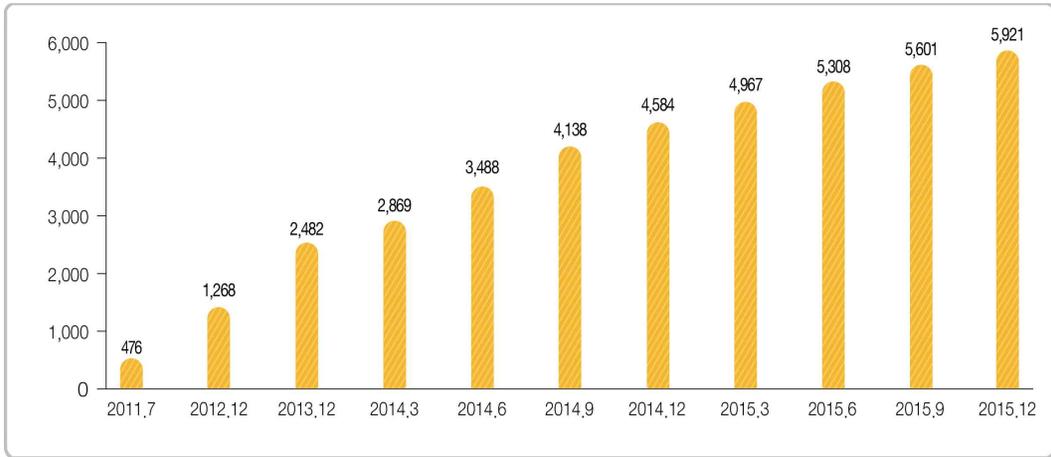
Note) Wi-Fi traffic is limited to traffic coming in through the network of communications service operators (traffic on personal Wi-Fi devices may not be calculated)

Source) Recompiled data provided by Ministry of Science, ICT and Future Planning on the number of mobile subscribers

The MVNO industry rapidly grew in 2015 thanks to the efforts by the government and operators, securing 5.921 million users during the four years and five months since its official launch in July 2011 to take up over 10% of the mobile subscription. As of 2015, there are 12 MVNOs including SK telink and Unicomz that lease networks from SKT, 20 including CJ HelloVision and Annextelecom on KT networks, and 14 such as Inscobee and Merchant Korea which use LG U+ networks. There are a total of 38 MVNOs when excluding those which lease communication networks from two or more carriers.

Figure I - 3 Trends of MVNO service subscribers

(Unit : 1,000)



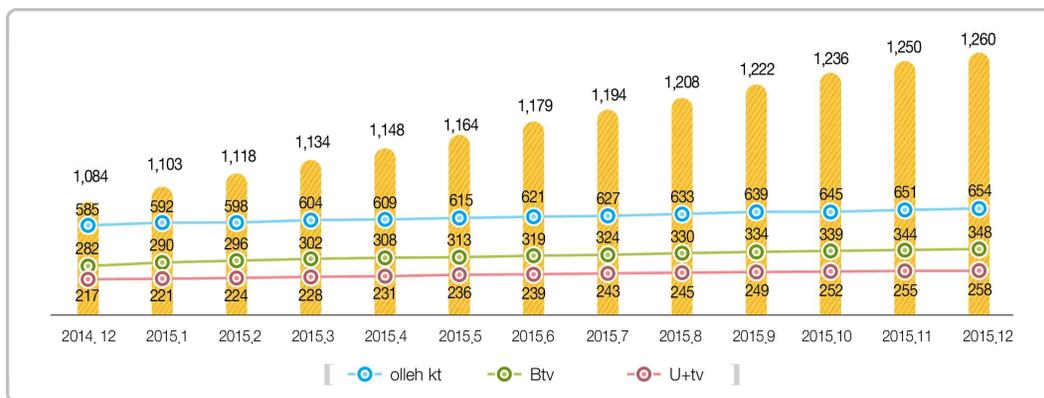
Source) Ministry of Science, ICT and Future Planning (2015), 'MVNO Penetration Surpasses 10%'

IPTV, a broadcasting and communications convergence service, has seen continued increase in the number of subscribers and sales. Since its launch in October 2008, IPTV has grown rapidly during the following five years to secure 8 million subscribers in October 2013, again surpassing the 12 million mark by attracting 12.08 million users as of August 2015. Furthermore, due to the increase in demand for VODs resulting from the growing numbers of subscribers, sales of IPTV service in 2015 was tentatively estimated at KRW 1.9798 trillion, up 28.5% from 2014.

Figure I - 4

Trends of domestic IPTV subscribers

(Unit : ten thousand)



Source) Ministry of Science, ICT and Future Planning (2015)

b. Changes in the Broadcasting and Communications Policy Environment

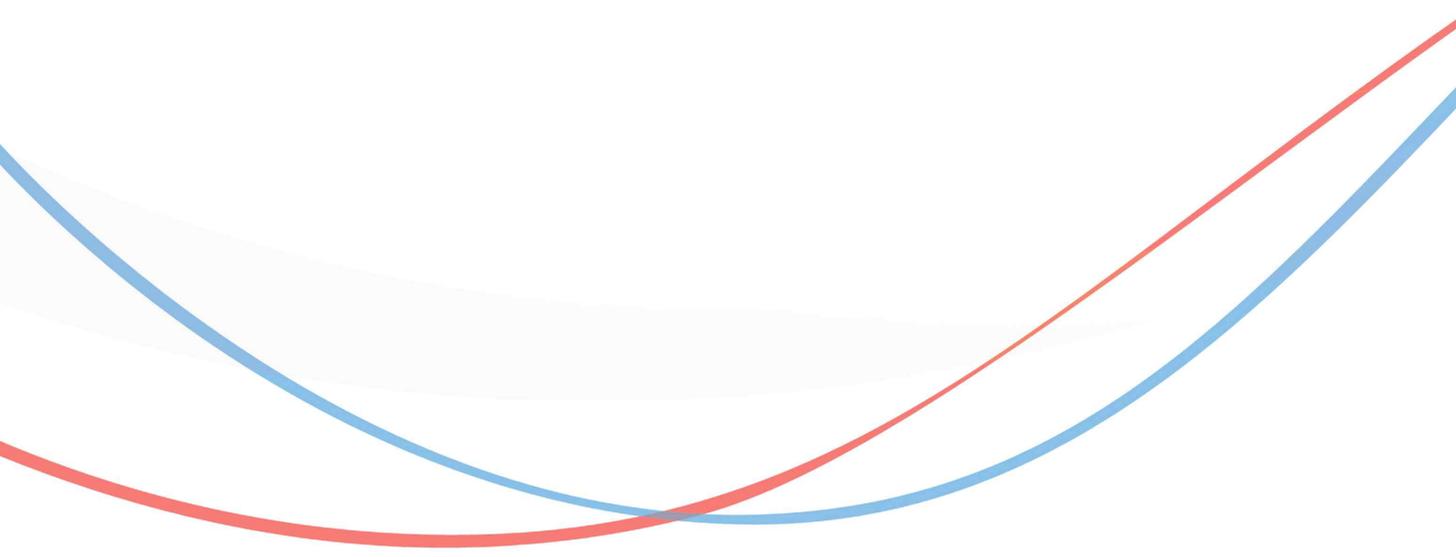
Amid the decreasing influence of terrestrial broadcasting, competition to secure users between Cable TV, IPTV, satellite operators has intensified while issues keep rising over unfair business practices such as combined products involving paid broadcasting TV, mobile communications, and high-speed Internet. In addition, as the number of OTT users, not only via wire but also via mobile Internet, is on the rise with the spread of mobile devices, the broadcasting ecosystem is evolving into to a smart media ecosystem. Given that all those factors exist in the same market, demand for improvement of the system and regulation of the broadcasting industry is rising. Furthermore, with the rise of distribution channels for broadcasting content, it is necessary to diversify profit models to avoid solely depending on advertisement. It should also be noted that Korea needs to develop competitive content production capabilities and expand mutual exchanges with overseas producers as the production workforce increasingly advances into the global market.

The revenue of advertisement for the broadcasting industry is shifting from terrestrial broadcasting to online (Internet and mobile), IPTV and new media. Accordingly, it is necessary to establish measures aimed at revitalizing the broadcasting industry, for

example, improvement of advertisement regulations or introduction of new broadcasting services such as UHD and MMS.

In the case of the communications market, wire phone services are experiencing a drop in both revenue and the number of subscribers due to the transition to mobile phone services, while high-speed Internet and mobile communications are stagnant as they have reached a saturation phase. MVNO is emerging as a competitive player in the mobile phone market with over 10% of market share and the high-speed Internet market is seeing competition grow increasingly due to limited market size. The range of choice for consumers is expanding thanks to varying combined products and new services, while the increase in wireless data traffic may bring about new unfair practices for users such as excessive charges on wireless data. Therefore, it is necessary to prevent unfair changes in market dominance and false advertisement to ensure that combined products contribute to consumer conveniences and prevent damages from incurring to smartphone users. There also needs continued support to create a fair broadcasting and communications ecosystem where unfair transactions between new business operators such as MVNOs and existing operators are kept in check.

With the emergence of the data-driven industry including the IoT, big data, and cloud services as key players generating new industries, a variety of measures are in place to promote them. However, as the usage of data involving personal information comes with risk of privacy infringement, measures should be crafted to keep balance between personal information protection and industry promotion.



KOREA
COMMUNICATIONS
COMMISSION
ANNUAL REPORT 2015



II. Status and Policy Objectives of the Korea Communications Commission

1. Overview
2. Organization and Functions
3. Key Policy Achievements in 2014
4. Key Policy Objectives in 2015

II. Status and Policy Objectives of the Korea Communications Commission

1. Overview

The Korea Communications Commission (hereinafter referred to as ‘the Commission’ or ‘the KCC’), founded pursuant to the 「Act on the Establishment and Operation of Korea Communications Commission」, is responsible for regulating broadcasting and communications services, protecting their users, and dealing with other matters required for maintaining the independence of broadcasting services. Its mission is to actively respond to the convergence between broadcasting and communications sectors, and to protect the freedom, public nature and public interest of broadcasting while promoting the balanced development of broadcasting and communications services and enhancing their international competitiveness.

The key functions of the Commission include the formulation and implementation of policies pertaining to terrestrial broadcasting, general service and news-specialized Program Provider (Programming providing business operator, hereinafter referred to as ‘PP’), as well as the investigation and imposition of sanctions against violations conducted by broadcasting or communications business operators, the development and implementation of wide-ranging measures aimed at protecting users and their personal information, preventing the circulation of illegal or harmful information, the arrangement of broadcasting commercials, the formulation and enforcement of policies on programming and evaluation, and the development of policies for media diversification.

The Commission is composed of five standing commissioners including the chairman

and the vice chairperson. Of the five standing commissioners, two, including the chairman, are directly appointed by the President of the Republic of Korea. The remaining three are nominated by the National Assembly and appointed by the President¹⁾. The Commission deliberates and resolves key issues according to the characteristics of Collegiate System.

The Commission is responsible for the enforcement of the statutes listed in the table below:

Table II-1 Laws under jurisdiction of the Korea Communications Commission

Law	Description	Dates enacted and amended
Act on the Establishment and Operation of Korea Communications Commission	<ul style="list-style-type: none"> • Legal basis for the foundation, organization, and administrative structure of the Commission • Duties and operational methods of the Commission and organization of review committees 	Enacted on Feb. 29, 2008 Amended on Dec. 22, 2015
Framework Act on Broadcasting Communications Development	<ul style="list-style-type: none"> • Establishment of basic policy directions and plans for broadcasting and communications • Disaster management in broadcasting and communications and establishment of the Broadcast Communications Development Fund 	Enacted on Mar. 22, 2010 Amended on Dec. 22, 2015
Broadcasting Act	<ul style="list-style-type: none"> • Freedom and independence of broadcasting programming and public responsibility of broadcasting services • Licensing, re-licensing, approval/permission or re-approval of broadcasting service businesses 	Enacted on Jan. 12, 2000 Amended on Dec. 22, 2015
Korea Educational Broadcasting System Act	<ul style="list-style-type: none"> • Capital and investments of the Korea Educational Broadcasting System • Appointment of officers and composition of the board of directors 	Enacted on Jan. 12, 2000 Amended on Dec. 22, 2015
Foundation for Broadcast Culture Act	<ul style="list-style-type: none"> • Organization of officers for the Foundation of Broadcasting Culture • Legal basis for Culture Promotion Fund 	Enacted on Dec. 26, 1988 Amended on

1) One of the three standing commissioners is recommended by the negotiating group of the political party which the President is or was a member to while other two are recommended by other negotiating bodies.

Law	Description	Dates enacted and amended
		Jun. 3, 2014
Special Act on Support for Regional Broadcasting Development	<ul style="list-style-type: none"> • Establishment of Plans for Regional Broadcasting Development and Support • Organization of Regional Broadcasting Development Committee 	Enacted on Jun. 3, 2014
Act on Broadcast Advertising Sales Agencies, etc	<ul style="list-style-type: none"> • Licensing of broadcast advertising sales agencies and restrictions on their ownership • Balanced development of broadcasting advertisement 	Enacted on Feb. 22, 2012 Amended on Oct. 15, 2014
Internet Multimedia Broadcast Services Act	<ul style="list-style-type: none"> • Licensing of Internet multimedia broadcast services • Guarantee of fair competition 	Enacted on Jan. 18, 2008 Amended on Dec. 22, 2015
Act on the Protection, Use, etc, of Location Information	<ul style="list-style-type: none"> • Classification of business operators and system for market entry • Use of personal location data by emergency aid agencies 	Enacted on Jan. 27, 2005 Amended on Dec. 1, 2015
Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.	<ul style="list-style-type: none"> • Restriction of collection and use of personal data • Guarantee of information network security 	Enacted on May 12, 1986 Amended on Dec. 1, 2015
Mobile Device Distribution Improvement Act	<ul style="list-style-type: none"> • Prohibition on discriminative subsidization and announcement of subsidies • Restriction on making independent contracts related to subsidies 	Enacted on May 28, 2014
Telecommunications Business Act	<ul style="list-style-type: none"> • Classification of services and business operators, promotion of competition, and systems for fair competition • System for protecting network users 	Enacted on Dec. 30, 1983 Amended on Dec. 1, 2015
Radio Waves Act	<ul style="list-style-type: none"> • Procedure for distribution, allocation, recollection and reallocation of frequency bands • Procedure for use of radio stations, including their licensing and inspection 	Enacted on Dec. 30, 1961 Amended on Dec. 22, 2015

Note) Includes statutes that are jointly enforced by the Ministry of Science, ICT and Future Planning (MSIP)

2. Organization and Functions

a. Organizational Status

Figure II-1

The current standing commissioners of the third-term Commission



Choi Sung-joon, Chairman

Chairman Choi Sung-joon earned his bachelor's degree in Law (1979) from Seoul National University and went on to earn master's degree in the same University (1981). He passed the Korean Bar Examination in 1981. He served as presiding judge in the Seoul Central District Court (2002~2005), chief presiding judge in the Patent Court of Korea (2005~2007), presiding judge in the Seoul High Court (2007~2010), chief presiding judge for the civil division of the Seoul Central District Court (2010~2012), and chief judge of Chuncheon District Court (2012~2014). Other posts he assumed include committee member and chairman of the Internet Address Dispute Resolution Committee (2004~2014) and president of the Korea Association for Informedia Law (2006~2011).

Kim Jae-hong, Vice Chairperson



Kim obtained his bachelor's (1976) and Ph.D. (1987) in Political Science from Seoul National University and completed the Nieman Fellowship program at Harvard in 1996. He worked as a journalist and editorial writer (1978~2001) of the Dong-A Ilbo, dean and tenure professor in Graduate School of political science in Kyonggi University (2001~2014), member of the Korea Press Ethics Commission (2004), Member of the 17th National Assembly (2004~2008), representative member of Political Communication Research Council (2004~2008), and executive secretary and chairman of the subcommittee on judicial deliberations under the Culture and Tourism Committee of the National Assembly (2006).

Hur Won-je, Commissioner



Hur graduated from Seoul National University with two bachelor's degrees in Physical Science and Political Science in 1974 and 1978, respectively. Hur obtained his master's degree in Journalism and Mass Communication from Yonsei University in 2009. After working at the Kookje Daily News (1978), the Busan Ilbo (1980), and KBS (1981) as a journalist, he joined SBS serving as correspondent in Germany (1994), chief producer for the political department (2003), and chief secretary (director) (2004). Hur was elected to the 18th National Assembly (Busan Jingu Gap, 2008~2012), during which time he also served as executive secretary and chairman of the subcommittee on judicial deliberations under the Culture, Sports, Tourism, Broadcasting and Communications Committee of the National Assembly (2011), and joint chairman of the Busan Content Market Organizing Committee (2010~2012).

Lee Ki-joo, Commissioner



Lee graduated from Korea University with bachelor's degree in Public Administration (1982), then earned master's degree from Graduate School of Public Administration, Seoul National University (1990). Lee obtained his master's degree in Telecommunications Policy and doctorate in Policy Studies from George Washington University in 1996 and 2012, respectively. Having passed the 25th Public Administration Examinations (1981), he served as director of the communications planning department of the Ministry of Information and Communication (1999), general director of the KCC Consumer and Network (2008), assistant chairman of Planning and Coordination (2009), and president of the Korea Internet & Security Agency (2012).

Ko Sam-seog, Commissioner



Ko graduated from Chosun University with a BA in Political Science and Diplomacy in 1993. He earned his MA in the same discipline from Sogang University in 1996 and a Ph.D. in Journalism and Mass Communication from Chung-Ang University in 2010. He served as the National Assembly assistant (2000), PR planning administrator in the Presidential Secretariat (2003), innovation officer in the Presidential Secretariat (2006), member of the Korea Broadcasting-Communication Convergence Commission under the Prime Minister's Office (2006), adjunct professor at the Graduate School of Mass Communication at Chung-Ang University (2012), Director of the Media Literacy Center at the Media & Future Institute (2013), and the National Assembly Policy Researcher (2014).

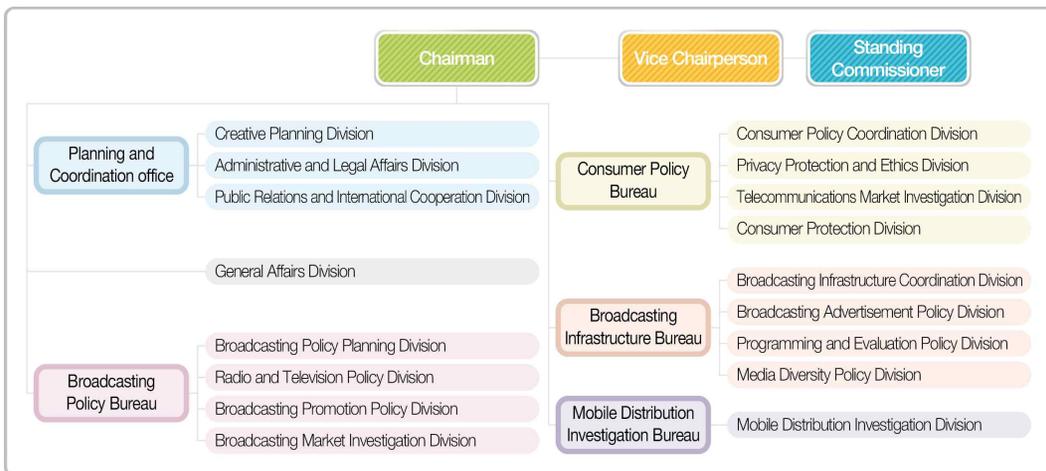
Note) As of December 2015

Following the amendment of 『Organizational System of the Korea Communications Commission』 (Presidential Decree No. 26253, enforced on May 26, 2015), the Commission, previously composed of one office, three bureaus and sixteen divisions, has been reorganized with the current structure of one office, three bureaus, and seventeen divisions, as shown in <Figure II-2>:

Major amendments are as follows:

Mobile Device Distribution Investigation Team has been temporarily organized to operate until May 31, 2016. The Team’s duties include monitoring unfair and discriminatory payment of subsidies on mobile communication devices and administrative affairs related to overseeing the mobile communication device market to establish fair distribution order. To this end, seven new members (one Grade-4 civil servant, three Grade-5 civil servants, two Grade-6 civil servants, and one inspector) were added, while two new members (Grade-5 and 6 civil servants) were appointed to the newly installed disaster prevention and safety class. Also, one Grade-4 civil servant has been reorganized into one Grade-3 and 4 and two Grade-6 into two Grade-5 civil servants so as to enhance its capability related to broadcasting and communications policy.

Figure II-2 Organizational Chart of the Korea Communications Commission



Note) As of December 2015

b. Responsible Services and Division of Duties

Under Article 11 of the 「Act on the Establishment and Operation of Korea Communications Commission」, the following matters shall be duties under jurisdiction of the Commission:

1. Matters concerning policies on broadcast advertising, policies on evaluation of programming, planning for broadcasting promotion, planning for broadcasting policies, policies on terrestrial broadcasting, and policies on broadcasting channels
2. Matters concerning the overall control of research and planning, market surveys on broadcasting and communications, protection of users of broadcasting and communications, promotion of viewers' rights and interests, and ethics relating to protecting personal information
3. Matters concerning the management of frequencies used for broadcasting services
4. Other matters determined as duties of the Commission by this Act or other Acts

Under Article 12, the Commission shall deliberate and resolve the following matters from duties under its jurisdiction:

1. Matters concerning basic plans on broadcasting and those on the regulation of communications
2. Matters concerning the recommendation on directors and the appointment of auditors for the Korean Broadcasting System
3. Matters concerning the appointment of directors and auditors for the Foundation for Broadcast Culture
4. Matters concerning the appointment of chief executive officer, directors, and auditors for the Educational Broadcasting System
5. Matters concerning the research on and assessment of media diversity

6. Matters concerning the permission and renewal of permission granted to terrestrial broadcasting business entities and community radio broadcasting business entities
7. Matters concerning the approval for program providing business entities using broadcasting channels for general programming or programming specialized in news report
8. Matters concerning the permission, renewal of permission, and permission for change granted to satellite broadcasting business entities, CATV broadcasting business entities, and CATV relay broadcasting business entities, as well as those concerning the consent to the enactment, modification, and repeal of related statutes
9. Matters concerning the permission, revocation, and approval for broadcast advertising sales agencies pursuant to the 「Act on Broadcast Advertising Sales Agencies, etc.」
10. Matters concerning investigation and restriction on prohibited acts by broadcasting business entities
11. Matters concerning the investigation into and restriction on prohibited acts by broadcast advertising sales agencies
12. Matters concerning the investigation into and restriction on prohibited acts by telecommunications business entities
13. Matters concerning the mediation of disputes between and among broadcasting business entities and telecommunications business entities, or disputes between business entities and users, etc.
14. Matters concerning the mediation of disputes between and among broadcast advertising sales agencies, etc.
15. Matters concerning the response to complaints from viewers as well as the protection of users of broadcasting and communications

16. Matters concerning the management of a community media foundation
17. Matters concerning the guarantee of the universal watching and listening right
18. Matters concerning the composition and management of the Broadcasting Evaluation Committee
19. Matters concerning the restrictions, etc. on the share of audience of broadcasting business entities
20. Matters concerning the disciplinary measures pursuant to the deliberation and resolution by the Korea Communications Standards Commission
21. Matters concerning the composition and management of the Regional Broadcasting Development Committee
22. Matters concerning the research and support with respect to the regulation of broadcasting and communications
23. Matters concerning the international cooperation with respect to the regulation of broadcasting and communications
24. Matters concerning the management of frequencies used for broadcasting services
25. Matters concerning the operation, organization, and sales of broadcast programs and broadcast advertising
26. Matters concerning the raising, management, and operation of funds related to broadcasting and communications
27. Matters concerning the enactment, modification, and repeal of statutes concerned as well as regulations of the Commission
28. Matters concerning the budget and budget planning of the Commission
29. Matters on which the Commission has deliberated and resolved pursuant to this Act or other Acts.

Each department of the Commission is responsible for the specific duties provided

in <Table II-2> :

Table II-2 Division of work by each department of the Commission

Departments		Key Duties
Planning and Coordination Office	Creative Planning Division	<ul style="list-style-type: none"> • Coordination of policies and plans, management of organization and personnel quotas • Budget arrangement and coordination, management of revenue, expenditure, and closing • Coordination of Government 3.0 duties and services for cooperation with the National Assembly and other external agencies • Management of office services, office automation, and the establishment and operation of knowledge information systems • Convocation of Commission meetings, compilation, and archiving of agendas • Reception and review of agenda items filed with the Commission • Emergency, security-related services, and disaster management
	Administrative and Legal Affairs Division	<ul style="list-style-type: none"> • Basic planning for performance management and administrative systems and trend analysis • Services or duties related to the drafting or review of law bills, administrative decisions and regulations, and regulation reforms • Appointment of officers for the Korean Broadcasting System, the Korea Educational Broadcasting System, and the Foundation for Broadcast Culture • Coordination of agenda items for cabinet meetings and Vice-Minister meetings • Coordination of tasks related to the National Assembly
	Public Relations and International Cooperation Division	<ul style="list-style-type: none"> • Policies on international cooperation by region, including inter-governmental cooperation • Negotiations related to broadcasting and communications, including those for the WTO and FTA • Policies concerning international organizations • Operation of international organizations related to broadcasting and communications, and their policy development • Support for public relations or press briefings on key policies • Analysis, evaluation of, and response to press reports
General Affairs Division		<ul style="list-style-type: none"> • HR, citation, discipline, education/training and service management • Protocol, office building management, and defense • Audit of the Commission and its subordinate agencies • Audit of subordinate organizations and investigation or handling of petitions
Broad-casting Policy Bureau	Broadcasting Policy Planning Division	<ul style="list-style-type: none"> • Coordination of broadcasting service policies • Development of mid-and long-term broadcasting basic policies and public broadcasting policies • Development of policies and institutions for generating fair competition conditions in the broadcasting service market
	Radio and	<ul style="list-style-type: none"> • Terrestrial broadcasting policies

Departments		Key Duties
	Television Policy Division	<ul style="list-style-type: none"> • Policies related to the development of regional broadcasting and the organization and operation of regional broadcasting committees • Assessment of achievements in regional broadcasting development
	Broadcasting Promotion Policy Division	<ul style="list-style-type: none"> • Policies for promoting Program Providers(Programming providing business operators) • Prior consent to approval or relicensing of cable broadcasting service providers • Administration of broadcasting frequencies
	Broadcasting Market Investigation Division	<ul style="list-style-type: none"> • Declaration and handling of the outcome of actions taken against violations of statutes by broadcasting business operators • Investigation and imposition of corrective actions against violation of statutes by broadcasting business operators • Dispute mediation in broadcasting services
Consumer Policy Bureau	Consumer Policy Coordination Division	<ul style="list-style-type: none"> • Policies concerning the protection of broadcasting and communications service users • Analysis, enactment or amendment of policies or statutes related to the protection of broadcasting and communications service users • Arbitration and mediation of disputes regarding communications services
	Privacy Protection and Ethics Division	<ul style="list-style-type: none"> • Enactment or amendment of policies or statutes related to the protection of personal information on IT networks • Measures for protection of personal information by Internet Service Providers • Licensing and approval of location information services operators • Enactment or amendment of statutes related to the prevention of the distribution of unhealthy information on the Internet • Research, education, and publicity of cyber ethics and illegal information prevention
	Telecommunications Market Investigation Division	<ul style="list-style-type: none"> • Analysis of communications market trends and market monitoring • Regulation improvement for fair competition in the communications market • Investigation or imposition of corrective actions against violation of statutes by communications business operators
	Consumer Protection Division	<ul style="list-style-type: none"> • Policy improvement concerning the protection of broadcasting and communications service consumers • Education and promotions concerning broadcasting and communications service usage and damage prevention • Fact-finding investigations and correctional measures concerning interest violations of broadcasting and communications service users
Broad-casting Infra-structure Bureau	Broadcasting Infrastructure Coordination Division	<ul style="list-style-type: none"> • Establishment of systems for protecting the universal viewing rights and enactment or amendment of the statutes • Establishment and enforcement of policies concerning broadcasting language and support for establishment of broadcasting review policies • Analysis, enactment or amendment of statutes related to the protection of viewer rights and benefits
	Broadcast Advertisement	<ul style="list-style-type: none"> • Improvement of policies or statutes concerning broadcasting advertisement and sponsorship • Matters concerning competition policies for broadcasting advertisement sales

Departments		Key Duties
	Policy Division	<ul style="list-style-type: none"> agencies • Support for SME broadcasting advertisement, establishment and enforcement of public advertisement promotion policies
	Programming and Evaluation Policy Division	<ul style="list-style-type: none"> • Policies related to broadcasting operation or programming • Notice of broadcasting programming ratios and development of mid- or long-term policies related to broadcasting programming • Enactment or amendment of statutes related to the basic planning for broadcasting assessment • Organization and operation of the broadcasting operation assessment group
	Media Diversity Policy Division	<ul style="list-style-type: none"> • Establishment and implementation of basic plans concerning opinion diversity of broadcasting • Establishment and implementation of basic plans concerning the status of competition in the broadcasting market
Mobile Distribution Investigation Bureau	Mobile Distribution Investigation Division	<ul style="list-style-type: none"> • Monitoring of the mobile device distribution market and establishment of investigation plans • Implementation of an emergency suspension order system concerning mobile device subsidies • Investigation and sanctions against unfair practices of mobile operators or distributors concerning 「Mobile Device Distribution Improvement Act」

c. Public and Relevant Organizations under Jurisdiction of the Commission

The Korea Broadcast Advertising Corporation is the public organization under jurisdiction of the Commission, founded under the 「Act on Broadcast Advertising Sales Agencies, etc.」, and three organizations – the Korea Broadcasting System, Korea Educational Broadcasting System, and the Foundation for Broadcast Culture – are institutions relevant to the Commission. Their foundation bases, missions, and key functions are listed in <Table II-3 and 4>:

Table II-3 Public organization under jurisdiction of the Korea Communications Commission

Name of agency	CEO	Name	Basis of foundation	Key mission and function
Korea Broadcast Advertising	President	Koak Sung-m	Article 24 under the 「Act on Broadcast	A brokerage and sales agency for advertisements, promotion of balanced development and the

Name of agency	CEO	Name	Basis of foundation	Key mission and function
Corporation (KOBACO)		oon	Advertising Sales Agencies, etc.]	broadcasting ad industry, tasks related to the promotion of broadcasting and communications ad services, and duties entrusted by the government
Community Media Foundation (CMF)	Chairman	Lee Seok-woo	Article 90.2 of 『Broadcasting Act』	Duties regarding viewers' participation in broadcasting and the promotion of viewers' rights

Note) Community Media Foundation (CMF) was designated as public agency on January 29, 2016

Table II-4 Relevant organizations to the Korea Communications Commission

Name of agency	CEO	Name	Basis of foundation	Key mission and function
Korean Broadcasting System (KBS)	President	KO Dae-yo ung	Article 43 (1) under the Broadcasting Act	Promotion of a fair and sound broadcasting culture as the government-owned backbone broadcasting service, and efficient operation of broadcasting services at home and abroad
Korea Educational Broadcasting System (EBS)	President	Woo Jong-bum	Article 1 under the Korea Educational Broadcasting System Act	Supplement to school education, contribute to citizens' lifetime learning and the democratic development of education
Foundation for Broadcast Culture (FBC)	Chairman	Ko Young-jo	Article 1 under the Foundation for Broadcast Culture Act	Contribution to performance of public responsibilities by broadcasting business operators, promotion of broadcasting culture, enhancement of public welfare

Note) As of December 2015

d. Expenditure Budget in 2015

The expenditure budget of the Commission in 2015 was KRW 220.4 billion, which can be broken down into either the general budget account of KRW 55.6 billion and the Broadcast Communications Development Fund account of KRW 164.8 billion, or into the communication account of KRW 58.2 billion and the broadcasting account (including culture and tourism) of KRW 162.2 billion. Alternatively, the expenditure budget can be broken down into payroll expenses of KRW 15.5 billion, basic expenses of KRW 4.1 billion, and key service expenses of KRW 200.8 billion. The details are shown in <Table II-5> below:

II. Status and Policy Objectives of the Korea Communications Commission

Table II-5 Details of the 2015 expenditure budget of the Commission (Unit : KRW 100 million)

Classification		2014 (A)	2015 (B)	Fluctuation		
				(B-A)	%	
Total expenditure <I+II> (Total = total expenditure + internal transactions + surplus funds)		1,963 (11,292)	2,204 (12,029)	241 (737)	12.3 (6.5)	
By fund source	I. General budget account	507	557	49	9.7	
	II. Broadcast Communications Development Fund (Total = expenditure + internal transactions + surplus funds)	1,456 (10,785)	1,648 (11,473)	192 (688)	13.2 (6.4)	
	① Expenditure	Sub-total (㉑+㉒)	5,908	7,857	1,949	33.0
		㉑ Korea Communications Commission (KCC)	1,456	1,648	192	13.2
		㉒ Ministry of Science, ICT and Future Planning (MSIP)	4,452	6,209	1,757	39.5
	② Internal transactions (Commission funds deposited)	2,400	1,800	△600	△25.0	
	③ Compensatory expenditure (Fund surplus operated)	2,477	1,816	△661	△26.7	
By area	☐ Communications	533	582	49	9.2	
	☐ Broadcasting (culture and tourism)	1,430	1,622	192	13.4	
By function	☐ Payroll	146	155	9	6.2	
	☐ Basic expenses	41	41	0	0.0	
	☐ Key service expenses	1,776	2,008	232	13.1	
	① Broadcasting infrastructure improvement and media diversity promotion	880	1,028	148	16.8	
	② Establishment of conditions for fair competition and secure information use	201	240	39	19.4	
	③ Deployment of broadcasting service base and enhancement of user rights	649	690	41	6.3	
	④ Support for the operation of broadcasting and communications	46	50	4	8.7	

Note) △ : Reduction

e. Status of Government Initiated Legislation in 2015

In 2015, the Commission has completed the amendment to the 「Framework Act on Broadcasting Communications Development」. The amendment was designed to establish detailed implementation standards on disaster broadcasting such as scope of business operators subject to mandatory broadcasting and measures to establish rules on disaster broadcasting. The Commission has also submitted to the National Assembly its amendment to 「Broadcasting Act」 that integrates the regulation system of 「Broadcasting Act」 and 「Internet Multimedia Broadcast Services Act」.

3. Key Policy Achievements in 2014

The Commission remains dedicated to realizing a trusted broadcasting and communications environment that brings happiness to people amid a rapidly changing environment precipitated by the increasingly accelerated convergence within the media sector among broadcasting, communications, and the Internet, and the continuous emergence of new services. To that end, the Commission adopted the following three policy directions: create a broadcasting environment trusted by people; support revitalizing of broadcasting and communications services; and protect users to promote convenience for people. The major policy achievements of the Commission in 2014 are as follows:

a. Creating A Trusted Broadcasting Environment

The Commission conducted examinations for relicensing of 20 broadcasting stations of 5 terrestrial broadcasting business providers including EBS and 7 community-based radio broadcasting business providers including Gwanak Community Radio, to carry out field observations and listen to the opinions of the listed broadcasting business operators, and enhance the effectiveness of the review. The Commission determined

the re-approval of five business operators as general service and news-specialized program providers including Chosun Broadcasting Company Ltd., Channel A, and MBN, of which the license validity was supposed to expire, enhancing the public role of broadcasting.

In addition, the Commission has organized and formed a 'Government-Private Consultative Body on the Share of Viewers on N-screen' and the '2nd Term Assessment Commission of Competition Status in the Broadcasting Market' to promote media diversity. The broadcasting market grew by 6.3% from 2012 to KRW 14.0347 trillion. While the market share of terrestrial broadcasting was continuing to decrease, that of PP kept growing. It was found that the paid broadcasting market is reshuffling around subscribers to combined products of the broadcasting and communications industry.

The Commission resolved the 'Special Act on Support for Regional Broadcasting Development' to establish support plan for regional broadcasting development, laying out the foundation of the law such as support for broadcasting and communications development fund. The Commission embarked on a support project for the production of programs from regional, small, and medium broadcasting business operators. The Commission secured a budget of KRW 2 billion, and supported production of 35 programs from 31 regional and small and medium-sized broadcasting business operators.

In order to eradicate offenses against broadcasting laws due to over-heated competition among paid broadcasting operators and to establish a fair competition structure in the broadcasting market, the Commission started inspections and corrections of unfair practices in the broadcasting advertisement market. The Commission suggested a revision on user's agreement and inadequate provision of details by paid broadcasting in cooperation with the Ministry of Science, ICT and Future Planning (MSIP). Also, the Commission created and distributed abstracts of user's agreements in order to help subscribers better understand the terms involved.

Furthermore, the Commission observed false and inappropriate reports against rules during disaster broadcasting of the Sewol Ferry Disaster. To improve those broadcasts,

the Commission launched a Task Force team with academia, research centers, and experts from inside and outside the organization. The Commission designated KBS as a disaster broadcaster and regulated its rights and responsibilities.

b. Supporting Reinvigoration of Broadcasting and Communications Services

The Commission and Ministry of Science, ICT and Future Planning (MSIP) conducted a test broadcast of terrestrial UHD service around the Seoul Metropolitan area in cooperation with key broadcasting business providers including KBS, MBC and SBS, verifying stable airing for terrestrial UHD, the possibility of Single-Frequency Network (SFN) technology, and receiving terrestrial UHD in motion. The Commission formed and ran a co-research team on the 700MHz bandwidth to draw up measures to utilize the bandwidth already transferred to digital broadcasting. Furthermore, the Commission undertook a pilot service of EBS MMS as part of plans to introduce new broadcasting services.

In December 2014, in particular, the Commission approved a reform measure on broadcasting advertisement for invigoration of the broadcast advertising market to improve regulations on virtual and indirect advertisement and introduced the Gross Cap Regulation of Advertising Time according to the running time of broadcasting programs. The Commission also employed the Expert Committee on the Invigoration of Broadcast Advertising Market in 2014, to build a promotional basis for broadcasting advertisements. At the same time, the Commission built the Unfair Broadcast Advertising Report Center, and introduced regulations on broadcasting advertisements for financial products.

The Commission hosted the Discussion on Creating a Content Production Ecosystem for Everyone's Benefit and ran a consultation for outsourcing system improvement, creating an ecosystem for those engaged in content production. The Commission also conducted broadcasting content production capabilities while opening Viewers' Media Centers in Gangwon, Daejeon, and in Incheon to support content production and distribution.

The Commission worked aggressively to improve the regulation system, for instance, by designating regulatory reforms for public well-being and economic innovation as one of its 3rd visions and policy tasks. Furthermore, the Commission formed a Research Team to Estimate Regulatory Costs to underpin the Total Regulatory Cost System, which is due to take effect in the coming years. The research team analyzed the costs of 7 regulations subject to reduction in 2014, and provided an analytic framework for regulatory costs in broadcasting and communications.

Meanwhile, the Commission formed the Inter-Korean Broadcasting Exchange Promotion Committee while making efforts to strengthen infrastructure for international cooperation in broadcasting and communications with foreign governments and international organizations. Also, the Commission initiated and concluded Korea-New Zealand and Korea-China FTA negotiations, improving broadcasting and communications regulations and facilitating overseas advancement.

The Commission established a self-diagnostic plan for each policy stage to improve its method of work in a way that accommodates and spreads the core values of Government 3.0, while also preparing an education and evaluation system for institutionalizing Government 3.0.

c. Protecting Users to Promote People's Convenience

The Commission enacted the 「Mobile Device Distribution Improvement Act」 in October 2014 to solve problems resulting from excessive and unclear mobile subsidies and promote the welfare of consumers by rationally improving the mobile device distribution structure. The Commission also came up with measures to promote the 「Mobile Device Distribution Improvement Act」 to the people by providing on-site briefing sessions to distributors and sales agencies across the country prior to its enforcement. To this end, the Commission and the Ministry of Science, ICT and Future Planning (MSIP) have consecutively visited places where distributors are concentrated

in 81 regions in the country and held briefing sessions from July 2014. Furthermore, to resolve problems caused by consumptive competition for subsidies between mobile business operators and the unclear provision of subsidies, the ‘Prior approval system on designation of sales agencies’ was included in the ‘Mobile Device Distribution Improvement Act’.

The Commission announced and enforced partial revision of the ‘Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.’, which allows imposing a fine without proving causal relationship between violation of the protection measure and the private information infringement. The Commission also made it mandatory to delete resident registration numbers in the database, raising awareness of personal information protection.

The Commission has established a basis for bolstering the location information industry by alleviating regulations for entrance to the location-based service industry in order to create an environment for safe usage of location information. In addition, the Commission has established a basis for simplifying the process of verifying family relationships for quick emergency rescue, expanding the social safety net based on location information. In the meantime, the Commission organized campaigns for the ‘Beautiful Internet World’ in June 2014 and the ‘2014 Internet ethics contest’ to discover creative content for promoting Internet ethics. In particular, the newly added four-frame comic strip and picture diary section received notable participation by young children, while the printed ad section gathered some excellent work to be diversified and used as promotion content. Furthermore, by offering Internet ethics education and launching ‘Korea Internet Dream Star’, the Commission contributed to nurturing sound Internet culture.

The Commission launched projects for improving rights of disabled people to access broadcast by supplying broadcast receivers for visually and hearing impaired people and supporting the production of programs for the physically handicapped. For example, the Commission solidified groundwork for a broadcasting network for disabled people

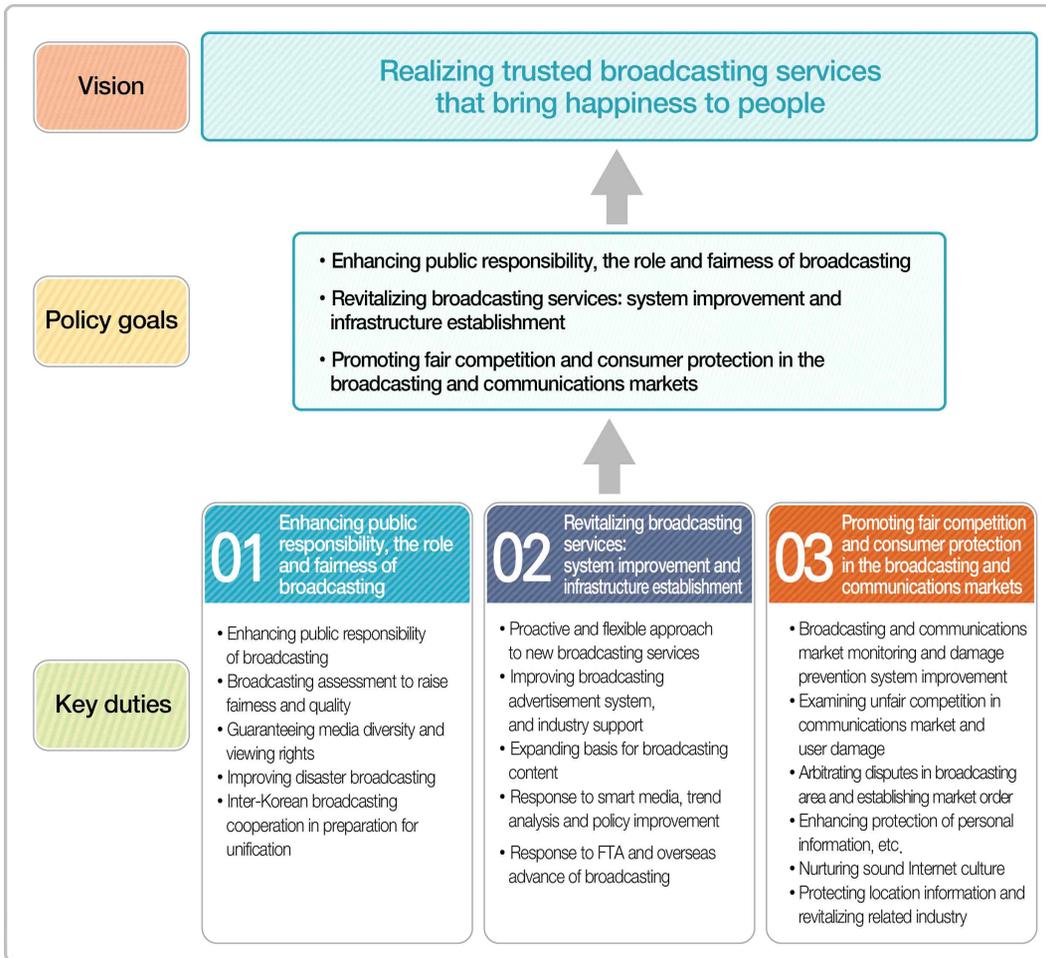
by assessing its service performances, enhancing access rights for visually and hearing impaired people with special receivers, and supporting production of broadcasting programs for people with developmental disabilities.

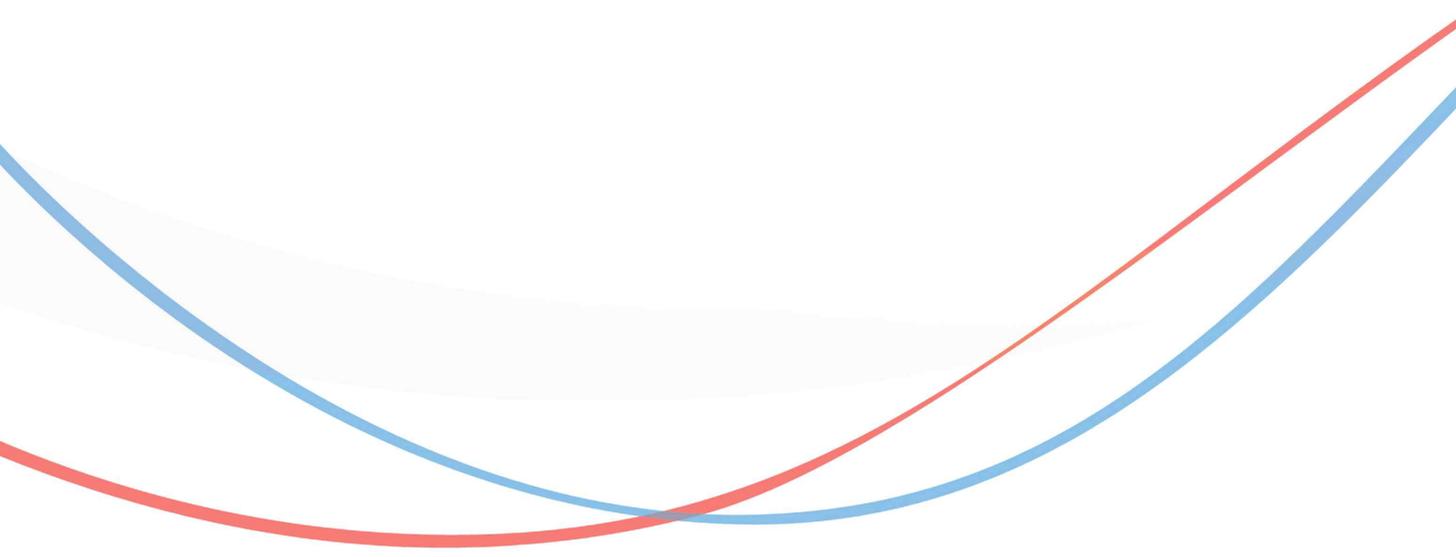
4. Key Policy Objectives in 2015

Amid the accelerating convergence of the media sector including broadcasting, communications, and the Internet and the continuous emergence of new services, the Commission has set forth its vision of ‘realizing trusted broadcasting services that bring happiness to people.’

To that end, the Commission adopted the following three policy goals: i) ‘enhancing public responsibility, the role and fairness of broadcasting’ through broadcasting assessment, review improvement and guaranteeing media diversity and viewing rights; ii) ‘revitalizing broadcasting services’ by ensuring proactive and flexible approach to new broadcasting services, improving the broadcasting advertisement system, and industry support; iii) ‘promoting fair competition and consumer protection in the broadcasting and communications markets’ through system improvement of broadcasting and communications market monitoring and a damage prevention system, and examinations of unfair competition and user damage.

Figure II - 3 Vision and policy objectives





KOREA
COMMUNICATIONS
COMMISSION
ANNUAL REPORT 2015



III. Broadcasting and Communications Policy Outcomes of the Year 2015

Chapter 1 Enhancing Public Responsibility, the Role and Fairness of
Broadcasting

Chapter 2 Invigoration of Broadcasting and Communications
Services

Chapter 3 Fair Competition in the Broadcasting and Communications
Market and Protection of Users

III. Broadcasting and Communications Policy Outcomes of the Year 2015

Chapter 1 Enhancing Public Responsibility, the Role and Fairness of Broadcasting

1. Enhancing Public Responsibility of Broadcasting

a. Improving Policy for License Renewal & Approval of Broadcasting Operators

In the 51st meeting in September 2015, the Korea Communications Commission (hereinafter referred to as ‘the Commission’ or ‘the KCC’) resolved the ‘basic plan for broadcasting business operators’ re-licensing and approval (proposal)’ which included criteria for re-licensing of terrestrial broadcasting business operators and community radio stations to be launched in 2016 and preapproval criteria for general service and news-specialized PPs.

As criteria for re-licensing and approval were confirmed seven to eight months prior to the validity period expiration, issues have been raised over the lack of consistency in standards by media and predictability on the part of business operators. Therefore, the Commission intends to announce the basic plan for broadcasting business operators’ re-licensing and approval (proposal) in advance in order to enhance the consistency and predictability. Furthermore, to raise the efficiency of review, the Commission reduced the eight to ten evaluation items to 6 evaluation standards (high classification)¹⁾ based on the standards stipulated in the ‘Broadcasting Act’ (Article 10,

1) The six evaluation standards newly integrated are as follows:

section 1 and Article 17, section 3), and differentiated detailed evaluation standards (middle classification) and scores in consideration of characteristics of broadcasting business operators and the existing standards.

As there is no delegation basis in place for notice enactment regarding evaluation standards for broadcasting business operators' re-licensing and approval in the current broadcasting legislation, the Commission will first resolve the basic plan for broadcasting business operators' re-licensing and approval and announce evaluation standards, then notice it once delegation basis is inserted upon the revision of the 「Broadcasting Act」 .

Table III-1 Comparison of review standards for license renewal & approval of broadcasting operators

Classification	Current	Revision
Terrestrial TV	10 evaluation standards and 27 evaluation items	6 evaluation standards and 14 evaluation items
Terrestrial radio	10 evaluation standards and 27 evaluation items	6 evaluation standards and 13 evaluation items
DMB	10 evaluation standards and 25 evaluation items	6 evaluation standards and 16 evaluation items
Community radio	8 evaluation standards and 16 evaluation items	6 evaluation standards and 12 evaluation items
General service PP	9 evaluation standards and 17 evaluation items	6 evaluation standards and 14 evaluation items
News-specialized PP	9 evaluation standards and 17 evaluation items	6 evaluation standards and 14 evaluation items

1. Broadcasting assessment
2. Possibility to realize broadcasting's public responsibility, public interest, and regional, social, and cultural necessity
3. Appropriateness of planning, programming, and production of broadcasting programs and plans to serve public interest
4. Capabilities in management, finance and technology
5. Implementation of support plan for broadcasting development and compliance with broadcasting statutes
6. Other matters required to perform business (if necessary, 10% or less to be reflected on the total score)

b. Inspecting General Service PP Implementation

In June 2015, the Commission announced the examination results of implementation performance of 2014 in accordance with the re-licensing criteria for general service PPs. The examination was conducted based on the re-licensing criteria imposed by the Commission when it resolved the re-approval of general service PPs in 2014. Subjects of the examination included implementation performances such as ‘plans to secure broadcasting’s public accountability and public interest (half-yearly examination)’, ‘investment in content’, ‘ratio of re-run’, and ‘ratio of production outsourcing (yearly examination)’.

For results on implementation performance of ‘plans to secure broadcasting’s public accountability and public interest’, the three general service PPs examined were found to be complying with the business plan they submitted in accordance with the re-approval criteria, while the number of measures taken for false reports, coarse language, and biased broadcasting rose sharply (TV Chosun, from 29 in 2013 to 97 in 2014; JTBC, 7 in 2013 to 16 in 2014; and Channel A, 20 in 2013 to 41 in 2014). The Commission, therefore, urged the three general service PPs to come up with measures to prevent such cases by enhancing the fact-finding system and monitoring hosts and guests in advance.

The broadcasting business operators were found to be underperforming in terms of ‘investment in content’ and ‘ratio of re-run’. All of the four general service PPs did not meet up to their planned investment in content with TV Chosun at 95.1%, JTBC at 72.8%, Channel A at 81.3%, and MBN at 95.7%. While TV Chosun and Channel A managed to keep the re-run ratio as planned, JTBC and MBN failed to meet the goal, recording a higher ratio than targets. Meanwhile, when it came to ‘production outsourcing ratio’, all of the four general service PPs met the re-approval standards with their outsourcing programs accounting for 35% or more of broadcasting hours in the first and second half of the year.

Table III-2 Content Investment and implementation performances against plans for mandatory rate of reruns by general service PPs (Unit : KRW 1 million, %)

Classification	TV Chosun		JTBC		Channel A		MBN	
	Target	Record	Target	Record	Target	Record	Target	Record
Investment in content	48,312	45,964	161,226	117,441	62,151	50,552	4,099	3,921
Ratio of rerun	44.2	37.2	49.5	57.0	44.8	41.4	45.6	50.9

Note) Data for MBN as of December 2014 (one month)

The Commission issued corrective orders on three general service PPs (TV Chosun, JTBC, and Channel A) for failing to meet re-approval criteria of 'investment in content' and 'ratio of rerun' except for MBN the re-approval of which was resolved in November 2014.

Table III-3 Correction orders on general service PPs

Execute the outstanding amount for content investment specified in the operation plan of 2014 submitted for re-approval along with that of 2015 by December 31, 2015 (TV Chosun, JTBC, and Channel A). Take extra care to ensure that failure to meet the re-run ratio in 2014 does not happen again and strictly comply with the re-run ratio of the operation plan submitted for re-approval (JTBC).

In addition, the Commission urged TV Chosun and Channel A to program in a 'diverse and balanced manner' to better serve the purpose of general service PPs and to comply with the operation plan submitted for re-approval to reduce the ratio of news programs.

Table III-4 Implementation performances against plans for ratio of news programs by TV Chosun and Channel A (Unit : %)

Classification	2011		2012		2013		2014	
	Target	Record	Target	Record	Target	Record	Target	Record
TV Chosun	24.8	29.8	24.8	35.9	24.8	48.2	47.0	51.0
Channel A	23.4	21.8	23.6	34.2	23.6	43.2	38.9	44.2

c. Conducting Evaluation of 2014 Broadcasting Performances

The Commission encourages broadcasting business operators to enhance quality and public accountability of broadcasting through a comprehensive evaluation of their content, programming, and operation every year as prescribed by Article 17, section 3 and Article 31, section 1 of the 「Broadcasting Act」. The results are announced on the Commission's website and are reflected on broadcasting business operators' re-licensing and approval (40%).

Table III-5

Article 17, section 3 and Article 31, section 1 of the 「Broadcasting Act」

Article 17 (Renewed Licenses, etc.) ③ When the Minister of Science, ICT and Future Planning or the Korea Communications Commission grants a renewed license or renewed approval under paragraph (1) or (2), it shall evaluate matters provided for in each subparagraph of Article 10 (1) and the following matters, and publicly announce the results thereof.

1. Evaluation of broadcasting pursuant to Article 31 (1);

Article 31 (Broadcast Evaluation Committee) ① The Korea Communications Commission may comprehensively evaluate the contents, programming, operation, etc. of broadcast programs of a broadcasting business operator.

Broadcasting business operators subject to re-licensing and re-approval are terrestrial broadcasting business operators, cable television broadcasting business operators, satellite broadcasting business operators, and news, general service, and home shopping broadcasting operators. The broadcasting assessment of 2015 was conducted on a total of 153 broadcasting operators (348 channels). The results were reflected on re-licensing and re-approval of 9 terrestrial broadcasting stations (Traffic Wonju, Changwon FM, KBS Regional terrestrial DMB, etc.), 27 cable television broadcasting business operators (CJ HelloVision Youngseo broadcasting network, etc.), and 3 home shopping broadcasting operators (Hyundai, Lotte, and NS home shopping).

Table III-6 Broadcasting business operators subject to 2014 assessment (Unit : operator)

Classification	Terrestrial broadcasting			SO	Satellite	PP			Total
	TV	Radio	DMB			General service	News-specialized	Home shopping	
Number of operators (No. of channels)	46+3(DMB only) (TV 64, Radio 161, DMB 19)			91	1	4	2	6	153 (348)

The assessment items consist of content, programming, and operation in accordance with Article 31, section 1 of the 「Broadcasting Act」 and the rules on broadcasting assessment. The key assessment items are as follows:

Table III-7 Broadcasting assessment items by sector

Assessment domain	Assessment items
Content	Quality of programs, compliance with the regulations concerning broadcasting review, and efforts to secure viewer sovereignty, etc.
Programming	Compliance with the regulations concerning programming, programs contributing to society, adequacy of programming for media characteristics, etc.
Operation	Financial soundness, management transparency, efforts to develop broadcasting, compliance with the regulations concerning broadcasting stations operation, etc.

The broadcasting assessment adopted the amended standards in order to accommodate the changing broadcasting environment and encourage business operators to improve practices. To evaluate programming for children's broadcasting, in particular, only those between 7 a.m. and 10 p.m. were included due to issues with certain operators running children's programs during night hours. Furthermore, scores on items such as compliance with the regulations concerning broadcasting review and programming for disabled people were adjusted in reflection of the 「Broadcasting Act」 and notice enactment and amendment.

In June 2015, the Commission resolved the basic plan for broadcasting assessment, confirming business operators to be subject to review according to the assessment and

assessment standards. Then the Commission collected and reviewed broadcasting performance and data of 2014 from broadcasting stations and relevant agencies. The assessment results went through the preliminary review by assessment support group consisting of experts from academia and research institutes, followed by deliberation by the Broadcasting Evaluation Committee of seven experts in broadcasting, law, accounting, and viewers' organization. The results were resolved and confirmed by the Commission before being announced on the website.

The assessment results by media are as follows:

The scores awarded to the four terrestrial broadcasting business operators (out of a total of 900) were in the following order; KBS1 (779.34), MBC (745.88), SBS (738.29), and KBS2 (720.14). All three operators but KBS1 saw their total points rise slightly from 2014 because of the increased number of children's programs and compliance with broadcasting review standards.

As for regional private operators, TBC recorded the highest score with 801.33 (out of a total of 900), followed by JTV with 788.94, and JIBS with 785.28. KNN, UBC, and G1 garnered points much higher compared to 2014 due to reduction in penalty scores for violating review standards.

In the case of the assessment rankings of terrestrial radio stations (out of a total of 500), KBS1 scored the most for both AM and FM, followed by MBC, SBS, and KBS2. As for AM radio stations, KBS 1 Radio received 425.96 points, followed by MBC AM 421.70 points, SBS AM 420.97 points, and KBS 2 Radio 384.46 points. As for FM radio stations, KBS 1 FM recorded 404.46 points, followed by MBC FM 403.20 points, SBS FM 400.23 points, and KBS 2 FM 384.46 points.

Among terrestrial DMB TVs, Korea DMB appeared at the top with 436.28 points out of 500, followed by SBS terrestrial DMB 410.67 points, MBC terrestrial DMB 406.67 points, UKBS DMB 404.4 points, YTN DMB 399.8, and U1Media 398.56. Non-terrestrial

DMBs received more points compared to its terrestrial counterparts in terms of programming performances.

Among general service PPs, JTBC topped the list with 605.69 points out of 700, succeeded by TV Chosun 572.29 points, MBN 566.53 points, and Channel A 555.47 points. All of the four general service PPs saw their score climb in items such as in-house review, compliance with the regulations concerning broadcasting review, and programming for disabled people, but scored low in programming for children.

In the news-specialized PP category, the ranking remained unchanged from 2014 with YTN scoring 419.47 points and YonhapNews TV 405.79. However, they both scored slightly higher compared to 2014 by performing better in ‘compliance with the ‘Broadcasting Act,’ and ‘financial soundness.’

Among Multiple System Operators, CJ HelloVision received the highest score, with 475.78 points out of the total of 550 points, followed by t-broad 470.13 points, Hyundai HCN 469.93 points, CNM 458.03 points, and CMB 451.23 points. The results were only slightly different from 2014. In the case of satellite broadcasting business operators, KT Skylife received 473.91 points out of the possible 550 points, slightly lower from 2014 due to fiscal soundness.

In the case of home shopping channels, CJ O shopping, GS home shopping, Woori home shopping, NS home shopping, Hyundai home shopping, and Home & Shopping Channel received 445.57 points, 441.80 points, 437.36 points, 434.82 points, 428.59 points, and 419.26 points respectively. Their scores went up from 2014 in terms of compliance with the ‘Broadcasting Act’ and handling of viewers’ complaint.

Meanwhile, the Commission prepared an ‘amendment to broadcasting assessment (proposal)’ in order to enhance the accountability and quality of broadcasting and to accommodate the changing broadcasting environment. The amendment went through due process including administrative pre-announcement before being finalized by the Commission.

Table III-8 Key amendments to 'Rules on the Assessment of Broadcasting'

Classification	Key measures
Assessment of compliance with the regulations concerning broadcasting review	<ul style="list-style-type: none"> • Increased point deduction from the third violation of the same review rule (double for violation of fairness, 1.5 times for abusive remarks, double for false advertisement by home shopping, and 1.5 times for others) • Additional points for voluntary efforts to raise fairness
Assessment of efforts to prevent false reporting	<ul style="list-style-type: none"> • 4 points deducted for receiving correction report order by the Press Arbitration Commission, 6 points deducted for court's ruling on correction report for false information, 6 points deducted for court's ruling on defamation, but additional points (3 points) when hiring experts to verify public opinion survey
Assessment of compliance with the regulations concerning broadcasting programming	<ul style="list-style-type: none"> • Increased scale of points from 30 to 50 (maintain scale of points for home shopping and SO) and point deduction rates by 1.5 times (Point deduction rates maintained for violation of regulations or notice pursuant to Article 73 of the 'Broadcasting Act')
General assessment of disaster broadcasting programming and operation status	<ul style="list-style-type: none"> • Increased scale of points from 60 to 80 for terrestrial TV
Assessment programming of non-commercial public interest advertisement	<ul style="list-style-type: none"> • Assess public advertisement programming ratio against the total number of advertisements and public advertisement programming ratio by time class
Assessment of prime-time programming	<ul style="list-style-type: none"> • Introduce 'assessment of prime-time programming (45 points)' of terrestrial broadcasting and general service PP to assess news, culture, and entertainment programming ratio
Area of common operation	<ul style="list-style-type: none"> • The number of assessment items was reduced from 4 to 3 and 12 assessment standards reduced to 8. Points appointed to the category was reduced while the total points stayed unchanged, thereby expanding the gravity appointed to content and programming
Reflection of media characteristics	<ul style="list-style-type: none"> • Introduced assessment of channel diversity for SO and satellite operators in reflection of media characteristics. Added satisfaction assessment for PP. Introduced civil complaint evaluation of home shopping PP by Korea Consumer Agency

d. Raising the Quality of Broadcasting Language

To nurture sound broadcasting culture favoring the use of decent broadcasting

language, the Commission and the Korea Communications Standards Commission enacted and announced the ‘Guidelines on Broadcasting Language’ in September 2015. The guideline consists of the overview and detailed guidelines by genres. Providing detailed guidelines for 10 broadcasting genres including current affairs, news, talks, entertainment, and drama, the Guideline is readily applied to the field broadcasting environment.

| Table III-9 Key elements of ‘Guidelines on Broadcasting Language’
|

Classification	Key measures
Overview	<ul style="list-style-type: none"> • Establish general principles to be applied to all genres including terrestrial broadcasting, general service PPs and ordinary PPs, and 10 detailed principles for different genres • Genres cover current affairs·news, talk·discussion, life information, entertainment, drama, movie, comedy, children’s program, sports, and TV home shopping • Provide guidelines for program production by broadcasting stations and in-house review based on review cases and fact investigation, and overseas review standards
General principles	<ul style="list-style-type: none"> • General principles regarding broadcasting language including accurate and correct expression and prohibition of swear words, slangs, and discriminative remarks • Principles for vocal language : Compliance with standard pronunciation and loanword orthography. Swear words and slangs are not allowed even if they are bleeped out. Bleep out swear words and recorded sound on site if not related to providers’ intention. • Principles for subtitle : Considering that subtitles may be recognized as standard language by viewers, subtitles shall be correct in spelling and swear words and slangs are not allowed.
Detailed guidelines by genre	<ul style="list-style-type: none"> • Guidelines on swear words, slangs, discriminative or degrading expressions which are often seen in talk or discussion shows mainly in general service PPs.
Current affairs·news program	<ul style="list-style-type: none"> • Correct and accurate use of language by show hosts and guests. Ban distortion or word addition when summarizing interview. Prohibition of sensational or provocative expressions in disaster broadcasting.
Talk·discussion	<ul style="list-style-type: none"> • Prohibition of excessive personal attack or making insulting remarks in talks or discussion shows. Ban expressions that reveal agitated emotion when there is confrontation of opinions or swear words or slangs.
Entertainment	<ul style="list-style-type: none"> • Prohibition of swear words or slangs, discriminative or degrading remarks regarding appearance, personality, sex, age, educational background, disability, region, or race, or excessive subtitle that interfere with watching.
Others	<ul style="list-style-type: none"> • Detailed guidelines on broadcasting language regarding life information, drama, movie, comedy, children’s program, sport broadcast, and TV home shopping.

In October 2015, the Commission held a ‘Gathering for Nurturing Beautiful Language Culture’ along with Ministry of Gender Equality & Family, Korea Communications Standards Commission, three terrestrial broadcasting stations, and six general service PPs and news-specialized channel business operators in order to raise the quality of broadcasting language and foster sound language culture for young children. The participating agencies signed an ‘agreement on nurturing beautiful language culture’ and resolved to fulfill their social responsibilities to enhance broadcasting’s role in

servicing public interest.

Figure III-1 Gathering for nurturing beautiful language culture



The Commission and Korea Communications Standards Commission will strive to raise the quality of broadcasting language by hosting meetings with broadcasting business operators and implementing campaigns and education on decent broadcasting language.

e. Certification of Public Benefit Channels and Welfare Channels for Disabled People

The Commission deliberated and resolved the ‘2016 basic plan for the certification of public benefit channels and welfare channels for the physically impaired’ in September 2015. The basic plan included composition and operation of review committee and review criteria. In the case of public benefit channels, up to three of the highest-ranking business operators which applied to one of the three broadcasting fields (social welfare, science and culture promotion, and educational support) noticed by the Commission will be selected. The selected operators shall score 65% or more out of the total 1,000 points, or 40% or more of the points assigned to individual review items. In the case of welfare channels for disabled people, PPs which specialize in broadcasting for disabled people are eligible to apply. Up to three of the high-

est-ranking PPs who score 70% or more out of the total 1,000 points possible, or 60% or more of the points assigned to individual review items are selected.

The Commission accepted applications for public benefit and welfare channels for the physically impaired by the end of September 2015. As a result, 12 PPs applied for the public benefit channel, and one PP for the welfare channel for the physically impaired.

After reviewing applications for public benefit and welfare channels for the physically impaired in November 2015, three channels for each of the three broadcasting areas of social welfare, science and cultural promotion, and educational support were selected. However, the Commission certified a child-care channel as a public benefit channel on the condition that it “submit to the Commission a Detailed implementation schedule for the business plan written in the submitted application for the 2016 public channel selection by December 30, 2015 and faithfully abide by the plan.”

Meanwhile, the Commission certified Welfare TV as a welfare channel for the physically impaired but with condition that it “submit to the Commission the programming plan for audio description in 2016 (to be raised from the performance of the first half of 2015) and quality enhancement plans for subtitles, sign language, and audio description by November 30, 2015 and faithfully abide by the plan.”

The term of validity of this selection and certification of public benefit channels and welfare channels for the physically impaired in 2015 is one year (from January 1, 2016 to December 31, 2016). Public benefit channels run by SO, satellite broadcasting and Internet multimedia, or business operators are required to transmit programs related to public interest on one or more channels. The welfare channel for the physically impaired is also required to transmit relevant programs on one channel.

Table III-10 Selection of public benefit channels and certification of welfare channels for physically impaired people in 2016

Classification		Channel name
Public benefit channels	Social welfare	Yes TV (for small businesses), Work TV, Baby Nursing Broadcasting
	Science and cultural promotion	Arte TV, Arirang TV, Science TV
	Educational support	EBS Plus 1, EBS Plus 2, EBS English
Physically impaired people welfare channel		Welfare TV

2. Guaranteeing Diversity of Media and Rights to Viewing

a. Reinvigorating Regional Broadcasting

1) Establishment and implementation of regional broadcast support plan

The Commission confirmed and established the ‘Regional Broadcasting Development Support Plan’ (hereinafter referred to as ‘the support plan’) at the 27th meeting held in June 2015. The ‘Special Act on Support for Regional Broadcasting Development’, which went into effect in December 2014, stipulates that the committee establish a support plan every three years. This support plan is, therefore, the first to be established under this special act. The committee ran a research team consisting of 14 professionals on regional broadcasting from November 2014 to March 2015 and held a public hearing in April 2015. The support plan was deliberated by the Regional Broadcasting Development Committee in May 2015 and voted on by the Commission in June 2015 before being established.

The support plan consists of three goals aimed at ‘realizing local citizens’ right to happiness through sound development of regional broadcasting.’ The three goals are ‘realizing localization by enhancing production and distribution capabilities of local broadcasting’, ‘creating a foundation for financial stability through a rational system’, and ‘promoting mutual development of regional broadcasting and local communities by sharing resources.’ The visions and implementation strategies from 2015 to 2017 are as follows:

Table III-11

Vision and implementation strategy for the regional broadcasting support plan

Vision	Implementation strategy	Policy tasks
Realizing local citizens' right to happiness through sound development of regional broadcasting	1. Enhance content production capabilities	① Support local broadcasting program production ② Expand sharing of resources in local communities ③ Enhance foundation for local program production
	2. Promote local program distribution	① Rationalize programming regulations on local broadcasting programs ② Create distribution infrastructure for local broadcasting
	3. Build independent regional broadcasting capabilities	① Assess localization of local broadcasting ② Advance and specialize human resources of local broadcasting stations
	4. Establish policy foundation for financial stability	① Improve sponsorship regulations ② Improve levying system of broadcasting and communications development fund ③ Improve radio wave fee allocation system and combined sales system

2) Content capability enhancement project for regional and small and medium-sized broadcasting business operators

The Commission implemented a 2015 content capability enhancement project for regional and small and medium-sized broadcasting business operators in accordance with Article 26 (1) 5-2 and 6 of the 「Framework Act on Broadcasting Communications Development」 and Article 22 (1) of the 「Act on Broadcast Advertising Sales Agencies, etc.」. The Commission has secured KRW 2.3 billion, a KRW 300 million increase from 2014, and supported 43 programs of 31 regional and small and medium-sized broadcasting business operators.

In 2015, in addition to TV and radio programs which already benefitted from the support plan, support for production of DMB programs has been included. As a result, 23 TV programs, 17 radio programs, and 3 DMB programs received KRW 1.6 billion, KRW 500 million and KRW 200 million, respectively, a total of 43 programs.

Some of the programs which received the support won awards for quality broadcasting, later being able to sell or transmit their programs on other channels. <You are happy when you share> by YTN Radio (June 2015) and <DJing documentary ‘Nahwarang’s Arirang’> by TBC Daegu (October 2015) were selected as good programs of the month by the Korea Communications Standards Commission. <Summer music camp ‘Ullim’> by TBC (September 2015) won the best regional entertainment award in the Korea Broadcasting Prizes. Also, <Wonjutune people who went to Manchuria> by Wonju MBC and <Wide Great Battle – Great Battle of Pansori Masters Season 4> by Jeonju MBC were sold to the MBC headquarters and other regional MBC stations.

Table III-12 Screening results of content competitiveness enhancement programs for regional, small, and medium broadcasting in 2015

Classification		Applicants	Selected programs
TV		41 programs from 23 providers	23 programs from 22 providers
	Co-production	3 programs	3 programs
Radio		24 programs from 20 providers	17 programs from 19 providers
	Co-production	1 program	1 program
DMB		7 programs from 4 providers	3 programs from 3 providers
Total		72 programs from 32 providers	43 programs from 31 providers

3) Operation of the Regional Broadcasting Development Committee

The 3rd-term Regional Broadcasting Development Committee launched in December 2014 consists of nine people, including Vice Chairperson Hur Won-je²⁾, Ko Sam-seog, a standing member of the Commission, and Lyu Han-ho, a professor of Journalism at

2) Vice Chairperson Hur Won-je resigned on December 29, 2015.

Gwangju University. The Committee held a total of 11 meetings from December 2014 to November 2015, engaging in discussions about measures to develop regional broadcasting.

The 3rd-term Regional Broadcasting Development Committee discussed 14 agenda items in 2015 including ‘content competitiveness enhancement project for regional and small or medium broadcasting operators’, ‘deliberation of support plan for regional broadcasting development (proposal)’, ‘review policy for fund support for regional broadcasting in 2016’, and ‘detailed assessment standards on locality index (proposal).’

b. Researching and Assessing Share of Audience among Broadcasting Business Operators

The Commission resolved ‘media exchange ratio of 2014’ pursuant to Article 69-2 of the 「Broadcasting Act」 and the ‘result of the audience ratings of broadcasting service providers of 2014’ pursuant to Article 35-4 thereof through the deliberation by the Media Diversity Committee in July 2015. Share of Audience among Broadcasting Business Operators is calculated by adding share of audience of a broadcasting operator to that of special interest groups. In case that a daily newspaper is also a broadcasting business operator, or owns stocks or shares thereof, the subscription rate of the daily newspaper shall be converted into share of audience before being added to that of the broadcasting business operator.

Share of audience is the percentage of viewing hours of a particular channel out of the total viewing period of TV broadcasting and it should not exceed 30%. However, this shall not apply if a business operator is fully invested in by the government or a local autonomous entity. Media exchange ratio refers to the difference of influence between TV broadcasting and daily newspapers. It is calculated by putting the influence of broadcasting at 1, against a relative ratio of influence by daily newspapers. For example, the media exchange ratio between TV and daily newspapers in 2014 was 1 to 0.41.

Table III-13 Survey results of audience share of major broadcasting operators in 2014

Classification	Broadcasting business operators	Share of audience	Remarks
Terrestrial broadcasting	Korea Broadcasting System (KBS)	31.210%	Terrestrial broad-casting and PP
	Munhwa Broadcasting Corporation (MBC)	15.633%	
	Seoul Broadcasting System (SBS)	9.108%	
	Educational Broadcasting System (EBS)	2.653%	
General service and news-specialized PP	TV Chosun (The Chosun Ilbo family)	9.440%	General service PP and daily newspaper
	JTBC (Joongang Ilbo family)	7.490%	
	Channel A (Dong-A Ilbo family)	5.776%	
	MBN (Maeil Business Newspaper family)	4.572%	News-specialized PP
	YTN	1.718%	
Yonhap News Television	1.184%		
CATV broadcasting business operator	CJ E&M (CJ family)	8.713%	PP and SO
	T cast (t-broad family)	2.965%	
	CU Media (C&M family)	2.028%	
	Hyundai Media (HCN family)	0.882%	
	CMB Holdings (CMB family)	0.286%	

The share of audience of major broadcasting business operators in 2014 is as follows:

For terrestrial broadcasting operators, KBS 31.210%, MBC 15.633%, SBS 9.108%, and EBS 2.653%. For general service and news-specialized PPs, the order was TV Chosun 9.440%, JTBC 7.490%, Channel A 5.776%, MBN 4.572%, YTN 1.718%, and Yonhap News TV 1.184%. Meanwhile, share of audience of CATV broadcasting business operator was CJ E&M (CJ family) 8.713%, T cast(t-broad family) 2.965%, CU Media (C&M family) 2.028%, Hyundai Media (HCN family) 0.882%, and CMB Holdings (CMB family) 0.286%.

The survey found that no business operators had an audience share ratio exceeding 30% under Article 69-2 (1) of the 「Broadcasting Act」. However, KBS was not subject to this limit as it is a broadcasting business operator that is fully financed by the government, pursuant to Article 69-2 (1) of the 「Broadcasting Act」. The 2014 audience share ratio was conducted by Nielsen Korea Ltd., a commercial survey agency entrusted by the Commission. The result of audience share by TV channels in 2014, the equity share ownership status submitted by the broadcasting business operators,

the ad sales data of the broadcasting business operators and daily newspapers, and the number of households certified by the Korea ABC Association to subscribe to daily newspapers were tallied and reflected in the final calculation.

A share of audience system was introduced in order to guarantee diversity in broadcasted opinions in 2009 when the 「Broadcasting Act」 was revised. As of 2014, 375 channels of 217 broadcasting business operators (legal entities) which run TV broadcast channels, and 28 daily newspaper companies engaging in broadcasting business were surveyed for calculation.

Meanwhile, in order to raise the accuracy and reliability of the survey, the Commission set up the ‘guidelines on survey criteria procedure for audience share of fixed TVs and ’ which systemized matters regarding basic research and panel composition. As the commissioned research agencies differed on those criteria, it was pointed out that consistency should be secured for data integration and time-series material analysis each time that research agencies are changed.

The guidelines mainly dealt with objective standards on survey, panel composition, and panel management to minimize error while laying out cautions on sample design to ensure that the size of the panel is optimized. Furthermore, research agencies independently verified data calculation process and results, securing reliability and accuracy of surveys. In the meantime, the Commission proposed a system to check research agencies’ compliance with the guidelines on a regular basis and reflect it in the result of the audience share survey project.

The Commission expected that the guidelines would ease concerns over the frequently-raised error issues each time the research agencies are changed, contributing to enhancing reliability and accuracy of the data. Furthermore, the guidelines could be employed for different statistical projects other than audience surveys.

c. Researching Integrated Share of Audience

The Commission changed the method for basic research from RDD (Random Digit Dialing: surveys over telephone to call numbers generated randomly) to door-to-door surveys, raising the statistical reliability. The survey was conducted from May 2015 to October 2015 on 20,000 households across the nation (44,000 respondents). The items included possession of TV sets, broadcasting signal reception environment, and broadcasting content watching environment on smartphones and PCs.

Real-time survey of audience share was carried out on around 370 channels of 210 providers including terrestrial broadcasting, IPTV, CATV, general service and news channel PPs from January to December 2015. N-Screen viewing records were surveyed for watching TV programs on smartphones, PCs, and VODs.

With access to broadcasting changing due to digital convergence and emergence of smart media, viewer preference is shifting to VOD, PC, and mobile devices. As a result, it became necessary to survey attitudes on different TV watching media in order to measure real TV watching hours of people.

As such, a survey on VOD watching was conducted on 2,600 households in the nation from May to December 2015. The same kind of survey for smartphones and PCs was carried out from August to December 2015 on 5,000 viewers nationally.

Figure III-2 Expert meeting and forum on the introduction of integrated TV ratings



Furthermore, the Commission held a policy debate on promoting diversity in broadcasting different opinions and expert forum on introducing integrated audience share. In November 2015, the Commission organized a forum of experts from the private sector to explore measures to promote diversity of broadcasting. Also, in January, April and July in 2015, the Commission collected opinions from experts in the private sector regarding calculation method of integrated share of audience as an alternative to the existing share of audience as well as regarding how to measure TV watching on N-Screens.

In addition, the Commission organized a contest for a research project aimed at introducing an integrated share of audience in reflection of the changing viewing environment on N-Screens (smartphones and PCs). The contest received applicants from May 2015 through February 2016, implementing a total of 6 tasks.

Meanwhile, the Commission will come up with an improvement plan that defines the method and process of the integrated share of audience survey in order to establish a systematic basis.

The Commission held private academic seminars and strengthened promotional activities with the media in the hope that they will help raise public awareness of the necessity to introduce a new system which better reflects the most recent viewing attitude. As a result, diverse views on the new system were collected by media outlets, raising awareness on media diversity.

The integrated measure for ratings is expected to boost the production of new content such as 'web dramas' by accurately measuring the TV viewership records on personal media and be used as an advertisement index to effectively execute advertisement campaigns by being able to specifically identify segment groups for different devices.

3. Promotion of Viewers' Rights and Interests

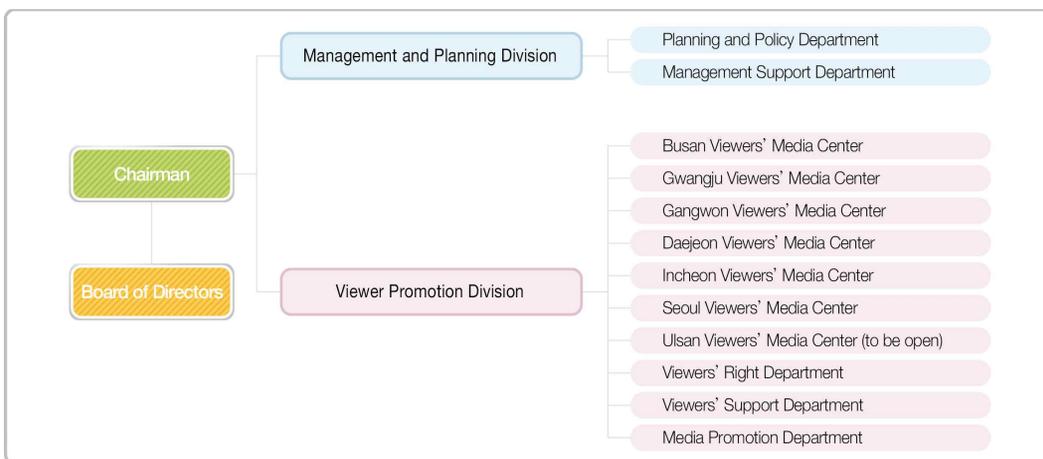
a. Establishment of the Community Media Foundation

The Viewers' Media Center had been managed by the Korea Communication Agency (KCA) until 2009. However, the KCA, which specialized in radio management and fund execution, revealed limitations in carrying out professional roles of the Center, raising concerns over efficient management of the Centers which were increasing in number. Finally, the Commission made amendments to the 「Broadcasting Act」, establishing the 'Community Media Foundation' in May 2015 as an agency to encourage public participation in broadcasting and promote viewers' rights.

Table III-14 Key progress of the Community Media Foundation

Date	Events
May 2014	• Basis to create the foundation laid out with amendment made to Article 90-2 of the 「Broadcasting Act」
July 2014	• The Establishing Committee of Community Media Foundation formed
July 2014 ~ May 2015	• The 9th Establishing Committee convened – articles of association, the board operation rule, HR policy, Chairman recommendation committee regulations were resolved
May 2015	• The Community Media Foundation established

Figure III-3 Organizational chart of the Community Media Foundation



The Community Media Foundation synthetically supports and manages the Viewers' Media Centers in 6 regions including Busan, Gwangju, Gangwon, Daejeon, Incheon, and Seoul.

Table III-15 Key projects of the Community Media Foundation in 2015

Project name	Activities
1. Operation of the Viewers' Media Center	• Operation of 6 Viewers' Media Centers (Busan, Gwangju, Gangwon, Daejeon, Incheon, and Seoul)
2. Opening of new Viewers' Media Center	• Established infrastructure for Seoul and Ulsan center.
3. Media education and support for viewers' right promotion activities	• Supported education, developed materials, and conducted broadcasting environment survey
4. Guarantee access to broadcasting for the marginalized	• Guaranteed access to broadcasting for the marginalized (supply broadcasting receivers for disabled people) • Supported broadcasting production for disabled people
5. Support viewers' participation in broadcasting	• Supported program production for viewers' participation • Supported viewer evaluation activities
6. Establish monitoring basis of broadcasting advertisement	• Investigated and analyzed broadcasting hours and rules violation
7. Create policy for fair competition in broadcasting and broadcasting advertising market	• Investigated and analyzed infringement of user interest and unfair activities among business operators
8. Assessment and examination of the operation performance of public benefit channels	• Assess and improve planning, production, programming performances of public benefit channels

b. Expanding Media Education

The Commission offered media education to more cities and schools in cooperation with the 6 Viewers' Media Centers across the nation. 13 middle schools offered media education in the first half of the year. In the second half, as the demand for free semester media education increased, the number rose to 72 middle schools.

Table III-16 Operation model of the free semester system and program matching

Models of free semester media education	Curriculum	Programs matching with Centers
Career exploration	Career examination, invited lecture, portfolio building, field trip, career research, start-up simulation, etc.	Experience(planning· shooting·editing), special lecture, media camp
Elective programs	Writing, Korean art discovery, media and communications, school magazine publishing, drama and culture, and green school making, etc.	content making
Club activities	Literary discussion, line dance, mural painting, science experiment, webtoon drawing, UCC making, drama and orchestra, etc.	content making

The middle school free semester system is one of the Administration's key initiatives to overhaul the educational system. It is designed to let students pursue dreams and discover their talents while enjoying a happy school life without stress about exams. The system aims to let students obtain key attitudes such as creativity, personality, and self-driven learning ability.

The 6 Viewers' Media Centers across the nation (Busan, Gwangju, Gangwon, Daejeon, Incheon, and Seoul) are open to students in their free semester, offering experience programs for broadcasting professions such as Producers, journalists, and announcers. The Centers host special lectures given by retired or active broadcasters while offering media education programs taught by professional media instructors. Students have free access to the broadcasting production facilities and equipment owned by the Centers.

The Commission will widen access to the Viewers' Media Centers for the general public as the Government works to expand the free semester system. The Commission also plans to provide students interested in broadcasting career path with more chances to experience on the job training so that they can grow into future media professionals.

c. Promoting Viewers' Participation in Broadcasting

The Commission linked the support project which pays the fees when programs produced by people are broadcast under the Center's participation programs, seeking to raise the quality of participatory programs. The Commission also supported activity costs of the Viewers' Evaluation Council.

In 2015, a total of 2,998 programs from 89 broadcasting operators received broadcast adoption fees, as much as 15% up from 2,591 programs of 87 operators in 2014. 1,031 programs produced by viewers themselves by leasing the facilities and equipment of the Viewers' Media Centers were broadcast in the central and regional TV and radio stations, up 37% from 753 programs in 2014. This serves as evidence that the Centers make contribution to engaging the public in broadcasting.

Table III-17 Broadcasting of programs created by users in the Viewers' Media Center (Unit : program)

Classification	2009	2010	2011	2012	2013	2014	2015	Total
Performance	314	385	480	539	595	753	1,031	4,097

Furthermore, the Commission held the '2015 Viewers Media Festival' from November 6 to 7 at Nuri Dream Square in Digital Media City, Sangam, Seoul. The festival was joined by viewers and next-generation media professionals. On November 6th, 'Community Media Prizes' and 'Community Media Conference' were held, followed by the 'National Viewers' Production Workshop', 'LaLaLa Media Special Lecture,' and 'Media Golden Bell for Youth' on November 7th. 'Viewers Square' was set up as an experience center where viewers could produce programs themselves and use broadcasting equipment.

Figure III-4 Launching ceremony of the Community Media Foundation and Viewers Media Festival

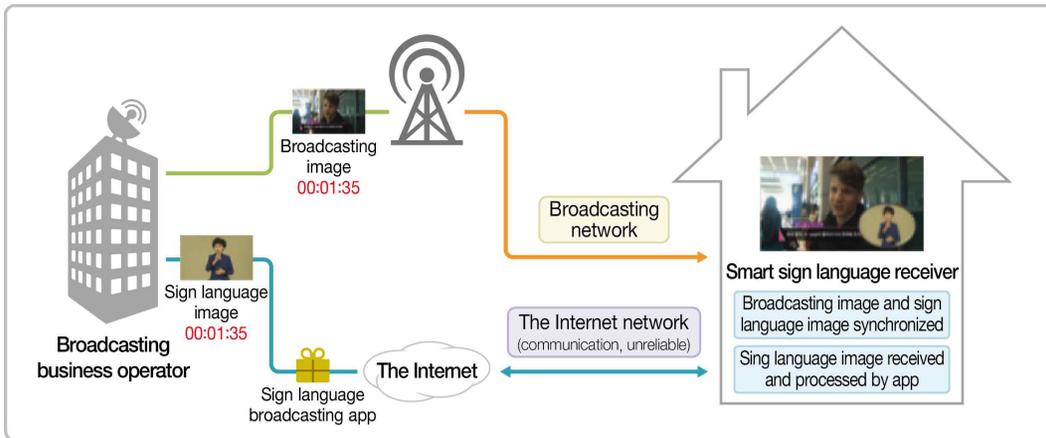


d. Enhancing Access to Broadcasting Services for Marginalized Groups

The Commission has enacted standards on sign language broadcasting in order to enhance access to broadcasting for the marginalized while launching a pilot broadcasting of smart sign language on pay per view channels with CJ HelloVision, KT Skylife, and SK Broadband. In addition, the Commission signed an MOU with the Seoul city government and other 8 local governments on the supply of TVs for disabled people. In 2014, the Commission made public the performance assessment of 156 broadcasting operators on their adherence to the mandatory broadcasting for the disabled.

To begin with, the Commission has expanded access to broadcasting for the disabled and enhanced convenience in TV viewing for the general public by establishing technological standards for smart sign language broadcasting in April 2015, an upgrade from the existing system. Addressing the inconveniences with the old system where users were unable to adjust size or position, or remove sign language from the screen, the new standard transmits image and sign language separately via broadcasting network and the Internet to one receiver. The separately received signals are then processed and shown in a single display, allowing viewers to remove or adjust its size and position. Therefore, the new standard addresses matters related to hybrid smart sign language that merges broadcasting and the Internet.

Figure III-5 Standard method for smart sign language broadcasts



The Commission selected 3 operators, one from each media, and launched test transmission of smart sign language broadcasting before the official introduction of the adopted standard technology. CJ HelloVision (cable TV operator), KT Skylife (satellite broadcast), SK Broadband (IPTV), and YTN (news-specialized PP) participated in the trial service from November 16th to December 31st, verifying its feasibility and effectiveness as a standard for smart sign language broadcasting.

Furthermore, the Commission donated 12,524 sets of TV for visually and hearing impaired people with difficulties in accessing broadcasting. For this purpose, the Commission signed an MOU with 8 local governments including Seoul, Daegu, Gwangju, Sejong, Chungbuk, Chungnam, Gyeongnam, and Jeju in May 2015. Those 8 local governments sent promotional leaflets introducing the TV donation directly to low-income families and visually and hearing impaired people in their respective regions enclosed with braille literature and application forms. The applications were received by each community centers.

The Commission had been providing visually and hearing impaired people with broadcasting receivers since 2000 to guarantee rights to viewing for marginalized groups. Since 2015, however, the Commission have been supplying receivers with pri-

ority to those in the 8 regions the local governments of which have signed the MOU. The new TVs are easier to adjust the position of subtitles. They also feature enhanced conveniences such as voice guide for program information, broadcasting schedule, and audio description, allowing visually and hearing impaired people to watch TV with a greater ease.

As part of its effort to enhance accessibility of broadcasting for marginalized groups, the Commission made public the assessment results on the performance of broadcast services for disabled people in 2014 conducted on 156 required operators regarding subtitles, sign language translation, and audio description. The assessment, following the first in 2013, found that 153 operators out of 156 met the required performance, while 3 ended up failing to meet any of the goals.

Table III-18 Assessment Results on the Performance of Broadcast Services for Disabled People in 2014 (Unit : provider, %)

Classification		Required operators	Met	Unmet	Achievement rate	Remarks
Operators designated for mandatory service (57 providers)	Main terrestrial	4	4	—	100.0	'Unmet' for violation of closed caption
	Local terrestrial	46	44	2	95.7	
	Satellite	1	1	—	100.0	
	General service and news-specialized PP	6	6	—	100.0	
	Sub-total	57	55	2	96.5	
Operators designated for notice (99 operators)	SO	79	79	—	100.0	
	PP	20	19	1	95.0	
	Sub-total	99	98	1	99.0	
Total		156	153	3	98.1	

The results show that the performance of broadcast services for disabled people in 2014 has improved by 36.0%, surpassing the previous year's performance of 62.1%. Therefore, the Commission evaluated the mandatory broadcasting for disabled people as taking root and called on operators designated for mandatory service to strive on the qualitative front as well in the 2016 assessment for the 2015 performance. Moreover,

the Commission plans to provide differentiated financial support for the production in order to secure the effectiveness of the mandatory broadcast services for disabled people.

4. Improving Disaster Broadcasting

a. Overhauling the 「Framework Act on Broadcasting Communications Development」

In order to improve the current disaster broadcasting system, the Commission resolved amendment to the 「Framework Act on Broadcasting Communications Development」 highlighting expansion of required business operators for disaster broadcasting or civil defense warning (hereinafter referred to as ‘disaster broadcasting, etc.’), and compliance with the disaster broadcasting manual in April 2015. The amendment went through deliberation by the Korea Ministry of Government Legislation before being resolved by the National Assembly in December 2015. The amended law is to take effect from June 2016.

1) Expansion of business operators required of disaster broadcasting, etc., and clarification of the point of launching disaster broadcasting

Article 40 (1) of the amended 「Framework Act on Broadcasting Communications Development」 included CATV broadcasting business operators, satellite broadcasting business operators, and Internet multimedia broadcasting service business operators in addition to the existing terrestrial broadcasting business operators and general service and news-specialized PPs as business operators required of disaster broadcasting, etc. However, considering broadcasting characteristics of the added business operators, they were permitted to transmit disaster information in the form of subtitles.

Furthermore, Article 40 (2) of the amended Act stipulates that the Commission may request the business operators required of disaster broadcasting, etc., to render dis-

aster broadcasting services to prevent the occurrence of a disaster, calamity, or civil defense crisis. In such cases, each broadcasting business operator shall render disaster broadcasting services upon request from the Commission, unless any extraordinary circumstance exists.

2) Provision of terms for business operators required of disaster broadcasting, etc.

Meanwhile, the amended Act defines the key elements of ‘disaster broadcasting rules’ which are currently enforced as enforcement decree and notice as follows:

Table III-19 Article 40, Section 3 of the 『Framework Act on Broadcasting Communications Development』

Article 40 (Disaster broadcasting, etc.) ③ Business operator pursuant to each item of Paragraph 1 shall comply with the terms of the following items when it transmits disaster broadcasting, etc.

1. Provide accurate and immediate information regarding disaster;
2. Provide residents in disaster area and affected people with information necessary for evacuation, rescue, recovery, etc.;
3. Do not damage the victims or their family’s reputation or infringe upon private life;
4. Do not coerce victims or families to ask or answer questions, or have press conference (hereinafter referred to as “interview”);
5. Obtain consent from legal representative for an interview with a minor victim or a minor member of affected family;
6. Transmit correctional broadcasting without delay where content of disaster broadcasting, etc. is different from fact.

Article 40, Section 5 and Section 6 of the 『Framework Act on Broadcasting Communications Development』 stipulates that required business operators of disaster broadcasting, etc. shall produce and distribute disaster broadcasting manuals in accordance with Article 40, Section 3 of the same Act and shall conduct education for program producers, technical staff, journalists, and announcers to become familiarized with the rules.

3) Designation of host broadcasting operator and enhancement of authority

The Commission inserted Article 40-2 to the 『Framework Act on Broadcasting Communications Development』, designating KBS as host broadcasting operator of

disaster broadcasting, etc.

b. Improving Disaster Broadcasting Reception Environment

Owners, possessors, and managers of roads pursuant to Article 2 item 1 of the 「Road Act」, urban railroads pursuant to Article 2 item 3 of the 「Urban Railroad Act」, and railroad facilities pursuant to Article 2 item 6 of the 「Railroad Construction Act」 shall install transmission facilities in places like tunnels and basements where disaster broadcasting is unavailable. Accordingly, the Commission conducted a comprehensive survey of the disaster broadcasting status of 3,026 roads, railroad tunnels, and underground spaces of subways across the nation and announced the results in December 2015.

‘2015 survey on disaster broadcasting reception status’ was conducted on 1,669 road tunnels, 621 railroad tunnels, and 736 subway tunnels. Signal reception of DMB (KBS, MBC), FM radio (KBS 1 FM, myMBC) was measured. According to the survey, 2,528 tunnels were found to be receiving poor DMB signal of the host broadcasting operator KBS (poor reception rate 83.5%). 2,650 tunnels were out of the coverage area (poor reception rate 87.5%). More results are as follows:

Table III-20 Results of complete survey of the signal reception environment for disaster broadcasting (Unit : tunnel, %)

Classification	Number of tunnels	KBS DMB		KBS radio		Number of repeaters installed (㉑+㉒)
		㉐Received	㉑Poor reception (rate)	㉒Received	㉓Poor reception (rate)	
Road tunnel	1,669	155	1,514 (90.7)	82	1,587 (95.0)	3,101
Railroad tunnel	621	7	614 (98.9)	12	609 (98.1)	1,223
Subway	736	336	400 (54.3)	282	454 (61.7)	854
Total	3,026	498	2,528 (83.5)	376	2,650 (87.5)	5,178

Based on the survey result, the Commission carried out a pilot project ‘support for installation of repeaters for disaster broadcasting reception,’ helping to set up 40 repeaters

in 26 tunnels in 2015. The Commission plans to cooperate with local governments and facility management agencies for earlier installations of disaster broadcasting receivers.

c. Strengthening Responsible Organization

In order to ensure efficient implementation of disaster broadcasting services, the Commission transferred duties related to HR affairs from the Planning and Coordination office to the Broadcasting Policy Bureau, enhancing comprehensive response capabilities.

Chapter 2 Invigoration of Broadcasting and Communications Services

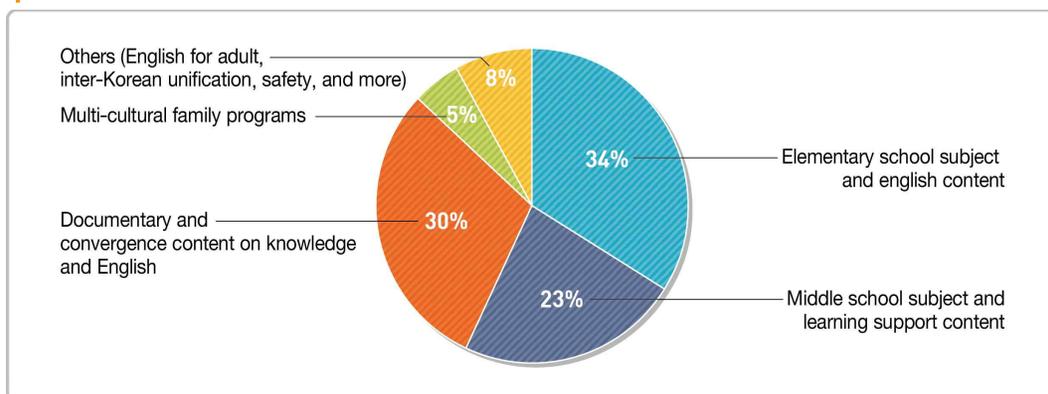
1. Promoting New Broadcasting Services

a. Test Service on Multi-Mode Service (MMS)

The trial service of EBS2 MMS was launched on February 11th, 2015 on channel No. 10-2 of terrestrial broadcasting. The Commission permitted EBS MMS for public interest purposes such as cutting private education cost and easing educational polarization due to region and income gap as well as for the verification of its technological reliability.

The public interest purposes are also reflected on the programming principle of EBS2 channel. Programs for elementary and middle school students and English programs take up a higher share at 57% and 30%, respectively. Other programs for multi-cultural families or Inter-Korean unification are also serviced.

Figure III-6 Ratio of trial service of EBS2 content



Source) Telecommunications Technology Association (2015), A Study on Measures to Advance Terrestrial MMS Technology

1) Technological reliability of MMS

In the early period of EBS2 broadcasting, technological issues were raised over poor reception. However, most of the viewers' complaints involved general inquiry on channels with only a few of them complaining about technological issues. Also, no complaint was received regarding image quality, confirming that EBS2 MMS was technologically reliable.

EBS2 is transmitted in MPEG-2 for image and AC-3 for audio, the same technology employed by EBS1³⁾. Applying variable bit rate⁴⁾ on two channels, each channel is capable of displaying identical image quality with one another. Image comparison between EBS1 and EBS2 in ITU's standard method showed that the Peak Signal to Noise Ratio (PSNR) on each channel was measured at 36dB, similar to the terrestrial broadcasting with 35dB.

In the meantime, as viewers watch TV with a variety of receivers (analogue, digital TV, or set-top box) in different environments (owned antenna, TV network, or relay transmission), concerns existed over complaints regarding signal reception after the launch of EBS2 channel. In response, the Commission formed civil complaints response team along with EBS, TTA, and DTV Korea, reviewing technological issues of MMS and sharing response measures on complaints.

Table III-21 Meetings held by the civil complaints response team for terrestrial MMS

No.	Date	Agenda
1	Jan. 29	Suggestion for setting up of common response system, establishment of emergency contact network, preparation of integrated manual, and establishment of response system for each party
2	Feb. 6	Checking civil complaints, cautions for transmission, and complement to manual
3	Feb. 13	Checking civil complaints, handling of civil complaints regarding receiver

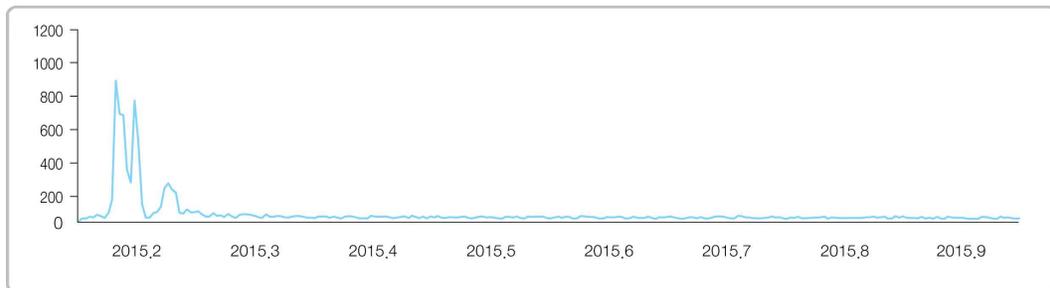
3) EBS1 and EBS2 have different resolution and frame rate. EBS1 features 1,920×1,080 resolution, and 59.94i frame rate, while EBS2 comes in 1,280×720 resolution and compresses video image at 59.94p.

4) Efficient to improve image quality as bit rate is allocated depending on the complexity and processed data of images

No.	Date	Agenda
		malfunctions, and sharing field situations regarding TV network equipment
4	Feb. 25	Checking civil complaints, sharing cases of civil complaints regarding receiver issues, response to problems with TV network equipment, and response to problems with cable transmission
5	Mar. 4	Checking civil complaints, review of delay in EBS channel change, confirming civil complaint response procedure including cable TV broadcasting business operators, and confirming duties for each parties
6	Mar. 9	Discussion on the position of each party regarding the roles of EBS in handling civil complaints
7	Mar. 17	Agreed that EBS assumes general handling of civil complaints
8	Aug. 21	Checking civil complaints from TV network and establishing response measures

According to the analysis of civil complaints received by EBS from February 2015 to October 2015, 7,083 cases were filed between February and April. Since April, 30 cases were filed each day, amounting to 9,810 in total. Civil complaints over suspension of paid broadcasting retransmission accounted for the largest with 8,949, followed by 86 technical inquiries, 61 on TV network equipment, 22 on conversion of analogue TV set to digital, and 3 on TV set. All of the technical complaints had been resolved as of the end of 2015 and no complaint was received regarding video quality of EBS2 over the same period.

Figure III-7 Number of civil complaints on terrestrial MMS technology



Note) Civil complaints received by EBS from Feb. 10, 2015 to Oct. 11

Source) Telecommunications Technology Association (2015), A Study on Measures to Advance Terrestrial MMS Technology

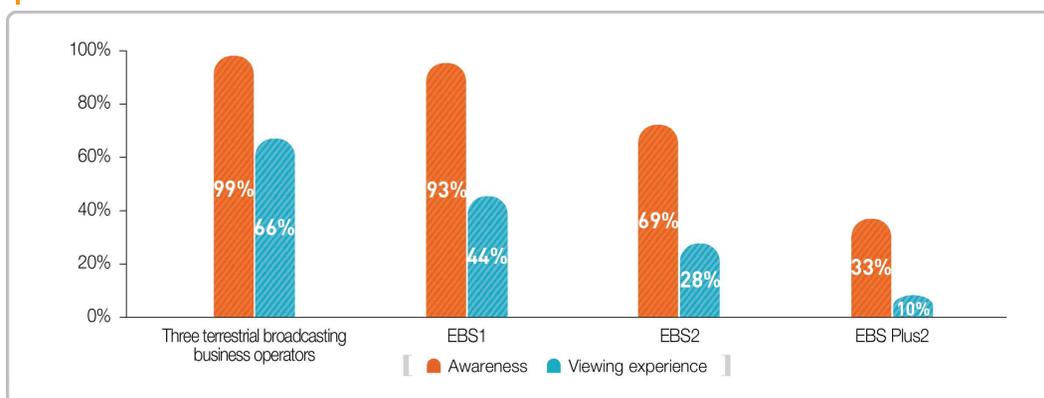
2) Social and economic effect of MMS

One of the goals of the Commissions' introduction of EBS MMS was to cut private education cost for elementary, middle, high school, and English. Viewers can expect to lower their private education budget by reviewing subjects they previously studied in existing private educational institutes on the free EBS2 channel. A survey⁵⁾ conducted by the Media & Future Institute in August 2015 on EBS2 channel's effect on reducing private education cost showed that the content on EBS2 contributed to cutting at least KRW 170 billion in private education spending.

Meanwhile, in order to assess the social value created by EBS2, the Commission hired a professional survey firm, which studied the awareness and acceptance of EBS2 from June 2015 to July.

According to the survey, the awareness level of EBS2 was measured at around 69%, lower compared to three terrestrial broadcasting business operators of 99% on average and EBS1 of 93%, but higher than EBS Plus2 of 33%. The ratio of those who actually watched EBS2 channel was around 41%, or 28% of the entire respondents, similar to the awareness level of EBS1 of 47%, or 44% of the entire respondents.

Figure III-8 Survey results on awareness of terrestrial broadcasting channels



Source) Telecommunications Technology Association (2015), A Study on Measures to Advance Terrestrial MMS Technology

5) Formula: (number of students who watch EBS2 channel a year) × (average private education cost per hour) × (programming hours of educational content on EBS2) × (ratio of taking private education)

reprocessed

Furthermore, 70% of viewers who watched EBS2 said they would watch the channel while 46% who had not would do so, showing that most people recognized the social and economic values EBS MMS generates as a free and general broadcasting service.

3) Expanding access to MMS for households

Given the low rate of direct reception of terrestrial broadcasting in Korea, the Commission mediated a retransmission agreement between paid broadcasting business operators (cable and IPTV) and EBS to expand access to EBS MMS for households. As a result, from April 2015, trial service of EBS2 is available to households who subscribed to analogue cable products. From November 2015, EBS2 is serviced on IPTV channels.

Consequently, access to EBS2 was limited to about 2.17 million households who received a direct terrestrial broadcasting signal in February 2015 when the trial EBS2 service was in its early stage, but the number jumped to 5.24 million in April. The service became available to around 11 million IPTV subscribers by November. By December 2015, 18.41 million households had access to EBS2 channel.

With the launch of the trial EBS2 broadcasting service, the Commission plans to devise MMS policies aimed at a stable introduction of official service and enhancement of viewers' rights to free and universal terrestrial broadcasting services.

b. Introduction of Terrestrial UHD Broadcasting

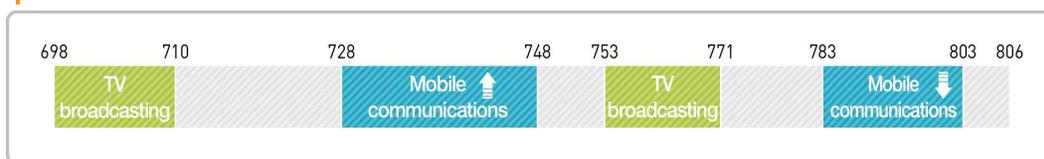
The trial service of high-resolution terrestrial broadcasting from 2012 is expected to be phased in starting with the metropolitan area in February 2017. Domestically, terrestrial broadcasting business operators transmitted live selected games of 2014 FIFA Brazil World Cup and Asian Games in UHD. Commercial UHD service began in 2014

as pay per view broadcasting operators such as cable, satellite, and IPTV opened UMAX, the first UHD-exclusive channel in the world. The basis to officially launch terrestrial UHD broadcasting as free and universal broadcasting service was laid out in July 2015 when the Government finalized the ‘700MHz bandwidth allocation plan’.

1) Finalization of the 700MHz bandwidth allocation plan

The ‘3rd Frequency Deliberation Committee’ in July 2015 finalized the ‘700MHz bandwidth allocation plan’, and decided to allocate 30MHz bandwidth from the 700MHz band to broadcasting and 40MHz bandwidth to mobile communications, establishing the foundation to introduce terrestrial UHD broadcasting.

Figure III-9 Distribution of frequency bands of 700MHz bandwidth (proposal)



2) Phasing in terrestrial UHD broadcasting

Following the finalization of the 700MHz bandwidth allocation plan, the Commission launched a ‘task force on terrestrial UHD broadcasting policy’ with Ministry of Science, ICT and future Planning in August 2015. The task force consists of 31 terrestrial broadcasting business operators, appliance manufacturers, and research institutes to discuss policies regarding terrestrial UHD broadcasting. Since August 2015 when the first public-private high level meeting on terrestrial UHD policy was held, seven working level meeting and one workshop were held as of December 2015. On December 29th, 2015, the Commission, MSIP and parties from private sector jointly established a ‘policy for the introduction of terrestrial UHD broadcasting’.

Based on the policy, the Commission will launch terrestrial UHD transmission starting

from metropolitan areas in February 2017, expanding the coverage in three stages. By 2021, the Commission expects to complete the introduction of nationwide UHD broadcasting.

Table III-22 Phase-in schedule for terrestrial UHD broadcasting

Phase		Covered area	Operators
Phase 1 (Feb. 2017)		Seoul Metropolitan area	KBS, MBC, SBS, EBS
Phase 2 (Dec. 2017)		Metropolitan cities· Gwangwon area (Venue of Pyeongchang Winter Olympics)	Busan KBS, Busan MBC, KNN, Gwangju KBS, Gwangju MBC, Gwangju KBC, Daegu KBS, Daegu MBC, TBC, Daejeon KBS, Daejeon MBC, TJB, Ulsan KBS, Ulsan MBC, UBC, MBC Gangwon Youngdong(Gangneung), Wonju MBC-Pyeongchang·Hoengseong area, G1(Gangwon Television Broadcasting)-Gangneung·Pyeongchang area
Phase 3	2020	Cities and counties nationwide	Jeonju KBS, Jeonju MBC, JTV, Jeju KBS, Jeju MBC, JIBS, Cheongju KBS, Cheongju MBC, CJB, Chuncheon KBS, Chuncheon MBC, G1(Gangwon Television Broadcasting), Changwon KBS, MBC Gyeongnam, Wonju MBC-Wonju City
	2021		Gangneung KBS, MBC Gangwon Youngdong(Samcheok), Mokpo KBS, Mokpo MBC, Suncheon KBS, Yeosu MBC, Andong KBS, Andong MBC, Wonju KBS, Jinju KBS, Chungju KBS, Chungju MBC, Pohang KBS, Pohang MBC, OBS TV

Note) The nation-wide single broadcasting of KBS2 and EBS UHD will start according to the KBS regional broadcasting schedule after first launching in the Seoul metropolitan area. Gyeongin KBS to start UHD broadcasting after the end of HD broadcasting.

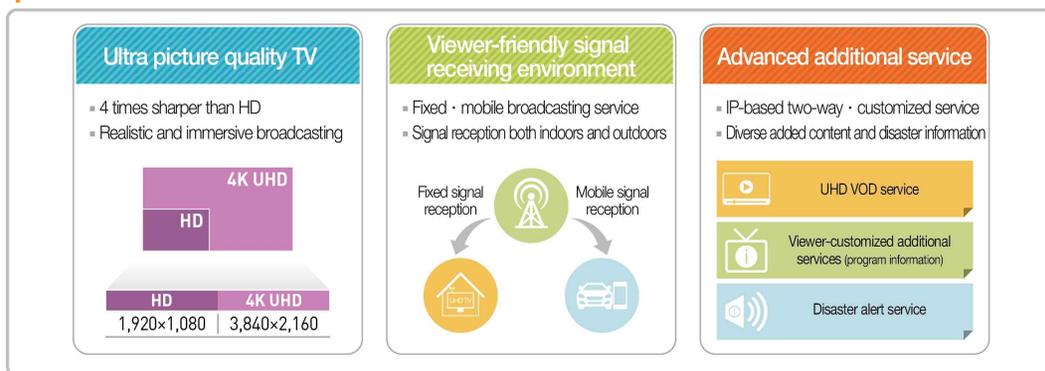
In stage 1, KBS, MBC, and SBS will launch terrestrial UHD broadcasting officially starting with the Seoul metropolitan area in February 2017, a year before the Pyeongchang Winter Olympics (September 2017 for EBS). In stage 2, terrestrial UHD broadcasting starts in other metropolitan cities and in and around the venue of the Pyeongchang Winter Olympics in December 2017, followed by stage 3 when the service is phased in for cities and counties from 2020 to 2021.

In consideration of this schedule, the Commission will decide on standards for terrestrial UHD broadcasting and reallocation of 5 channels in 700MHz frequency bands and DTV bands by June 2016, providing frequencies to service nationwide UHD

broadcasting. Furthermore, the Commission will complete relicensing to terrestrial UHD broadcasting business operators for Seoul metropolitan area by the end of 2016. UHD broadcasting and HD broadcasting will transmit programs in synchronization to ensure that subscribers to either service experience no discrimination. For a stable expansion of UHD content creation, the Commission will recommend the minimum programming ratio of UHD broadcasting and increase the ratio gradually. Terrestrial broadcasting business operators will invest KRW 6.8 trillion in UHD facilities and content production for 12 years from 2016.

Chairman Choi Sung-joon said “As the introduction of terrestrial UHD has ensured access to quality broadcasting content which is clearer and more vivid for all, viewers’ media welfare will be further enhanced.”

Figure III-10 Characteristics of terrestrial UHD broadcasting



2. Improving Regulations on Broadcasting Advertisement and Industry Support

a. Easing Regulations on Broadcasting Advertisement

In the plenary session held in April 2015, the Commission resolved the partial amendment to the 「Enforcement Decree of the Broadcasting Act」 to improve regu-

lations on broadcasting advertising. As a result, the broadcasting advertising market faced the most extensive change in 42 years after barrier regulations on broadcasting advertisement were introduced in 1973.

The current barrier regulations on broadcasting advertisement have been in enforcement since 1973. For terrestrial broadcasting, in particular, the regulations have been tighter with allowed content, hours, or times under strict control. The broadcasting advertisement regulations have been criticized for being too complex and inflexible, making it harder to secure human resources which are essential to creating content to boost Korean Wave.

Table III-23 Comparison of advertisement regulations between terrestrial and paid broadcasting

Classification	Terrestrial broadcasting	Paid broadcasting
Advertisement organization	<ul style="list-style-type: none"> Individual regulations by advertisement formats (10 minutes per hour) <ul style="list-style-type: none"> CM (10/100), SB (3 min.), Subtitle (40 sec.), Time signal (20 sec.) 	<ul style="list-style-type: none"> Gross cap regulation of advertising time (10 min. on average, maximum of 12 min.) <ul style="list-style-type: none"> Regulations on certain formats (SB, Subtitle Ad)

Meanwhile, in the US and Canada, markets are responsible for self-regulation while most European countries such as the UK and Germany and China operate gross cap system. On the other hand, it has been pointed out that Korea has a much stricter set of broadcasting advertisement regulations.

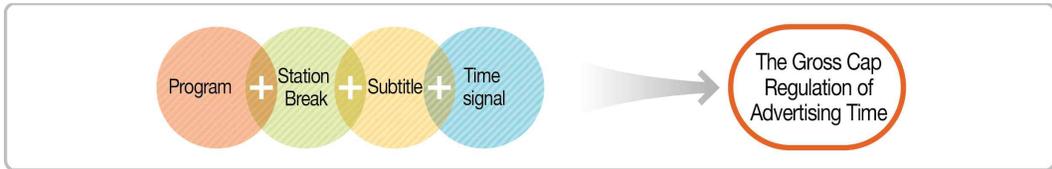
Table III-24 Regulations on broadcasting advertisement in foreign countries

Countries	Regulation type	Detail
US, Canada	<ul style="list-style-type: none"> No regulations 	<ul style="list-style-type: none"> Self-execution of advertising without regulations Self-regulation by market
EU	<ul style="list-style-type: none"> Daily gross cap system 	<ul style="list-style-type: none"> 12 min. or shorter (20%) of the total broadcasting hours
UK	<ul style="list-style-type: none"> Daily gross cap system 	<ul style="list-style-type: none"> Private : 7 min. per hour, up to 12 min. <ul style="list-style-type: none"> peak time(8p.m.~11p.m.) : up to 8 min.
France	<ul style="list-style-type: none"> Daily gross cap system 	<ul style="list-style-type: none"> Public : 6 min. per hour, up to 8 min. <ul style="list-style-type: none"> No ad allowed between 20p.m.~06a.m.

Countries	Regulation type	Detail
		• Private : 9 min. on average per hour, up to 12 min.
Germany	• Daily gross cap system	• Public : up to 20 min. a day • Private : up to 12 min. per hour
Japan	• Public : No advertisement resources • Private : Weekly gross cap system	• Private : less than 18% of weekly broadcasting hours – Autonomous guidelines by private operators
Italy	• Daily gross cap system	• Public : around 14% per hour • Private : around 20% per hour
Netherlands	• Public : Annual gross cap system • Private : Daily gross cap system	• Public : 6.5% per year, up to 15% per day • Private : up to 15% per day
Austria	• Public : Annual gross cap system • Private : Daily gross cap system	• Public : 2.92% per year, up to 20% per day • Private : up to 15% of daily broadcasting hours
Sweden	• Daily gross cap system	• Up to 10% per day, up to 8 min. per hour
Denmark	• Daily gross cap system	• Up to 15% per day, up to 12 min. per hour
Finland	• Daily gross cap system	• Up to 15% per day, up to 20% per hour
China	• Daily gross cap system	• 12 min. per hour, up to 18 min. of prime time
Taiwan	• Public : Advertisement not allowed • Private : Daily gross cap system	• Private : up to 15% of the total broadcasting hours
Singapore	• Daily gross cap system	• Up to 14 min. per hour

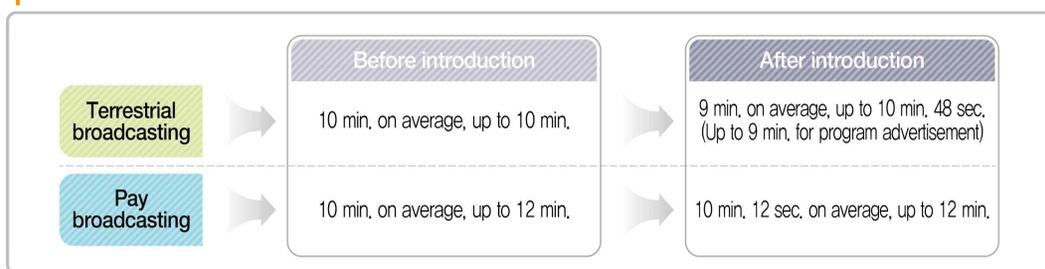
The advertisement gross cap system, introduced by amending the 「Enforcement Decree of the Broadcasting Act」, regulates the gross broadcasting advertisement hours instead of imposing separate limits on advertising hours or number of times. Under the broadcasting statutes, broadcasting advertisement was broken down into 7 formats including ‘Program Ad (CM)’ inserted before and after each program, ‘Station Break Ad’ shown between programs, and ‘Subtitle Ad’. However, after the gross cap system, broadcasting business operators are allowed to program the number of advertising times and hours independently.

Figure III- 11 Overview of the Gross Cap Regulation of Advertising Time



For terrestrial broadcasting, ‘the Gross Cap Regulation of Advertising Time per program running time’ was introduced, allowing advertisers to organize advertisements from an average of 15/100 to 18/100 per hours of broadcast programs. In the case of paid broadcasting, the Commission reformed the time regulation into the ‘Gross Cap Regulation of Advertising Time per program running time’, which ensures an average of 17/100 to 20/100 of program broadcast hours.

Figure III-12 Before and after the Gross Cap Regulation of Advertising Time (Unit : per hour)



Key elements of the amendment by the Commission to the ‘Enforcement Decree of the Broadcasting Act’ is as follows:

Table III-25 Key elements of amendment to the ‘Enforcement Decree of the Broadcasting Act’ for policy improvement of broadcasting advertisement

Classification	Key elements	Remarks
Advertisement hour	<ul style="list-style-type: none"> Introduction of the Gross Cap Regulation of Advertising Time and adoption of the Gross Cap Regulation of Advertising Time per program running time <ul style="list-style-type: none"> Terrestrial broadcasting, etc. : 15/100 of program running time on average, up to 18/100 Paid broadcasting, etc. : 17/100 of program running time on average, up to 20/100 	Terrestrial TV Up to 15/100 for program advertisement
Virtual advertisement	<ul style="list-style-type: none"> Expansion of approved genres <ul style="list-style-type: none"> Sports match relay → sports match relay, entertainment, sports news Expansion of approved hours (paid broadcasting, etc.) <ul style="list-style-type: none"> 5/100 → 7/100 of program running hours Terms on protecting viewing rights 	‘Culture’ genre excluded in the advance legislation notice
Indirect advertisement	<ul style="list-style-type: none"> Expansion of approved hours (paid broadcasting, etc.) <ul style="list-style-type: none"> 5/100 → 7/100 of program running hours Terms on protecting viewing rights 	False advertisement to be defined by the Commission’s

Classification	Key elements	Remarks
		regulations
Sponsorship notice	<ul style="list-style-type: none"> • Easing of prohibition <ul style="list-style-type: none"> – If an operator supplies certain banned items, sponsorship notice is permitted for items approved for broadcasting advertisement • Expansion of sponsorship types <ul style="list-style-type: none"> – Sponsoring approved for public interest campaigns only among advertising by public organizations → Sponsoring for public interest campaigns or events permitted 	–
Others	<ul style="list-style-type: none"> • Mandated to notice in caption or voice immediately before commercial break (paid broadcasting, etc.) • Devised policy on definition of children's program 	–

The introduction of the Gross Cap Regulation of Advertising Time will enable broadcasting business operators and advertising agencies to further develop creativity and independence, allowing them to create quality content by investing ad revenue into content creation. The broadcasting industry will also boost broadcasting content, raising viewer's satisfaction. Furthermore, given that the amendment came when the broadcasting advertisement market is slowing down compared to the Internet and mobile ad market, the new system will boost the ad market for terrestrial and paid broadcasting in general.

b. Creating a Basis for Promotion of Broadcasting Advertisement

As part of the Government initiative for Small and Medium Enterprises (hereinafter referred to as 'SMEs'), 'ladder of hope for growth', the Commission partnered with KOBACO to launch a support project to promote broadcasting advertisement for the first time in 2015. In March 2015, the 'SME Broadcasting Advertisement Promotion Council' was launched consisting of 9 members from the Commission, the Small and Medium Business Administration, KOBACO, SMEs, advertisement community, and academia. The council supported broadcasting advertisement production for 110 companies including 32 TV advertising agencies and 78 radio advertising agencies four times from April to October.

'Support for SMEs' TV and radio broadcasting advertisement promotion' was introduced to pay up to 50% of broadcasting advertisement production cost for

innovative SMEs who cannot afford to pay for expensive advertisements. Innovative SMEs include start-ups, innobiz (technology innovation) · mainbiz (management innovation) SMEs, excellent Green-Biz·green certified SMEs, and IP (intellectual property) start-ups.

Table III-26 Advertisement Support for Innovative SMEs

Classification	TV advertisement	Radio advertisement
Product support	50% of the total production cost (support cap KRW 50 million)	50% of the total production cost (support cap KRW 5 million)
Share for SMEs	50% of the total production cost	50% of the total production cost

Innovative SMEs which have not run advertisement on terrestrial broadcasting or cable TV for the past one year are eligible for support. In 2015, a total of 110 companies including 32 TV advertising agencies and 78 radio advertising agencies benefited from this program. The Commission also provided a 70% discount in broadcasting advertisement cost by collaborating with broadcast advertising sales agencies (hereinafter referred to as 'media lab') and broadcasting business operators. An innovative SME can apply to media lab of a broadcasting business operator on which it wishes to run advertisement before going through selection process. The program is expected to make great contribution to enhancing SME's marketing capabilities and sales increase as they can run broadcasting advertisement at an affordable cost. Furthermore, the selected SMEs received education and consulting services on broadcasting advertisement organized by KOBACO.

Table III-27 Discount benefits for transmission fees for Innovative SMEs

Items	Photo	Support period	Support details	Sales		Remarks
Sofa		Dec. 2013 ~	KRW 350 million of advertisement spending → Discount by KRW 810 million from the normal price of KRW	KRW 29.1 billion in 2013	KRW 35 billion in 2014 (estimate)	20% increase in sales

Items	Photo	Support period	Support details	Sales		Remarks
			1.16 billion			
Massager		Aug. 2014 ~	KRW 120 million of advertisement spending → Discount by KRW 280 million from the normal price of KRW 400 million	KRW 10 billion in 2013	KRW 20 billion in 2014 (estimate)	100% increase in sales
Ice machine		May 2013 ~ Jun. 2014	KRW 270 million of advertisement spending → Discount by KRW 630 million from the normal price of KRW 900 million	KRW 500 million in 2012	KRW 2.5 billion in 2013	400% increase in sales
Heated water mat		Nov. 2012 ~ Jan. 2014	KRW 880 million of advertisement spending → Discount by KRW 2.06 billion from the normal price of KRW 2.94 billion	KRW 20 billion in 2012	KRW 40 billion in 2013	100% increase in sales

Also, the Commission signed a trilateral agreement on cooperation with SMBA and KOBACO to support SMEs' growth through a systematic and effective support of broadcasting advertisement.

Figure III-13 Business agreement to support growth of Innovative SMEs



The Commission hopes that the agreement will contribute to helping start-ups to overcome ‘Death Valley’, the most challenging stage before commercializing technology, and rise into a full-grown SME by subsidizing their advertisement campaigns.

3. Expanding the Foundation for Broadcasting Content

a. Nurturing Broadcasting Content Production Talents

The Commission signed an MOU with 9 regional broadcasting business operators and designated hub schools for media education. This program aims to discover next-generation media professionals and support their training in broadcasting content production in the 6 Viewers’ Media Centers across the nation. The media hub school initiative is an educational program organized for young students with interests and talent in broadcasting content creation. Students in this participatory program can learn from professional media lecturers while being exposed to broadcasting equipment.

In 2015, the Viewers’ Media Center held meetings with regional education offices and schools, designating 16 schools which run broadcasting clubs, image production clubs, or media specialized departments. The program started from June.

Table III-28 Support for media hub school

Region	Schools	Program	Partner
--------	---------	---------	---------

Region	Schools	Program	Partner
Busan	<ul style="list-style-type: none"> 3 High Schools in Busan/Gyeongnam region (Yeonje High School, Sungmo girls' High School, Hyoam High School) 	Documentary/Drama production	KNN
Gwangju	<ul style="list-style-type: none"> 3 Schools in Honam region (Sinam Primary School, Gwangyang Middle School, Mokpo Joongang High School) 	Documentary production	KBC, Yeosu MBC, Mokpo MBC
Gangwon	<ul style="list-style-type: none"> 3 Schools in Gangwon region (Subaek Elementary School, Wonju Girl's Middle school, Gangwon Animation High School) 	News·debate/Drama production	CJ HelloVision (Gangwon)
Daejeon	<ul style="list-style-type: none"> 3 High Schools in Daejeon (Daeshin High School, Daedeok High School, Yuseong High School) 	Documentary/Short drama production	TJB Daejeon, Daejeon MBC, CMB Daejeon
Incheon	<ul style="list-style-type: none"> 3 high schools in Gyeonggi/Incheon region (Yeonsong High School, Ansan Design Culture High School, Gangnam Visual Media High School) 	Documentary/Drama production	OBS Gyeongin TV
Seoul	<ul style="list-style-type: none"> 1 high school in Seoul (Seokgwan High School) 	Documentary/Drama production	OBS Gyeongin TV

The 16 schools designated as media hub schools offered curriculum on documentary, drama, musical, short film, news, and debate. The schools invited broadcasting professionals for special lectures to help students deepen their skills and understanding in content creation. Broadcasting mentors trained students as part of the MOU with broadcasting business operators. 12 works created from this program were transmitted by partner broadcasting operators.

Furthermore, the Commission ran media credit recognition courses linked to colleges through the Viewers' Media Centers to train media professionals and enhance broadcasting content capabilities.

Table III-29 Major courses linked to colleges

Classification	College	Major	Academic calendar	Enrollment	Credits
Busan center	Tongmyoung University	Screen narrator	1 st semester (Mar.~Jun.)	35	3 credits
	Busan National University of Education	Media and ethics of love		30	2 credits
Gwangju center	Gwangju University	UCC creation		29	3 credits
	Honam University	3D Capstone Design		50	3 credits
	Chonnam National University	Video production		20	3 credits
	Jeonnam Provincial College	Video music production (2 classes)		30	3 credits
Busan center	Busan National University of Education	Media and ethics of love		2 nd semester (Sep.~Dec.)	30
	Dong-A University	Drama production practice	20		3 credits

b. Creating a Desirable Outsourcing Production Environment

Outsourcing production system was introduced in 1990 for the purposes of diversifying broadcasting production entities, enhancing viewers' welfare, and sharpening global competitiveness of the content industry.

25 years since the introduction of the system, outsourcing productions have grown dramatically in quantity and outsourcing ratio of three terrestrial broadcasting operators reached 50% (except for KBS 1TV), contributing to diversifying the broadcasting market.

On the other hand, as a great amount of capital has flown into Korea since the Korea-China FTA, a number of outsourcing productions were acquired. This has brought about an outflow of skilled Korean producers, leaving the domestic production ecosystem in danger. Furthermore, as the toughening preliminary content regulations by the Chinese government makes it increasingly difficult for Korean producers to export content, the local content industry is faced with a turning point.

In response to such a fast changing broadcasting environment, the National Assembly and the Commission made an amendment to the 「Broadcasting Act」 to abolish terms limiting programing ratio of special interest groups, while maintaining the mandatory outsourcing ratio.

The amended 「Broadcasting Act」 has allowed broadcasting business operators to outsource production to headquarters, affiliated companies, or in-house ventures within the permitted ratio. As a result, a foundation was created for not just outsourcing productions but also for broadcasting business operators to enhance production capabilities and diversify the broadcasting content industry.

While outsourcing productions opposed the amendment saying that the outsourcing market may collapse, the Commission resolved conflicts by organizing the National Assembly public hearing and meetings with concerned parties, eventually forging an agreement among stakeholders.

Figure III-14

Chairman Choi Sung-joon held round-tables with the CEOs of Korea's broadcasting systems



For follow-up measures for the amended 「Broadcasting Act」, the Commission formed an outsourcing programming policy council consisting of broadcasting business operators, outsourcing productions, industry experts, and the Government. The council, launched in June 2015, convened from July to September to devise the 「Enforcement

Decree of the Broadcasting Act₁ and amendment to programming announcement.

Furthermore, in order to protect outsourcing productions following the deregulation of outsourcing limitations, the Commission made an amendment to the 「Broadcasting Act」 to add outsourcing productions as parties subject to conflict arbitration and permit indirect advertisement to outsourcing productions.

4. Strengthening Protection of Location Information and Industry Promotion

a. Strengthening Protection of Location Information

Location-based service businesses are growing fast along with the smartphone market which is also expanding exponentially since 2010. As of 2015, 155 location information business operators and 848 location-based service providers with the number of licenses granted and business registration on the rise every year.

Table III-30

Status of location information business operators and location-based services business operators (accumulative)

(Unit : operator)

Classification	2008	2009	2010	2011	2012	2013	2014	2015
Location information business operators	48	57	74	84	97	114	132	155
Location-based services business operators	119	148	202	414	551	676	738	848
Total	167	205	276	498	648	790	870	1,003

The Commission inspects compliance status of the 「Act on the Protection, Use, etc. of Location Information」 by location information business operators to create a safe and convenient environment for the use of location information. For example, the Commission monitored illegal utilization of location information on smartphone apps and took administrative measures on violators. In addition, the Commission hosted in-

dividual consultation sessions for business operators on protection measures of location information. Education and presentation on the protection of location information were held. The Commission also opened the location information support center, providing consulting service with regard to business registration and declaration and supporting resolution of common difficulties of location information service operators. The location information support center received reports on illegal business operators and notified reported cases to relevant authorities.

Table III-31 Status of license for location information support center•report consultation (Unit : case)

Classification	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Number of consultation	546	451	474	446	476	433	342	419	445	458	434	394

b. Promoting the Location-Based Services Industry

The Commission revised and enforced location information statutes with regard to easing regulations on entry into the location information industry and requirement to immediately notify the subject of personal location information. For instance, the requirement to immediately notify the subject of personal location information every time a location-based service provider sends personal location information to a third party has been abolished. Under the revised act, operators can notify the subject of the provided location information within a 30 days range in a bundle.

Recognizing that location information is the key resource for IoT, O2O (Online to Offline), and social safety net such as emergency rescue, the Commission devised the 'location information use promotion plan' aimed at enhancing a comprehensive supporting system for the use of location information. Under the vision of 'creating a world-class location information utilization environment', the plan aims to 'promote the location-based services (LBS) industry', 'advance social safety net', and 'protect privacy'. The plan seeks to promote the LBS industry, in particular, through LBS revitalization measures. As part of a plan to support the location information industry, the Commission will strengthen support for discovery and patent application of LBS business, and at the same time, provide professional consulting services for small and medium sized location information business operators. The Commission plans to ease regulations to relieve operators of difficulties in conducting business while improving regulations on non-identifying location information and object location information. A simple declaration system for LBS providers will be set up and the licensing period for location information business will be shortened to 2 months. Those promotional measures will constitute a basis for creative industry ecosystem for start-ups which utilize location information as their business resources.

c. Upgrade Social Safety Net

As part of the supporting policies for the expansion of social safety net, the

Commission set up the ‘location information utilization platform’ service in 2015 to raise accuracy of location determination for emergency rescue. Initiated in line with ‘safety for people’, one of the 14 key administrative initiatives set forth by the Government, this platform was designed to upgrade the speed and accuracy of emergency rescue operation by accessing information on Wi-Fi AP DB across the nation in case of fire, emergency, kidnapping, rape, or homicide.

If anyone calls 119 (Ministry of Public Safety and Security) or 112 (Korea National Police Agency) in the case of emergency, the Wi-Fi location information utilization platform accesses Wi-Fi AP DB around the site to measure the most accurate location. Emergency rescue agencies can secure location information by accessing base stations. However, the error margin ranging from 150 meters to several kilometers is the biggest issue in case of an emergency. Furthermore, although location information obtained from GPS is more accurate than the base station, there are limitations in using the data in case of emergency. Indoor measurement may not be accurate enough and the signal is easily influenced by surrounding conditions such as tall buildings. In contrast, location information based on Wi-Fi has a higher accuracy with an error margin from 30 to 50 meters. It can be easily measured both indoors and outdoors.

The Commission’s ‘location information utilization platform’ is a service that makes use of the highly efficient Wi-Fi location determination technology. This system raises the effectiveness of Wi-Fi location measurement for emergency rescue by accessing Wi-Fi AP DB set up by three mobile communications operators and the AP DB independently run by the Commission. For example, if an emergency rescue agency sends information regarding the Wi-Fi AP signal strength secured from the subscribed communications operator to the ‘location information utilization platform’, the platform accesses Wi-Fi AP DB of other communications operators or those that were independently deployed. Then the platform locates the Wi-Fi AP with a similar signal pattern and notifies the emergency rescue agency.

The Commission plans to advance the platform system and expand DB to enhance

the effectiveness of the location information platform. Given that emergency rescue often generates a considerable amount of social cost due to long searching hours, the 'location information utilization platform' is expected to serve as a social safety net by contributing to rescue agencies' faster response time.

5. Improving Broadcasting and Communications Regulations and Government 3.0 Performance

5.1. Improving Broadcasting and Communications Regulations

a. Identifying and Easing of Core Regulations

1) Improving barrier regulations on broadcasting advertisement

In the current advertisement market, a variety of media is engaged in fierce competition over limited resources. Furthermore, the heated confrontation over the ad market among stakeholders has made it difficult to change the broadcasting advertisement regulations for 42 years, since its introduction in the 1970s.

Broadcasting business operators, newspaper companies, civic organizations, and other players proposed their respective proposals regarding deregulation of broadcasting advertisement in 2015 when deregulation was put on the table.

Figure III - 15 Opinions on advertisement regulation improvement by major media

Gross Cap Regulation of Advertising Time stirs controversy (MBN, Jan. 28)	Civic groups raise viewing rights concerns (Channel A, Feb. 13)	Discriminatory regulations maintained for terrestrial broadcasting (SBS, Jan. 27)
		

The Commission proceeded with the broadcasting ad deregulation by hosting meetings and public hearings to collect opinions as well as carrying out research and surveys. Chairman of the Commission, Commissioners, and working level officials reflected views collected via diverse channels such as meetings and public hearings on the deregulation.

Table III-32 Activities to gather opinions on deregulation

Classification	Date	Key element
Meeting	Mar. 11, 2015	• Chairman of the Commission, 11 member companies of the Korea Association of Advertising Agencies
	Mar. 27, 2015	• Chairman of the Commission, 23 officials from the Korea Advertisers Association
	Mar. 31, 2015	• Chairman of the Commission, President of Korean Association of Newspapers
Expert forum	Mar. 24, 2015	• Chairman of the Commission, 5 Commissioners, and 4 officials from the Korea Advertising Society, the Korean Association for Broadcasting & Telecommunication Studies, and Consumers Union of Korea
Progress	Jan. 7, 2014~Feb. 13	• Collected opinions from stakeholders and the public – Opinions received via e-mail, website, and Sinmungo
	Jan. 20, 2014	• Held representative councils for policy customers – Comprised of 18 CEOs of major broadcasting policy customers
	Jan. 23, 2014	• Held meeting with stakeholders – Attended by 12 officials recommended by terrestrial broadcasting operators, paid broadcasting operators (including general service PPs), newspaper, online media, advertisers, civic groups, academia, and relevant associations
	May 28, 2014	• Meeting on deregulation of indirect advertising and sponsorship notification – Attended by 15 officials from broadcasting business operators, civic groups, the Commission, and relevant associations
	May 30, 2014	• Meeting with heads of advertisement organizations – Attended by president of the Korea Advertisement Association, president of the Korea Advertisers Association, president of the Korean Broadcasters Association, the Korea Cable TV Association, CEO of KOBACO, president of Medicreate, president of the Korea Digital Media Industry Association, and Chairman of the

Classification	Date	Key element
		Balanced Broadcasting Advertisement Growth Council
	Aug. 19, 2014~Sep. 4	<ul style="list-style-type: none"> The 3rd-term Korean Communications Commission policy task meeting (4th) <ul style="list-style-type: none"> General service·news PP, SO·PP representatives, terrestrial broadcasting business operators (KBS, MBC, SBS, EBS, CBS)
	Aug. 22, 2014	<ul style="list-style-type: none"> Held representative councils for policy customers
	Aug. 2014~Sep.	<ul style="list-style-type: none"> Opinion collection on broadcasting advertisement regulation improvement (10 times or so) <ul style="list-style-type: none"> Terrestrial broadcasting business operators, terrestrial media labs, general service PPs, and general PPs
	Sep. 24, 2014	<ul style="list-style-type: none"> The Commission held consultation on indirect advertisement deregulation
	Sep. 25, 2014	<ul style="list-style-type: none"> Stakeholders' meeting on effectiveness analysis of the Gross Cap Regulation of Advertising Time <ul style="list-style-type: none"> Officials from the Korea Information Society Development Institute (KISDI), paid broadcasting, and terrestrial broadcasting
	Sep. 30, 2014~Dec. 16	<ul style="list-style-type: none"> Report on policy improvement for 'audience right protection council' (proposal) and opinions collection (3 times)
	Jan. 7, 2015~Feb. 13	<ul style="list-style-type: none"> Collect opinions from stakeholders and the public <ul style="list-style-type: none"> Opinions received via e-mail, website, and Sinnungo

Furthermore, the Commission carried out diverse campaign activities to publicize the necessity of regulation improvement of broadcasting advertisement to secure resources for broadcasting content. For instance, Chairman and Commissioners of the Commission held interviews with Jungang Ilbo, MBC News Desk, and Yonhap News Agency for 4 months from March 2015 to June, stressing the importance of regulation improvement. In April 2015, following voting on the 'Enforcement Decree of the Broadcasting Act', the Commission distributed press release with answers to frequent questions. The press release was also posted on the Commission's blog, raising the public's awareness of the policy.

The activities by the Commission has led to the amendment of the 'Enforcement Decree of the Broadcasting Act' highlighting the introduction of the Gross Cap Regulation of Advertising Time⁶⁾ in July 2015, permission of virtual advertisement, and

6) The Gross Cap Regulation of Advertising Time: A system to allow broadcasting business

expansion of indirect advertisement. The amendment saw the Gross Cap Regulation of Advertising Time introduced for terrestrial and paid broadcasting, 42 years after the barrier regulations on advertisement formats were formulated in 1973. After several instances of opinion collection activities, the lower gross cap has been allocated on terrestrial broadcasting in consideration of the difference in influence between terrestrial broadcasting and paid broadcasting media.

Table III-33 Before and after the Gross Cap Regulation of Advertising Time

Classification	Before introduction	After introduction (amendment)
Terrestrial broadcasting	Regulations on hours and times of CM, SB, Subtitle, and Time Signal advertisements	Allowed advertisement within 15/100 on average per program running hours (up to 18/100) *15/100 for program advertisement of terrestrial TV
Paid broadcasting	10 minutes per hour, up to 12 minutes *Hours and times of station break and subtitle advertisement subject to regulation	Allowed advertisement within 17/100 on average per program running time (up to 20/100)

In addition, virtual advertisement⁷⁾ was permitted for entertainment and sports programs and the approved hours of virtual advertisement for paid broadcasting was increased. However, culture programs were excluded as viewers are likely to confuse advertising with information watching on the information-oriented shows. The approved hours of indirect advertisement⁸⁾ for paid broadcasting was expanded from 5/100 of the broadcasting programs to 7/100.

operators to freely choose ad formats, hours, times, and methods but impose cap on advertisement hours within broadcasting organization schedule

7) Virtual advertisement : A form of advertisement to insert virtual images created by computer graphics software

8) Indirect advertisement : A form of advertisement format to expose products as props in broadcasting programs

Table III-34 Before and after the introduction of virtual advertisement

Classification	Before introduction	After introduction (amendment)
Terrestrial broadcasting	Virtual advertisement allowed in sport match only * 5/100 of the broadcasting program	Virtual advertisement allowed for entertainment, sports coverage * 5/100 of the broadcasting program
Paid broadcasting	Virtual advertisement allowed in sport match only * 5/100 of the broadcasting program	Virtual advertisement allowed for entertainment, sports coverage * 7/100 of the broadcasting program

The easing of regulations on broadcasting advertisement is most significant in that the rigid regulations have been abolished after 42 years, creating a basis for boosting creativity and autonomy for the private sector. The Gross Cap Regulation of Advertising Time is anticipated to promote the broadcasting and advertising market, establishing a virtuous cycle in the resources structure for quality content production. The deregulated virtual and indirect advertisements, on the other hand, will reinvigorate advertisement productions for programs with lower likeliness of audience avoidance, raising creativity and expanding content production resources of broadcasting business operators.

Figure III-16 News reports on amendment of the 'Enforcement Decree of the Broadcasting Act'



2) Abolishing cap on outsourcing production to special interest groups by terrestrial broadcasting business operators

Amid the intensifying global competition following the implementation of the

Korea-US FTA and the conclusion of the Korea-China FTA, the necessity to deregulate outsourcing production has been continuously raised to enhance broadcasting content competitiveness through nurturing a creative and autonomous production environment. In December 2014 during the assessment committee presentation, the Office for Government Policy Coordination pointed out that the complex regulation on program organization could be improved to guarantee autonomy for broadcasting business operators. In particular, with M&A⁹⁾ deals of outsourcing productions by Chinese capital and brain drain¹⁰⁾ on the rise, the necessity to create a foundation to nurture terrestrial broadcasting as a key to local content surfaced.

However, the Commission had difficulties in coordinating sharp conflict over the programming ratio limit for special interest groups. For example, terrestrial broadcasting business operators under the jurisdiction of the Commission demanded for autonomy in the outsourcing ratio while outsourcing productions regulated by the Ministry of Culture, Sports and Tourism hoped that the mandatory ratio be secured. Outsourcing productions, for whom the programming ratio limit for special interest groups is the minimal protective device, opposed deregulation citing possible collapse of the outsourcing production market due to unfair trading practices such as intra-group transactions within terrestrial broadcasting operator groups or sub-tier supplier issues. The Ministry of Culture, Sports and Tourism, on its part, opposed deregulation pointing out that, if terrestrial broadcasting business operators increases production via affiliated companies, it will likely affect the outsourcing production market as well as compromise the idea of deregulating the outsourcing production system.

While deregulation was discussed at the National Assembly, outsourcing productions and the responsible agency Ministry of Culture, Sports and Tourism expressed strong opposition to deregulating outsourcing organization out of concerns that it may sup-

9) Drama production Chorokbaem Media Co., Ltd. acquired by Chinese performance company for KRW 12 billion (November 2014)

10) Director of 'My Love from the Star' signs 5-year contract with Chinese entertainment company (July 2014)

press the outsourcing production market¹¹⁾. However, they pushed ahead with deregulation as the Commission proactively collected opinions and held presentations to the National Assembly while coming up with co-prosperity measures for broadcasting business operators and outsourcing productions.

For opinion collection, the Commission hosted 8 meetings presided over by its Chairman with stakeholders from drama productions, independent productions, terrestrial broadcasting business operators, and general service PPs in attendance. The Commission also hosted two Government-National Assembly-private meetings and visited production companies two times, to understanding stakeholders' demand and explain the necessity of deregulation.

Figure III-17 Photos of meetings, forums, and site visits



For presentation at the National Assembly, given that the domestic production ecosystem is under threat from factors like acquisition of local productions by foreign capital and brain drain, the Chairman of the Commission visited Science, ICT, Future Planning, Broadcasting, and Communications Committee and Legislation and Judiciary Committee, strongly expressing the need for deregulation in order to secure further competitiveness. The Commission also cooperated closely with the Ministry of Culture, Sports and Tourism throughout the deregulation process.

11) Legislation & Judiciary Committee suspends passage of the amendment to the 「Broadcasting Act」 as the Ministry of Culture, Sports and Tourism and outsourcing productions present opposition opinions (April 2015).

Table III-35 Briefings to the National Assembly for legislation

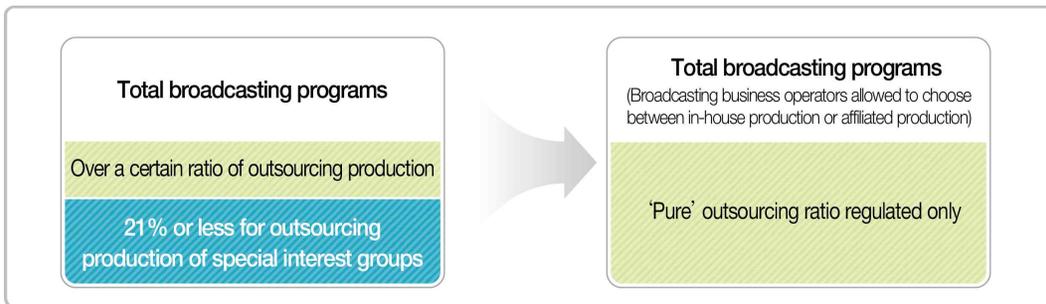
Briefing by Chairman of the Commission		Briefing for National Assembly members	
Apr. 13	Rep. Suh Sang-kee· Rep. Choi Won-shik	Mar. 25	Rep. Suh Sang-kee·Rep. Woo Sang-ho·Rep. and Choi Won-sik's office
Apr. 14	Rep. Jun Byung-hun· Rep. Kwon Eun-hee	Mar. 26	Rep. Park Min-shik·Rep. Kwon Eun-hee·Rep. Min Byung-joo's office Material submitted to Rep. Jun Byung-hun·Rep. Choi Min-hee's office
Apr. 15	Rep. Woo Sang-ho· Rep. Lee Sang-min	Apr. 14	Chair of Legislation and Judiciary Committee Rep. Lee Sang-min's office, Rep. Lee Byung-suk·Rep. Jeon Hae-cheol's office, Legislation and Judiciary Committee specializing members' office (Director Oh Bong-geun)
Apr. 16	Rep. Min Byung-joo· Rep. Park Min-shik	Apr. 16	Rep. Jung Ho-joon's office, Legislation Investigator Oh Bong-geun
Apr. 22	Rep. Park Min-shik (briefing by Commissioner Lee Ki-joo)	Apr. 20	Rep. Woo Sang-ho·Rep. Jeon Hae-cheol·Rep. Park Min-shik and Rep. Cho Hae-jin's office
Apr. 23	Rep. Park Min-shik·Rep. Woo Sang-ho (briefing by Vice Chairman Hur Won-je)	Apr. 21	Rep. Lee Sang-min·Rep. Choi Min-hee's office
Apr. 24	Rep. Choi Min-hee (briefing by Vice Chairman Hur Won-je)	Apr. 29	Rep. Jeon Hae-cheol·Rep. Hong Il-pyo·Rep. Park Min-shik·Rep. Woo Sang-ho and Rep. Cho Hae-jin's office
Apr. 27	Rep. Choi Min-hee	Apr. 30	Rep. Lee Sang-min·Rep. Roh Chul-rae·Rep. Park Chang-sik·Rep. Kim Jin-tae·Rep. Lim Nae-hyun·Rep. Lee Han-sung·Rep. Seo Young-kyo·Rep. Lee Choon-suak·Rep. Lee Byung-suk, Legislation and Judiciary Committee (Head Nam Gung-seok, Specializing member Sim Tae-gyu)
-	-	May 4	Rep. Lee Sang-min·Rep. Jeong Kab-yoon·Rep. Kim Do-eup·Rep. Kim Jae-kyung·Rep. Lee Byung-suk· Rep. Park Jie-won·Rep. Woo Yoon-keun·Rep. Lee Choon-suak and Rep. Seo Gi-ho

In addition, for the purpose of creating a fair trade environment and building trust between terrestrial broadcasting and outsourcing productions, the Commission had in-depth discussions with the Ministry of Culture, Sports and Tourism, terrestrial broadcasting business operators, and outsourcing productions, announcing mutual cooperation measures in April 2015. The measures include, among others, 'compliance

with the standard contract by the Ministry of Culture, Sports and Tourism when signing the outsourcing agreement’, ‘prohibition of unfair sub-tier contract through special interest groups and principles of fair participation’, ‘shortening of the payment due date and expanding use of original shooting copy’.

The announcement of mutual cooperation measures has ushered in the era of cooperation between the Commission, the Ministry of Culture, Sports and Tourism, broadcasting business operators, and outsourcing productions. The amendment to the 『Broadcasting Act』 containing deregulation of program organization has passed the National Assembly Legislation and Judiciary Committee in May. As a result, while the mandatory outsourcing ratio for broadcasting business operators was maintained, the cap on the ratio of outsourcing to special interest groups has been abolished. Another set of regulations that were abolished in 15 years were the outsourcing regulations introduced in 1991 and the regulation on outsourcing programming to special interest groups which had been in place since 2000.

Figure III-18 Improvement of regulations on outsourcing production



b. Overhauling Existing Regulations

1) Approval of EBS MMS to enhance audiences’ right to choose channels

The development in digital compression technology has made it possible to transmit two or more terrestrial broadcasting signals in a single channel if the existing bandwidth

(1 channel : 6MHz) is efficiently utilized. However, as only one channel is approved for one frequency bandwidth under the current 「Broadcasting Act」, it has been pointed out that the 「Broadcasting Act」 be amended if MMS was to be introduced.

In response, the Commission decided to launch a trial service of free terrestrial MMS, ensuring that the public experience new services even before the amendment to the 「Broadcasting Act」 is passed. For example, the Commission has allowed the Korea Educational Broadcasting System to transmit terrestrial MMS on its EBS2 channel to help the public save private education spending. The Commission also eased Article 34 (4) regarding permission of change of the 「Radio Waves Act」, allowing EBS2 to launch the service in February 2015.

In working to permit terrestrial MMS, the Commission hosted meetings to coordinate opinions from different players and stakeholders including terrestrial broadcasting business operators (KBS, MBC, SBS, and EBS), paid broadcasting business operators (IPTV and cable TVs (MSO)), viewers' and civic groups, and the Ministry of Culture, Sports and Tourism. EBS and cable TV operators acutely differed in their opinions over charges on retransmitted content. However, the Commission hosted four consultations between the management of IPTV operators and EBS in addition to multiple working level meetings, forging agreement on retransmission.

Table III-36 Consultations with stakeholders on terrestrial MMS

Stakeholders	Consultation	Remarks
Ministry of Science, ICT and Future Planning (MSIP)	<ul style="list-style-type: none"> The Commission cooperated closely with the MSIP which has the authority to conduct technological review to approve new broadcasting services and permitted an early launch of trial service The reviewing period of terms by the MSIP has been shortened to allow EBS2 to retransmit cable, IPTV and other paid broadcasting services 	Trial EBS2 service was allowed following the voting on the introduction of trial MMS service
Cable TV	<ul style="list-style-type: none"> Given that 93% of the total households subscribe to 	The Commission arranged 7

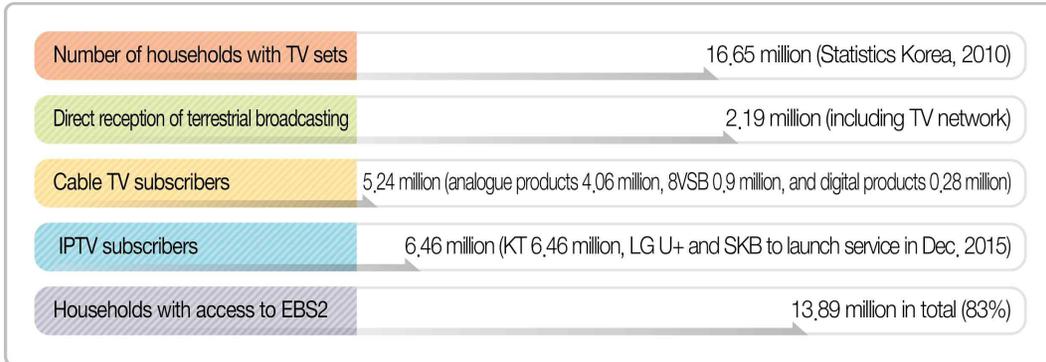
Stakeholders	Consultation	Remarks
	<p>paid broadcasting services, retransmission of EBS2 channel, the terrestrial MMS, to cable TV subscribers should be pushed forward</p> <ul style="list-style-type: none"> EBS and cable TV operators acutely differed in their opinions over charge on retransmitted content. However, the Commission forged mutual agreement, launching service on April 1, 2015 	consultation times
IPTV	<ul style="list-style-type: none"> KT·SKB·LG U+, and other IPTV operators adhered to the position that EBS assume retransmission charges and different channel numbers be allocated while EBS insisted on single channel number and no charge on retransmission The Commission mediated a high-level consultation on retransmission, forging the agreement that specified a single channel number (No. 95) in September 2015 and no transmission charge. In November 2015, KT IPTV became the first operator to retransmit EBS 	The Commission arranged 4 consultation times between the management of IPTV operators and EBS and several times of working level meetings
Civic groups	<ul style="list-style-type: none"> Civic groups continued to claim that terrestrial broadcasting be expanded as free and universal service Commissioner invited civic groups such as People's Coalition for Media Reform, Womenlink, and Parents for True Education, sharing assessment results of trial MMS and views on policies 	Commissioner Lee Ki-joo, Womenlink, Media Critic Urisusuro, Media World Open Mind, Seoul YMCA, Happy Education Imagination and other civic groups attended meeting on MMS trial service on November 17

The deregulation to allow terrestrial MMS and the launch of trial EBS2 channel service in February 2015 has contributed to expanding viewers' right to choose channels. Furthermore, 2.17 million households with access to EBS (direct reception of terrestrial broadcasting) in the early stage rose to 5.24 million including subscribers to analogue cable TV services and IPTV, dramatically increasing the ratio of households watching EBS to 83%. As a result, viewers' access to free and universal broadcasting services has been significantly expanded, establishing a basis for the official launch of broadcasting service. In addition, the trial EBS2 service was estimated to contribute to lowering a total of KRW 170 billion in private education cost a year¹²⁾, KRW 45 billion for

12) A study on the estimate of social and economic values of MMS introduction and EBS2 TV (Aug. 2015, Media & Future Institute)

elementary and middle school students and KRW 130 billion for English education.

Figure III-19 Number of households with access to EBS2



Note) Data as of end of November 2015

As the expansion of free and universal service of terrestrial EBS2 MMS and viewers' right to choose channels were linked to increasing access to educational content, this topic drew great attention from the audience and media outlets alike.

Table III-37 News reports on trial service of EBS2 MMS

Date	Media	Title
Feb. 11	Seoul Daily	EBS ushers in free MMS era
Feb. 11	Kukmin Ilbo	EBS launches first terrestrial MMS
Feb. 12	Yonhap News Agency	Terrestrial broadcasting and cable at odds over EBS2 retransmission
Feb. 12	The Hankook Ilbo	EBS2 at bay over terrestrial-cable standoff
Apr. 1	Press release, the Commission	Watch EBS2 on cable TV from April
Apr. 2	Seoul Daily	Cable TV transmits EBS2
Sep. 22	AJU Business Daily	3 IPTVs agree on EBS2 retransmission, service available from November

2) Preventing viewers' interest infringement through improvement of dispute resolution in broadcasting

Different opinions over retransmission charge between terrestrial broadcasting business

operators and paid broadcasting business operators caused services of satellite and cable TVs to be suspended for up to 49 days between November 2011 and January 2012, resulting in viewers' interest infringed upon. In addition, with disputes¹³⁾ over retransmission spreading across the broadcasting market, for example, 21 civil and criminal lawsuits between SO·satellite and terrestrial broadcasting business operators, it has been pointed out that a system be introduced to prevent viewers' damage such as broadcasting suspension and secure stable viewing rights.

The current statutes stipulate that broadcasting disputes be mediated by the Broadcasting Dispute Mediation Committee. However, the Committee is rarely convened as mediation is only initiated upon request from parties concerned and the Government cannot initiated compulsory arbitration. Given this reality, the Commission pushed for the amendment to the 「Broadcasting Act」 which highlighted; compulsory arbitration by the Government to protect viewers' rights; resolution of disputes by the arbitration of the Commission; and the Commission's power to resume or continue broadcasting in case of broadcasting suspension.

Table III-38 Number of disputes arbitrated by the Broadcast Dispute Mediation Committee (Unit : case)

Classification	2008	2009	2010	2011	2012	2013	2014	Total
Number of disputes	5	5	5	2	5	2	1	25

The Commission, however, had to face fierce opposition from terrestrial broadcasting business operators, one of the stakeholders in this issue, as it pushed for the amendment to the 「Broadcasting Act」 aimed at effectively resolving broadcasting disputes. Following the pre-announcement of legislation in September 2013, terrestrial broadcasting business operators expressed strong opposition to the amendment by releasing statements through the Korean Broadcasters Association and other related councils. As

13) Number of civil and criminal lawsuits by year : 2 in 2012, 3 in 2013, 11 in 2014, and 15 in 2015

a result, terrestrial broadcasting was excluded for the amendment while national events such as the Olympics and World Cup were included.

Table III-39 Statements of opposition to the amendment of 「Broadcasting Act」

Classification	Date	Statement
Korean Broadcasters Association	Nov. 5, 2014	The Commission must stop siding with paid broadcasting.
	Nov. 17, 2014	For who is the 「Broadcasting Act」 amended for the worse?
	Nov. 18, 2014	We condemn the Commission for voting to amend the 「Broadcasting Act」 for the worse.
	Apr. 22, 2015	The Commission must stop setting up excessive regulation that sparks conflicts.
Regional MBC presidents' council	Nov. 17, 2014	Arbitration system on retransmission is 'cancer policy' against the Government policy and will destroy regional broadcasting

They continued to vehemently oppose the amendment to the 「Broadcasting Act」 even after April 2015 when the amendment proposal was submitted to the National Assembly, calling it an excessive intervention by the Government on the private sector and releasing statements. Furthermore, KBS, MBC, and SBS reported in their main news that they opposed the amendment while the National Assembly was convened for the bill's review.

Table III-40 News reports on opposition to the amendment of the 「Broadcasting Act」

Classification	Date	Reports
KBS 9 News	Nov. 16, 2015	Korean Broadcasters Association calls for withdrawal of intervention in 'terrestrial broadcasting and paid broadcasting disputes'
MBC 8 News	Nov. 16, 2015	「Broadcasting Act」 controversial over 'favoring large businesses and arbitrary intervention'
SBS 8 News	Nov. 16, 2015	Issues raised over 「Broadcasting Act」 favoring big corporations

In the face of much difficulties, the Commission visited Science, ICT, Future

Planning, Broadcasting, and Communications Committee, the National Assembly Legislation and Judiciary Committee to explain the amendment and collect opinions from stakeholders. As a result, compulsory arbitration and mediation were deleted from the initial amendment proposal. Instead, the amendment to the 「Broadcasting Act」 was revised to introduce the authority order to maintain or resume broadcasting, but the exercising period has been increased from the originally proposed 30 days to 60 days. The revised amendment stipulates that where broadcasting service or certain terrestrial broadcasting channel covering nationally important events are either suspended or stopped, or notified to viewers or business operators about possible stoppage thereof, the Commission may order broadcasting business operators to either maintain or resume the affected broadcasting program within 30 days (can be extended one time).

The amendment was resolved in the general meeting of Science, ICT, Future Planning, Broadcasting, and Communications Committee on November 19, 2015. Then the Legislation and Judiciary Committee held general meeting on November 30, 2015. The amendment was passed in the plenary meeting on November 30, 2015. As the amendment to the 「Broadcasting Act」 passed the plenary meeting in the National Assembly after two years in the making, a basis has been created for the Commission to protect viewers' rights by exercising order to resume or continue broadcasting where viewers' damage is feared from events such as broadcasting suspension.

3) Overhauling legal system for the rationalization of paid broadcasting regulations

Although broadcasting business operators such as cable TV, satellite broadcasting, or IPTV compete over the same paid broadcasting market, they are subject to differing levels of general regulations in terms of restrictions on ownership or channel organization restrictions depending on their timing of establishment. Cable TV and satellite broadcasting, launched in 1995 and 2002 respectively, are regulated by the 「Broadcasting Act」, while IPTV which went into service in 2008 is subject to the 「Internet Multimedia

Broadcast Services Act」 (hereinafter referred to as 「IPTV Act」), raising issues over fairness but without unifying regulations due to different opinions of stakeholders.

To cope with the changing environment in broadcasting and communications brought on by broadcasting convergence and mobile devices, players in the industry began to recognize that asymmetrical regulations imposed on paid broadcasting business operators should be improved to promote fair competition as well as to revitalize broadcasting business. In 2013, ‘Overhauling legal system for the rationalization of paid broadcasting regulations and integration of the 「Broadcasting Act」 and 「IPTV Act」 ’ was announced as one of the Government agenda¹⁴).

However, if the regulation was to be improved, key terms such as restrictions on ownership would have to be amended. Therefore, terrestrial KBS, MBC, and the Korean Broadcasters Association and paid broadcasting business operators such as IPTV, cable TV, and satellite broadcasting were engaged in intense confrontation of opinions. For ‘paid broadcasting aggregation restriction (33% of the total paid broadcasting market)’, opinions divided sharply with the Cable TV Association, SKT, and other operators in favor, while KT and Skylife in opposition, even raising social controversy. However, as the amendment went through pre-announcement of legislation (March ~ May 2015), regulation deliberation (June ~ September 2015), and deliberation by Korea Ministry of Government Legislation (August ~ November 2015), the provision which prohibited ‘service suspension by broadcasting business operators without special reason’ came to face strong opposition from terrestrial broadcasting business operators such as KBS, MBC, the Korean Broadcasters Association, and communications operators like SKB.

Furthermore, it took a considerable time to coordinate opinions between the group in favor of the amendment (cable industry) and the other (communications industry).

14) The Government agenda 19. Creation of innovative information and communications ecosystem - 19.3 Nurture broadcasting industry

The cable industry supported fair practice in combined services to ensure that the dominance of communications market resulting from increase in combined products does not spread to the broadcasting market. The Commission and relevant agencies also called for a revision to provisions regarding fair practice in combined services and the prohibited acts by broadcasting business operators, calling it double restrictions. As a result, the Regulatory Reform Committee later made changes to the policies regarding fair practice as the Fair Trade Commission expressed objection. Media outlets were highly interested in unifying regulatory system on paid broadcasting between the 「Broadcasting Act」 and the 「IPTV Act」.

In order to resolve disputes between stakeholders and build consensus by overhauling the regulatory system on paid broadcasting, the Commission, the Ministry of Science, ICT and Future Planning, and academic experts formed a research team in March 2014 which operated until December. The team held a workshop in May 2015 followed by forums in June and October 2014 in an effort to reconcile opinion differences and create a basis for social agreement.

Table III-41 Results of gathering and review of opinions from stakeholders and relevant agencies

Provisions	Opinion	Reflection
Article 69-4 (Prevention of compromising fair competition resulting from combined sales) ① Where paid broadcasting business operators sell products combining broadcasting services and telecommunication services pursuant to Article 2 of the 「Telecommunications Business Act」, the Government shall take necessary measure to ensure fair competition and protect users. ② Korea Communications Commission shall include matters regarding unfair practices resulting from giveaways and bundling in the policies pursuant to paragraph (1).	<ul style="list-style-type: none"> • Fair Trade Commission, SKB : <against> <ul style="list-style-type: none"> - Double restriction with the 「Fair Trade Act」, etc. • Korea Cable TV Association : <for> <ul style="list-style-type: none"> - Protect paid broadcasting ecosystem from low-priced combined sales 	<Revised> Paragraph 1 : Revised to illustrate key policies Paragraph 2 : Deleted
Article 85-2 (Prohibited Acts) 2.Coercing other broadcasting business operators to sign unfair contract or refusing, delaying, or limiting	<ul style="list-style-type: none"> • Korean Broadcasters Association : <against> <ul style="list-style-type: none"> - Excessive restriction. Other 	<Not reflected> Provision that reflects the 「IPTV Act」 (Article

Provisions	Opinion	Reflection
payment of appropriate profit 4. Refusing, suspending, or limiting supply of broadcasting services to viewers without justifiable reasons	means are available such as the current broadcasting dispute mediation system	17)
Article 73 (Commercials, etc.) New formats of broadcasting advertisement determined by Presidential Decree due to development of broadcasting and communications technology or application of new advertisement method	• Korean Broadcasters Association : <for>	<Reflected> Pre-announcement of legislation maintained
Article 3 (Protection of Rights and Interests of Viewers) ② A broadcasting business operator shall handle justifiable opinions or complaints filed by viewers with regard to the services it provides in an immediate manner	• Korean Broadcasters Association : <against> – May be beyond the authority of a broadcasting business operator	<Not reflected> Provision that reflects the IPTV Act ₁ (Article 16)

Table III-42 News reports on amendment to 'Broadcasting Act'

Date	Media	Title
Mar. 26	Digital Times	IPTV Act + Broadcasting Act, broadcasting act integration kicks off
Apr. 14	Prime Business journal	Public hearing held as integrated broadcasting act enters preparation phase
Sep. 16	Money Today	Amended 'Broadcasting Act' to be submitted to the National Assembly next month
Sep. 16	Electronics Times	Korea Communications Commission resolves amendment to broadcasting act, unifies paid broadcasting regulations

Overhauling the regulatory system on paid broadcasting, the Commission has addressed the regulatory imbalance where different restrictions were imposed on pay media of similar nature. Also by eliminating discrimination against users of different media, broadcasting users' convenience has been enhanced. In addition, the eased regulation to allow non-real time PPs to just post-report their business, instead of registering in advance, is expected to make a great contribution to promoting the broadcasting industry. Ultimately, the basis created for fair competition policies involving combined services will raise user convenience by building an environment for fair competition.

5.2. Government 3.0 performance

a. Change Management of Government 3.0

1) Government 3.0 education

From April 30th, the Commission provided on-site training to employees at a pan governmental event, 'Experience Government 3.0' in order to have them learn from major performances of Government 3.0 and exhibition contents to bring innovative ideas to work. In November, online video training was provided under the theme of Government 3.0 and Innovation in Methods of Work and the attendees had real-time communication by writing comments.

2) Government 3.0 Promotion

By utilizing various channels including direct promotion to the public, press media, and online promotion, the Commission promoted Government 3.0 on topics including 'real time spam prevention through big data', 'campaign for personal information protection to practice in daily lives', and 'supplying accessible TVs for underprivileged people with disability to close information divide.'

In order to promote the agenda of real time spam prevention through big data, the Commission participated in the 'Experience Government 3.0' and opened a promotional booth to promote real time spam prevention system. Visitors learned how to report spam through playing games. In compliance with the amendments (November 29, 2014) to the 「Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.」 which is about restrictions on commercial advertisement (spam), the Commission hosted briefings on spam messages and the 「Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.」 for communications business operators in January and September, and a briefing for push messaging advertisers in August, distributing 2,000

guidebooks regarding the amendment to relevant operators.

For press media and online promotion, articles about spam prevention were posted on press media including MBC, Yonhap News TV, Maeil Business News (3 reports on broadcasting and 86 articles on newspapers) and all of the spam-related reports were marked with the phrase, ‘Government 3.0’. In January 2015, the Commission produced promotional webtoon and distributed to portals, mobile business operators, related organizations to help users understand the amendments to the ‘Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.’. It also produced a promotion video about reporting illegal spam messages (☎118) and distributed to YouTube and mobile business operators so that people can better understand the government’s agenda.

Figure III – 20
News reports on spam prevention

Image spam prevention (MBC, February 27)	Image spam prevention (YTN, February 26)	Voice spam prevention (Yonhap News TV, October 30)
		
<p>Began mobile phone service for image spam prevention developed by KISA and 3 major mobile business operators</p>	<p>Began image spam prevention service to resolve users’ inconveniences (image spam is junk message that replaces text with images to circumvent spam filters)</p>	<p>Began illegal voice spam prevention service through the big data of spam reports made by users</p>

In order to promote campaign for personal information protection to practice in daily lives, the Commission held participatory campaigns in key areas of Seoul to raise awareness of personal information protection. Thanks to the cooperation of mobile business operators, the Commission promoted the Campaign for Keeping My Internet

Information by utilizing 33.49 million mobile and e-mail billing inquiries from July to August and aired promotion video¹⁵⁾ about practical rules for personal information protection on buses and subways. Also, 20,000 practical guidebooks and 7,000 books of lecture materials with promotion posters inside were distributed at PIS FAIR 2015 hosted by Boan News, the largest private community on security.

Figure III - 21 Street campaigns

<the 1 st street campaign> July 31, Gangnam M Stage, 2,500 participants	<the 2 nd street campaign> August 19, Myeongdong Station, 1,500 participants
	
<p>Personal information protection booth Hosted a 'Security Quiz' event for citizens, Distributed 1,000 free hand fans, 1,000 smartphone mounts, and 50 portable chargers</p>	<p>Distributed 1,000 free hand fans and 500 leaflets of practical guide on personal information protection for smartphones</p>

In terms of media campaign, articles related to the personal information protection campaigns were posted on 21 different press media including Yonhap News, Korea Business News, Aju Business Daily, Edaily, Boan News. KCC Chairman and Commissioners contributed two columns about the Campaign for Keeping My Internet Information which is to raise awareness of the importance of personal information protection and encourage people to protect their personal information.

15) Promotion video about do's and don'ts for personal information protection on 1,000 TV screens of Seoul city buses, 14,070 TV screens in 9 subways lines nationwide, and subway PDV screen doors at 16 subway stations

Table III-43
Online and SNS promotion

Classification	Key elements	Remarks
Exclusive homepage	<ul style="list-style-type: none"> Operated an exclusive homepage for various promotions including Campaign for Keeping My Internet Information, personal information protection tips for smartphones, and online events (9 times) 	<ul style="list-style-type: none"> Visitors to homepage : 372,754 visits (5,325 on average per day) Online participants : 47,500 people
SNS emoticon	<ul style="list-style-type: none"> Distributed emoticons featuring personal information protection characters of Kakao Talk 	<ul style="list-style-type: none"> Emoticon downloads : 311,074 Plus Friend : 21,370 → 199,401 (people, a 930% increase)
Online promotion	<ul style="list-style-type: none"> Online advertisement on Naver Cast, Smart Media Representative (SMR), YouTube, etc. 	<ul style="list-style-type: none"> Total : 6.29 million views views for at least 20 seconds : 1.13 million views Inflows to homepage : 42,843 visits
SNS promotion	<ul style="list-style-type: none"> Promoted the campaign through the Commission's SNS accounts (Twitter, Facebook, blog) 	<ul style="list-style-type: none"> Retweet on Twitter : 1 → 107 (cases) Shares on Facebook : 2 → 521 (cases)

To supply TV sets for low-income people with visual and hearing impairment for bridging the information gaps, the Commission carried out a survey for local governments nationwide, looking for partner to conduct the project and signed MOUs with 8 local governments (Seoul, Daegu, Gwangju, Sejong, Chungbuk, Chungnam, Gyeongnam, and Jeju) in May 2015. Furthermore, the Commission reflected requirements on audio description for broadcasting programs, and simplification of changing subtitle position after gathering opinions from the performance improvement council composed of disability organization members, welfare experts, and manufacturers, and upgraded the performance of accessible TVs and increase the levels of satisfaction. In May 2015, the Commission mailed out 40,000 promotional kits including posters, guidebooks in braille, and application forms for visual and hearing impaired people explaining how to use TVs.

For press media promotion, the Commission promoted the project on 21 media: informing how to apply for accessible TVs on KBS TV news, announcement and spot advertisement about the purpose of the project, targeted recipients, and application

process on radio broadcasting, a familiar media for visually impaired people. Also, the Chairman wrote an article about the project.

Figure III – 22 News reports on TV set provision for disabled people

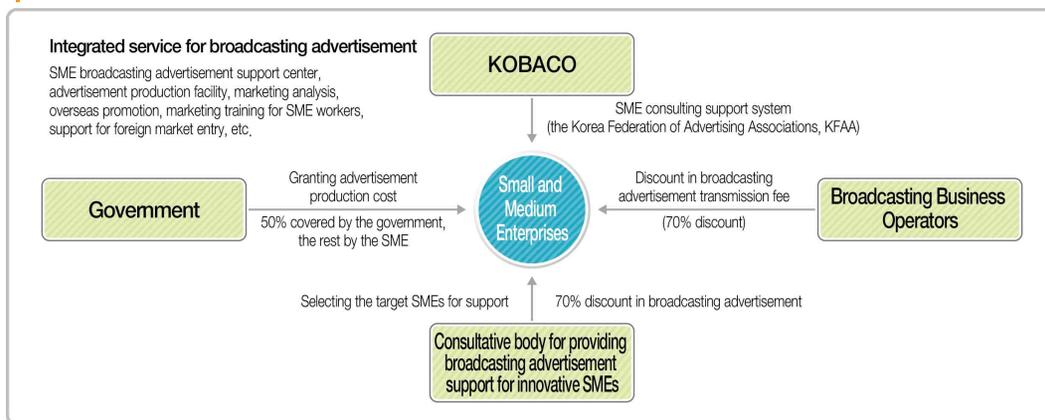
KCC signs MOU with 8 local governments (The Asia Economy Daily, May 11)	Free TV's provided to people with visual and hearing impairment (press release, May 26)	Publicized free TV's provided for people with visual and hearing impairment (KBS, May 26)
		

b. Promoting Services Tailored for People's Needs

1) Supporting broadcasting advertisement for innovative SMEs

To support small and medium-size enterprises which possess technological prowess but low marketing capability, the Commission provided one-stop services: supporting broadcasting advertisement production cost, consulting on discount in broadcasting advertisement fee, and providing advertisement-related training when final agreements are signed. In this process, to boost participation of stakeholders, the Commission established the ‘Consultative body for providing broadcasting advertisement support for innovative SMEs’ composed of 9 members from the Commission, the Small and Medium Business Administration, the Korea Broadcast Advertising Corporation (KOBACO), broadcasting business operators, and representative of SMEs. The Consultative body is responsible for selecting target corporations for support and verifying production cost.

Figure III – 23 Broadcasting advertisement promotion infrastructure

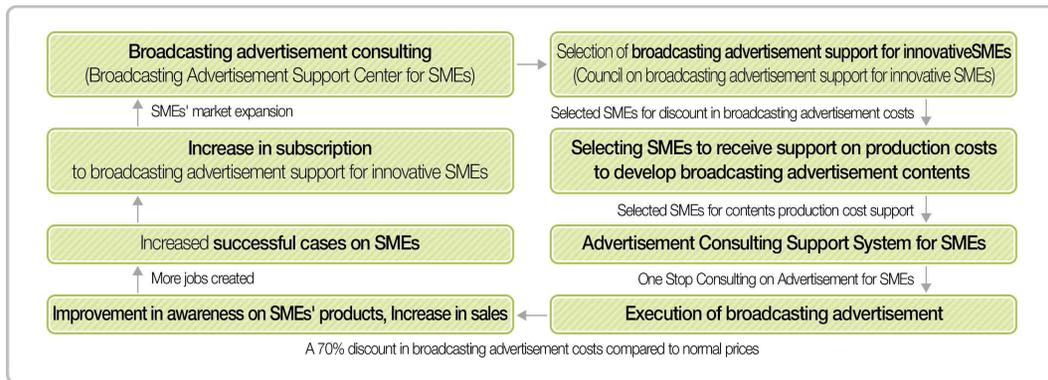


To boost participation of SMEs in the broadcasting advertisement support project, the Commission utilized subtitle advertisements on major broadcasters’ channels and e-mail and homepage promotion with the consultative body. Also, by explaining the cause for public interest and expected effect of entering into the advertising market, the Commission persuaded broadcasting business operators to take part in the project who once were indifferent to providing broadcasting advertisement discount. In order to reflect SMEs’ demands requirements about broadcasting advertisement support and ensure the validity, the Commission collected opinions by hosting e-People online policy discussion for citizens in September 2015 and having on-site visit briefings for advertisers and customer feedback survey in December.

The survey result showed that the existing SMEs nurturing policies focus on financial aids for corporations establishment and R&D and recognize marketing cost as expenditure. However, cultivating new markets, or marketing, was the biggest challenge SMEs face, which proved that the Commission’s policy to support SMEs for broadcasting advertisement is appropriate. Based on the opinions collected, the Commission decided to expand the scope of target corporations from SMEs and venture businesses to social enterprises and K-BrainPower corporations from September

2015. As the survey result showed that many SMEs had difficulties in paying broadcasting advertisement production cost, the Commission provided a 70% discount in transmission fees by 2014 and 50% discount in advertisement production cost in 2015.

Figure III-24 Virtuous cycle of support programs for broadcasting advertisement for innovative SMEs



Thanks to the Commissions' efforts, 118 SMEs received subsidies for broadcasting advertisement production cost and 149 businesses benefitted from broadcasting discount. As a result, the Commission achieved its goal beyond the target in October 2015. In addition, the market is expected to expand as broadcasting advertisement support programs will facilitate SMEs' advancement into market. Furthermore, successful SMEs are expected to become a general advertiser. Moreover, outstanding SMEs would establish 'a ladder of hope on which SMEs can climb' and create job opportunities by enhancing their marketing capability and company awareness with broadcasting advertisement support.

Additionally, the broadcasting advertisement support program for SMEs was covered over 70 times across media outlets. The program appeared on 55 press reports including: Dong-A Ilbo and Asia Economic Daily; 5 interviews with Chairman of the Commission on TV channels including KBS; 1 column contribution by a Commissioner; and 11 terrestrial broadcasters' subtitle advertisements related to subscription for broadcasting

advertisement production. The program was portrayed positively in general.

Figure III - 25 News reports on support for broadcasting advertisement for SMEs

<p>KCC Promotes Support for Broadcasting Advertisement for SMEs and Venture Businesses (KBS, Oct. 1)</p>	<p>Contributed column by Commissioner on Broadcasting Advertisement Support (The Munhwa Il-bo, Aug. 26)</p>	<p>KCC·KOBACO·SMBA Business Agreement on Advertisement Support(MBC, Oct. 1)</p>
		

Table III - 44 Success cases of innovative SMEs through broadcasting advertisement support program

Classification	Dauning Furniture	Hosung Tech	Snowfall
Company Outline	<ul style="list-style-type: none"> Established in 1980, Dauning Furniture specializes in manufacturing furniture. The business had gone through difficulties following the Asian Financial Crisis, but recovered successfully. The business is capable of manufacturing furnitures including sofa. It has seen an increase in sales revenue by consistently running advertisements. 	<ul style="list-style-type: none"> Hosung Tech is a shoulder massager manufacturer established in 2012. Its product is considered outstanding due to its soft yet powerful massaging function. The business has an advantage in terms of technical skills, holding 4 relevant patents. 	<ul style="list-style-type: none"> Snowfall is a shaved ice maker manufacturer established in 2012. The business produces snowfall ice makers making soft snow ice by applying patented cooling drum technology, which is also called 'the science of instant ice-making.'
Patent, Certification, Award, etc.	<ul style="list-style-type: none"> Q-mark (2012) ISO9001 (2002) ISO14001 (2010) 2 patent application 6 certificates of trademark registration 	<ul style="list-style-type: none"> Gold Prize at Seoul International Invention Fair (2012) 	<ul style="list-style-type: none"> Korean Venture Entrepreneurship (2012) ISO9001 (2012) ISO14001 (2012) Won CE mark CE (2013)

Classification	Dauning Furniture	Hosung Tech	Snowfall
Advertised Products	<ul style="list-style-type: none"> Sofa 	<ul style="list-style-type: none"> Massager 	<ul style="list-style-type: none"> Ice Machine 
Period of Support	<ul style="list-style-type: none"> 2013 December ~ 	<ul style="list-style-type: none"> 2014 August ~ 	<ul style="list-style-type: none"> 2013 May ~ 2014 June
Details of Support	<ul style="list-style-type: none"> Advertisement execution of KRW 350 million KRW 810 million discounted from normal price of KRW 1.16 billion 	<ul style="list-style-type: none"> Advertisement execution of KRW 120 million KRW 280 million discounted from normal price of KRW 400 million 	<ul style="list-style-type: none"> Advertisement execution of KRW 270 million KRW 630 million discounted from normal price of KRW 900 million
Sales	<ul style="list-style-type: none"> KRW 29.1 billion in 2013 KRW 35 billion in 2014 (estimate) 	<ul style="list-style-type: none"> KRW 10 billion in 2013 KRW 20 billion in 2014 (estimate) 	<ul style="list-style-type: none"> KRW 500 million in 2012 KRW 2.5 billion in 2013
Note	<ul style="list-style-type: none"> After running broadcasting advertisements, brand awareness was improved and department store sales rose. As a result, the total sales revenue in the first half of 2014 has increased by 15% compared to the same period last year. As the product sales tend to concentrated in the second half of the year, total sales revenue in 2014 is expected to exceed KRW 35 billion, a 20% increase from that of 2013. 	<ul style="list-style-type: none"> Since broadcasting advertisements were aired, sales have been increasing. Moreover, improved brand awareness has led to positive changes. Telephone inquiries on opening a selling agency have surged. The product is exported to the U.S. and China at the moment. In addition, the business has a plan to open overseas branch. 	<ul style="list-style-type: none"> After running broadcasting advertisements, the product was purchased by other food businesses including CJ's VIPS, Café Droptop, E-mart's Food Cafe and <i>Tteokboui haru</i>, a bread and rice cake business. The product has received positive feedbacks in terms of economic feasibility and safety. The business will sign a contract with local businesses in Thailand·Vietnam·Philippines·Qatar. In addition, the business was first in the nation to gain CE certification.

2) Support for encryption of personal information for small businesses

As encryption of personal information has become legally mandatory¹⁶⁾, the

Commission provided support for security programs and technology to small businesses, who often lack related funds and technology, to help them comply with obligations. In order to make the support program accessible, the Commission opened the unified subscription channel at the Korea Online Privacy Association's homepage (www.opa.or.kr) and also offered consultation on technology related to installation of security server. In addition, online monitoring is being carried out to provide additional technical support to businesses which do not have necessary funds and technology. Personal Information Management System (PIMS) certification program and education and promotion program were also implemented in an effort to build a safe Internet environment.

Figure III-26 Overview of support for encryption of personal information for small businesses



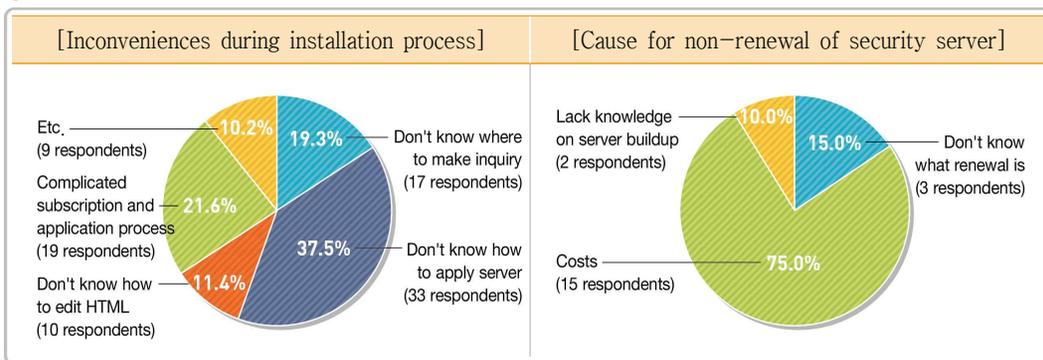
Small businesses¹⁷⁾ received support with priority. The businesses were selected among website operators dealing with personal information based on the number of full-time workers and annual revenue. In order to promote participation of stakeholders, an association was created for relevant businesses including mobile communications operators and online commercial portals. The association and the Commission made joint efforts to lay the groundwork for safe Internet use environment.

16) The 「Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.」 requires installation of security server when users' personal information are transmitted and received. Violation is subject to fine for negligence not exceeding KRW 30 million

17) A business with less than five full-time workers or a simplified taxpayer with annual sales revenues not exceeding KRW 48 million

Moreover, according to a survey of businesses associated with encryption of personal information, the majority of businesses pointed out costs for security server¹⁸⁾ and lack of technology as the key challenges. In this respect, the Commission and Korea Online Privacy Association, a private institution dedicated to self-imposed control on personal information, jointly provided security server for free and consultation services on technology and support to businesses with inadequate encryption measures through remote monitoring services.

Figure III-27 Survey of businesses on encryption of personal information of businesses



As a result of such efforts, 837 businesses established security servers (as of October), getting closer to the goal of the year 2015 to achieve 1,000 cases. In addition, the number of domestic websites which encrypted transmission interval of personal information has increased in a consistent manner. As a result, Korea moved up from 14th in 2010 to 6th in 2015 in terms of the number of security servers globally. The Commission is fully committed to creating an environment where collection and use of personal information are carried out safely by providing continued support on encryption to small businesses.

18) Program to encrypt transmission intervals where personal information is transmitted and received.

3) Education program for marginalized groups in broadcasting to prevent broadcast service damage

As smart phone penetration increases, a growing number of users suffer from voice phishing and other damages. In this respect, the Commission provided education programs to marginalized groups on what users need to be aware of when using communications services, and on how to prevent and respond to damage. In order to develop tailored education content and improve education service delivery system, the Design Group of People consisting of education instructors was created and ran for about 5 months from May to September. The Commission sought common grounds with the public, improved service delivery system and developed customized teaching materials for marginalized groups. In addition, discussion meetings were carried out for four times for each group including the elderly, the disabled, the youth and multi-cultural families. As a result, an improved plan on how to provide education contents and information was established. The plan laid the groundwork for the following 7 examination meetings involving relevant organizations and experts.

Figure III-28 | Activity progress of the Government 3.0 Design Group of People



As a result of such efforts, education leaflets were developed tailored for the elderly, the general public and the youth. In addition, braille leaflets for the visually impaired were created and distributed. Furthermore, online education contents and videos were

produced and distributed on the website of National Human Resources Development Institute (NHI) and a webpage dedicated to users.

Table III-45 Status of utilization of broadcasting and communications services and production and distribution of damage prevention content

Education Leaflet	Online Program	Education Video
<ul style="list-style-type: none"> • Education leaflets were produced and distributed (30,000 copies) for each group (the elderly, the ordinary citizens and the youth) • Braille leaflets were developed for the visually impaired (1,000 copies) 	<ul style="list-style-type: none"> • Damage prevention contents were created and posted on online job training websites (Home Learn ran by Gyeonggi-do Province, NHI, etc.) 	<ul style="list-style-type: none"> • Video on how to prevent and respond to damage for the elderly and the ordinary citizens was made and distributed on on-site training Internet pages and a webpage for users.
		

In addition, public advertisement videos on voice phishing and smishing damage prevention were created. The public advertisements were transmitted 700 times on real time advertisement channels on terrestrial and general service program providers for two months from September 2015 to October 2015. For five months from August 2015 to December 2015, the advertisement was transmitted 300,000 times each month on advertisement channels on CATV VOD service, a paid broadcasting provider. Furthermore, a website dedicated to users offered information on major cautions to be taken for each step of using the service, differences among services, penalties for combined products and education program on damage prevention for each social group. Moreover, poster promotion in subway trains were carried out in Seoul metropolitan areas to publicize the website dedicated to users.

Figure III - 29 Public advertisement campaign on damage prevention

Public Advertisement on Terrestrial and General Service Program Channels	CATV VOD Advertisement
	

c. Innovation in Working Methods

1) Bolster one-person broadcasting with video conference system on PC

The Commission conducted a survey to improve the existing video conference system and to attract more use the system. Only 23.5% of the entire employees have experienced the video conference once or more and the system was made mandatory for specific meetings. For the low utilization ratio, 68.1% of them responded that they did not see it necessary to use the video conference system, which can be translated as they are generally indifferent to it. The analysis of the poor attention highlighted a lack of necessity because the Commission does not have any affiliated organizations to communicate with.

In response, the Commission encouraged employees to produce one-person broadcast content related to their duties or about informative subjects by utilizing the video conference system, ‘Mosaic TV.’ Mosaic TV symbolizes an organizational culture built upon individuals who are interested in increasing diversity in organizational culture. Mosaic TV was launched to enhance work efficiency by sharing knowledge and vitalizing communication among employees and to improve its services to the public.

Table III-46 Major broadcasting content of Mosaic TV

Date	Content	Remarks
October 30	My traveling tips, Customer service tips and tricks, Introduction of excellent clubs, etc.	Launching broadcasting
November 6	Music broadcasting (listeners' story and song request), Raising orchid, Weekly news, etc.	-
November 13	Special lecture on innovation in methods of work of Government 3.0 (Head of collaborative administration department of the ministry of the interior)	-
November 20	Introduction of applications for productivity improvement, Stretching exercise at office	-
November 27	Korean history, Easy hand knitting	-

Three content (20 minutes each) produced by employees are broadcast on Fridays for 60 minutes and the viewers can take part in by leaving comments. The Commission conducted surveys on content employees want to watch and reflected the result on the program. Officials of the Ministry of the Interior, the Ministry of Science, ICT, & Future Planning and Busan Metropolitan City are participating in Mosaic TV; and asking for detailed plans for broadcast. It is expected to be spread throughout various government organizations in the near future.

Figure III-30 Screens for Mosaic TV broadcasting



Launching 'Mosaic TV' for one-person broadcasting through video conference system, it was possible to enhance utilization of video conference system, to share knowl-

edge, and to increase communications among officials. After the implementation of Mosaic TV, the rate of employees who experienced video conference sharply increased from 23.5% to 90% and the participation rate rose from average 4.8 people to 17 people per meeting.

Job performance has improved by sharing knowledge related to work (e.g. introducing productivity improving tools, sharing tips for reporting overseas training or overseas business trip, etc.) Furthermore, the direct participation by employees boosted communications, created a vibrant organizational culture, and increased services to the public. Mosaic TV laid a foundation for sharing and communicating environment without any additional costs. The basic spirit of Government 3.0, communication and co-operation was achieved by promoting one-person broadcasting through Mosaic TV which represents the Commission's distinctive quality.

d. Supporting Opening and Utilization of High Demand·High Added Value Data

1) Publicizing the survey result of broadcasting media usage behavior

In order to realize 'Transparent Government', the Korean government actively works on realizing the people's rights to know and bolstering the private use of the data by disclosing the high demand and high value data to people. As part of the measures, the Commission provides the analysis result of source data and existing (TV, radio, etc.) and new media (smart device, etc.) viewing behavior by running public data portal and exclusive web site. It also provides major time series data in infographics for user convenience. With the information provided by the Commission, relevant business operators could establish management plans and conduct academic research, while transparency and accountability of the government were enhanced as well.

Table III-47 Disclosing public data

Public data portal	Exclusive web site	Statistics information service
<ul style="list-style-type: none"> Provided source data related to broadcasting media usage behavior on public data portal (data.go.kr) 	<ul style="list-style-type: none"> Launched a special web page on KISDI to provide reports by year and major time series data 2013 report was downloaded 9,107 times and 2014 report 2,492 times (Oct. 2015) 	<ul style="list-style-type: none"> Provided analysis results and source data on the homepages of the Commission and KOSIS 2014 report was viewed 8,286 times (Oct. 2015)
		

In order to gather opinions on public data quality improvement, the Commission jointly held a seminar in August 2015 with media audience research organizations including the Korean Society for Journalism & Communication Studies (KSJCS), the Public Opinion Concentration Research Committee, the Korea Information Society Development Institute, and the Korea Internet & Security Agency.

Table III-48 Utilization of public data

Classification	Details	Remarks
Academic literature	<ul style="list-style-type: none"> Changes in media usage through broadcasting media usage behavior research in 2014 (April 2015) A study on spatial distribution of and changes in information demand (October 2015) 	Disclosed high value data for academic use
Special reports	<ul style="list-style-type: none"> Changes in the smartphone penetration and generational media usage (April 2015) Analysis of changes in radio usage behavior (July 2015) Media consuming features by different types of subscription-based television services (August 2015) 	Supported publishing of analysis report which utilized research data of broadcasting media usage behavior (3 times for KISDI STAT Report)

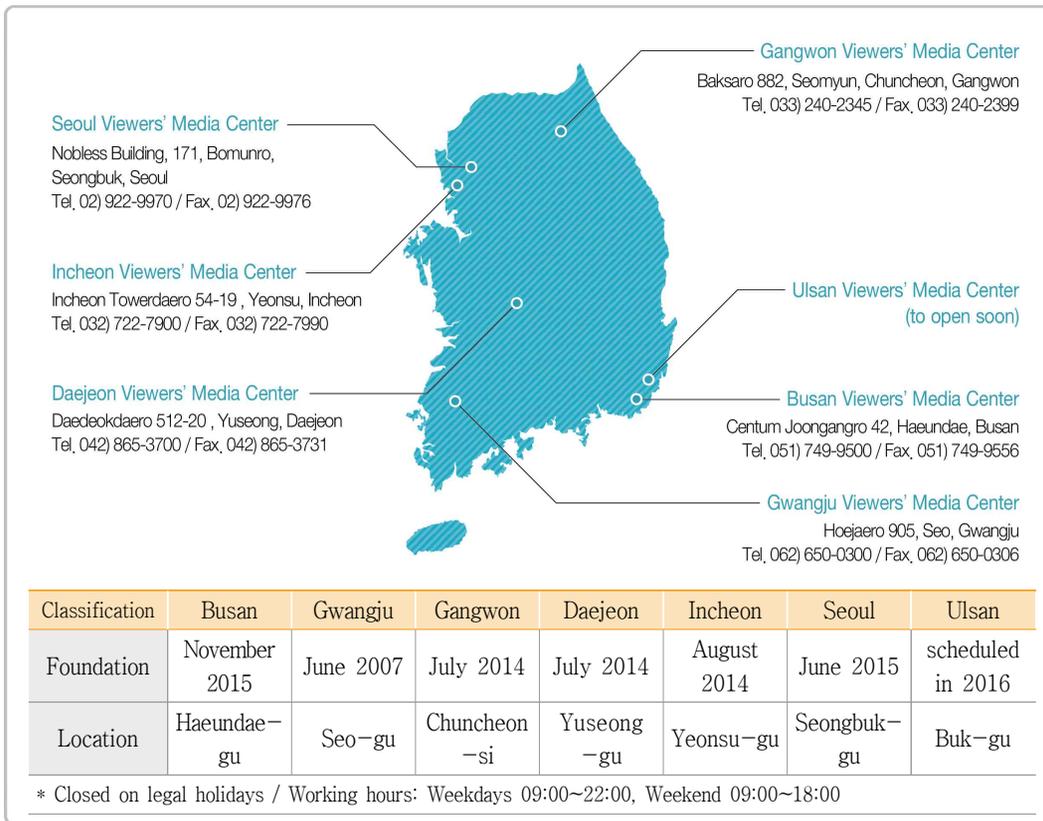
Classification	Details	Remarks
Statistics Note	<ul style="list-style-type: none"> • Distributed booklets of major survey result summaries to the National Assembly, viewers' organizations, etc. for job training or classes in schools (March 2015, 1,000 booklets) 	Organizations including Community Media Foundation and Ewha Women's University required additional booklets.
Media report	<ul style="list-style-type: none"> • SBS : 'TV is the representative broadcasting media for households' (February 2015) • The Kyunghyang Shinmun : 'Time and rate on using smartphone increased, 43.9% perceives as necessary media' (February 2015) • The Asia Economy Daily : 'Persistent life force of radio, more in cars than homes' (July 2015) 	Press media reported current status of the viewers' broadcasting media usage behavior utilizing analysis results.
Commercial sales	<ul style="list-style-type: none"> • Private publishing companies published the final report in the form of hard copy and ebook to sell at bookstores including Kyobo Bookstore and Interpark. 	—

The source data and analysis result of broadcasting media usage behavior are utilized in media-related research including academic literature and special reports of research institutions, and reprocessed into hard copy books for sale.

2) Cultivating creative human resources in the media sector and supporting venture businesses

The Commission developed three measures to cultivate and nurture creative human resources for the media sector by using both tangible and intangible type of assets such as accumulated data of the Viewers' Media Centers located in 6 different regions including Seoul, Busan, Gwangju, Gangwon, Daejeon, and Incheon.

Figure III-31 Overview of Viewers' Media Center



First, the Commission developed programs linked to the free semester program utilizing data, facility and instructors of the Viewers' Media Centers to cultivate receptive capacity towards media. Second, it signed MOUs with 9 broadcasting business operators nationwide to conduct media hub school program (16 schools) for broadcasting content production and human resource cultivation. Third, it opened broadcasting content production courses linked to 8 local colleges.

Table III-49 Status of media base schools

Location	Media hub schools (16 schools)	Curriculum	Partner
Busan	3 high schools in Busan/Gyeongnam region (Yeonje High School, Sungmo girls' High School, Hyoam High School)	Documentary/Drama production	KNN
Gwangju	3 schools in Honam region (Sinarm Primary School, Gwangyang Middle School, Mokpo Joongang High School)	Documentary production	KBC, Yeosu MBC, Mokpo MBC
Gangwon	3 schools in Gangwon region (Subaek Elementary School, Wonju Girl's Middle school, Gangwon Animation High School)	News·debate/Drama production	CJ HelloVision (Gangwon)
Daejeon	3 high schools in Daejeon (Daeshin High School, Daedeok High School, Yuseong High School)	Documentary/Drama production	TJB, Daejeon MBC, CMB
Incheon	3 high schools in Gyeonggi/Incheon region (Yeonsong High School, Ansan Design Culture High School, Gangnam Visual Media High School)	Documentary/Drama production	OBS Gyeongin TV
Seoul	1 high school in Seoul (Seokgwan High School)	Documentary/Drama production	OBS Gyeongin TV

Table III-50 Major courses linked to colleges

Course Duration	Location	University	Major courses	Enrollment	Credits
1 st semester (6 univ.)	Busan	Tongmyong University	Screen Narration	35	3
		Busan National University of Education	Ethics of Media and Love	30	2
	Gwangju	Gwangju University	UCC Production	29	3
		Honam University	3D Capstone Design	50	3
		Chonnam National University	Visual Arts Production	20	3
		Jeonnam Provincial College	Visual Arts and Music Production (2 classes)	30	3
2 nd semester (2 univ.)	Busan	Busan National University of Education	Ethics of Media and Love	30	2
		Dong-A University	Drama Production	20	3

Furthermore, the Commission provided students with opportunities to experience various media-related jobs (e.g. news anchor) at virtual broadcasting studios set up in exhibitions including Public Service Fair and Creative Korea.

Table III-51 Career experience in government job fair and creative economy fair



- Provided opportunities for students to experience careers in the media sector (e.g. news anchor) by utilizing virtual broadcasting studios (Around 500 visitors at Public Service Fair, Around 2,000 visitors at Creative Korea)
- Publicized the Center's contribution to nurture creative human resource by displaying achievements of media education for Free Semester program and operating news production experience booth

In terms of supporting corporations, the Viewers' Media Centers provided support programs for venture businesses including its data, video DB, content production training, lending equipment and facilities in order to increase the use of the Center's resources.

Table III-52 Utilization and support performance of Viewers' Media Centers

Classification	Contents	Remarks
Human resource cultivation	Media education was selected as an outstanding example of the free semester system in a situation where career experience centers and programs are insufficient.	Exceeded the target for supporting the Free Semester program in 2015 by 30% (target: 65 schools, achievement: 85 schools)
Media Base Expansion	Content produced by using resources of the Viewers' Media Centers were broadcast through local broadcasting business operators. The Center provided broadcasting equipment and training to local media organizations.	Broadcast 1,031 content produced by viewers, Provided equipment and facilities for 357 organizations (78,995 people)
Venture Business Support	Media specialist training was provided to support career interrupted and unemployed women for their economic activities including self-employment.	Signed MOU between Korea Venture Business Women's Association which provides self-employment training related to media and the Community Media Foundation (December 2015)

In the near future, the media centers will establish local media cooperation network composed of major broadcasting business operators, local government and non-governmental organizations and play a role as a local media hub through providing media training. They will also expand the scope of services by establishing a connection with local creative economy innovation center for 'K-Brain Power' corporations to make use of the Center's support programs.

6. Supporting Overseas Expansion of Broadcasting and Communications Services and Enhancing Inter-Korean Exchanges

a. Strengthening International Cooperation of Broadcasting and Communications

1) Cooperative activities between governments in the broadcasting and communications sector

The Commission has made efforts to strengthen infrastructure for international cooperation in broadcasting and communications with foreign governments and international organizations and has actively supported exchanges and cooperative activities to enhance international response capabilities on various issues. The Commission has shared advanced cases of broadcasting and communications through high-level talks with key partner governments and international organizations while continuously working on exchange and cooperation in broadcasting and communications on diverse areas such as discussing the signing of an MOU to further cooperate in the sector. Furthermore, it has participated in international conferences and reviewed pending issues and swiftly responded while establishing effective response strategies by discovering new agenda.

The Commission visited the Independent regulator and competition authority for the UK communications industries, or Ofcom, to hold a meeting with the chair of Ofcom, Patricia Hudgson, and discussed the role of regulatory agencies in a changing media environment, integrated viewing rating system, retransmission policy, UHD TV and frequency distribution. The Commission visited Spain to discuss issues regarding the big data industry and personal information with the Ministry of Industry, Energy and Tourism which is responsible for the broadcasting and communications policies in Spain, and called for a wide range of support for Korean broadcasting programs in advancing into markets in Central and South America. Spain is a bridgehead to enter the broadcasting market of Central and South America, emerging as an important country which can deliver Korea's excellent broadcasting content to 500 million Spanish-speaking viewers in the region. This consultation will translate into a turning point for Korean broad-

casting businesses to enter the markets in Central and South America.

Figure III-32 Study and discussion on broadcasting and communications in the UK and Spain



Furthermore, the Commission visited governments of major partnering countries including France, Czech, Germany, US, Turkey, and China to understand international broadcasting policies including the public nature of broadcasting, media diversity, and access rights; and discussed measures to elevate cooperative ties for invigorating broadcasting content exchange. In particular, in terms of the cooperative ties with China, the Commission reached a consensus on operating joint working group related to Korea-China co-production of broadcasting content on the grounds of MOU (concluded in January 2014) with SAPPRFT (State Administration of Press, Publication, Radio, Film and Television of the People's Republic of China) and Korea-China FTA (agreed in November 2014), which includes clauses for co-production agreement.

Table III-53 Major activities for inter-governmental broadcasting and communications cooperation

Classification	Period / Country	Details
Held meetings with regulatory authorities of UK and Spain, attended the MWC	March 1~7 UK, Spain, France	<ul style="list-style-type: none"> • Attended the world's biggest mobile industry event, Mobile World Congress to Study the latest mobile technology and trends in the industry • Visited and had a meeting with competent authorities and

Classification	Period / Country	Details
		corporations related to broadcasting and communications in the UK and Spain and discussed methods for cooperation and sharing information
Attended Telecommunications and Media Forum (IIC TMF) and visited broadcasting and communications authority in Czech	March 15~21 Belgium, Czech	<ul style="list-style-type: none"> • Attended Telecommunications and Media Forum (TMF) hosted by International Institute of Communications (IIC), studied the latest global trends and sought methods to strengthen cooperation with overseas regulatory organizations • Visited competent authorities in the broadcasting and communications sector in Belgium and Czech to share information including the policy directions and trends in public opinion and discuss methods to cooperate
Attended Korea–China Future Forum and roundtable for journalists	April 8~10 China	<ul style="list-style-type: none"> • Attended a forum and roundtable; and discussed the role of broadcasting and communications sector to strengthen cooperation between Korea and China
Attended International Electronic Communications Regulators Conference and had meeting with broadcasting and communications authority in Turkey	May 6~10 Turkey	<ul style="list-style-type: none"> • Attended International Electronic Communications Regulators Conference hosted by Information and Communication Technologies Authority in Turkey and studied European regulatory policies on communications and media • Sought ways to boost cooperation within relevant sectors among European countries
Held meetings with broadcasting–related organizations in China	May 26~29 China	<ul style="list-style-type: none"> • Discussed the methods with officials of the local government (Zhejiang Province) and broadcasting organization (Zhejiang TV) for invigorating Korea–China exchange of broadcasting contents and promoting Chinese market entry of Korean broadcasting business operators
Attended Asia–Pacific Regulators Roundtable and hosted a showcase	August 23~29 Malaysia, China, Mongolia	<ul style="list-style-type: none"> • Attended the fifth ITU Asia–Pacific Regulators Roundtable and hosted 2015 Korea–ASEAN Broadcast Contents Showcase linked to ITU conference • Visited broadcasting and communications regulatory authority in Mongolia and had a meeting
Attended CASBAA Convention 2015 and met Telecom Regulatory Authority of India	October 25~27 Hong Kong	<ul style="list-style-type: none"> • Shared the latest trends of the broadcasting industry by attending the 22nd Convention 2015 hosted by CASBAA • Met the President and board members of Telecom Regulatory Authority of India (TRAI) and CASBAA
Attended Korea–China Private Economic Association Forum 2015	November 12~14 China	<ul style="list-style-type: none"> • Attended ‘Korea–China Private Economic Association Forum 2015’ jointly held by ‘Korea–China Private Economic Association, INC.’ and ‘China–Japan–Korea Economic Development Association’ and gave a lecture on measures to promote Korea–China broadcasting contents exchange

Classification	Period / Country	Details
		<ul style="list-style-type: none"> • Visited exhibition hall in Xiaomi headquarters and discussed business innovation strategy of Xiaomi with its chief communications officer
Signed MOUs on cooperation and exchange in broadcasting sector	May 27 China	<ul style="list-style-type: none"> • Signed an MOU on broadcasting sector with Wenzhou, China
	August 28 Mongolia	<ul style="list-style-type: none"> • Signed an MOU on Korea–Mongolia broadcasting exchange and cooperation with Communications Regulatory Commission of Mongolia (CRC)

Because of the growing importance of the government’s role in international markets for penetrating *Hallyu (The Korean Wave)* contents, the Commission actively promoted international exchanges and cooperation in the broadcasting and communications sector by introducing pending issues regarding the government’s broadcasting policies and the Commission’s policies when cooperating with overseas governments and related authorities, through having interviews with press media from home and abroad. The Commission will continuously create a favorable environment for overseas expansion of Korea’s broadcasting content and services.

Figure III – 33 Interview with Mongolian state-run TV MNB and Bloomberg TV



2) Attending international conferences

The Chairman presented key pending issues in broadcasting (net neutrality caused by the introduction of new media, etc.), the government’s political response, and international cooperation methods at the high-level policy roundtable of the Cable and

Satellite Broadcasting Association of Asia (CASBAA) Convention 2015 in October. The Chairman held meetings with the President of CASBAA, Marcal Fenez, board of directors, and the Secretary of Department of Electronics and Information Technology in India, Ram Sewak Sharma, and discussed issues with regard to new emerging media.

Figure III – 34 CASBAA Convention and meeting with Telecom Regulatory Authority of India



The Commission attended the fifth Asia–Pacific Regulators Roundtable along with the International Telecommunication Union (ITU) in August 2015. The telecommunication regulatory authorities from 38 member countries of ITU participated in the Asia–Pacific Regulators roundtable to discuss the key issues in broadcasting and communications and discuss ways to promote regional cooperation. The fifth conference was held in Kuala Lumpur, Malaysia following Melbourne, Australia (first), Hyderabad, India (second), Seoul, Korea (third), and Sydney, Australia (fourth). At the conference under the theme of ‘Facing the Telecommunication/ICT Regulatory Challenges in the Digital Economy,’ the Chairman shared new regulatory issues of rapidly changing circumstances regarding OTT (Over The Top) and, as a solution, suggested to establish a dialogue platform in the Asia–Pacific region. The heads of the broadcasting and communications regulators at the conference highlighted the importance of cooperation among regulatory authorities in response to OTT penetration in the Asia–Pacific region and agreed to consolidate continued international cooperation.

b. Supporting Overseas Expansion of Broadcasting Content and Spread of the Korean Wave

The Commission established a cooperation channel for sustained interaction with the central government of China to support the market entry of Korea's broadcasting content. The Commission discussed measures to invigorate Korea-China broadcasting exchanges and agreed to launch a joint working group and working level consultative group related to Korea-China co-production of broadcasting content by holding a meeting with the General Director (ministerial level) of SAPPRFT. The measures discussed at the meeting were co-production of broadcasting programs, import and export of copyright, de-regulation of broadcasting content online. The Commission requested that the Chinese government proactively consider the pending issues including broadcasting program co-production agreement followed by Korea-China FTA, broadcasting content' copyright protection in both countries, measures to exchange policies and labor between governmental institutions, and permission of Chinese subtitles on a Korean TV channel, KBS World. The Commission made a proposal to the Chinese counterpart for establishing a working group composed of policy makers and business operators to discuss general cooperation measures including conclusion of the broadcasting program co-production agreement because it is necessary to intensify cross-border exchanges and cooperation to produce internationally competitive contents. The Chinese counterpart responded positively by saying that two countries would have valuable exchanges in the broadcasting sector after a close examination by related policy organizations and business operators of both countries.

The Commission had a meeting with the director (ministerial level) of State Internet Information Office, an competent authority for internet policy and regulation, and discussed ways to boost exchanges in online content between Korea and China as well as issues regarding MOU between organizations. They have reached an agreement to cooperate in the Internet sector by nurturing the smart industry and appropriate per-

sonal information management, respecting freedom of speech online and internet ethics, and preventing illegal distribution of online broadcasting content. The Commission emphasized bilateral cooperation in diverse ways because the two countries which established the most successful development of the Internet in Asia have problems in exchange for their benefits: malicious comments, massive leak of personal information and financial fraud, and illegal distribution of online broadcasting contents. The Chinese side mentioned that cooperation in the internet sector would be an effective way to promote friendship and commented they would actively respond to issues regarding personal information leakage and illegal distribution of broadcasting content.

The Commission signed an MOU with the city of Wenzhou in China to strengthen cooperation with the local government and local broadcasting business operators and supported MOU between EBS·CJ E&M and Wenzhou TV. Through this process, the Commission intensified broadcasting policy cooperation with China's local government and promoted Chinese market entry of Korean Wave content. Furthermore the Commission attended Korea–China Future Forum and press roundtable to discuss the role of broadcasting and communications for strengthening cooperation between the two countries. In addition to that, the Commission attended Kcon Japan held for vitalizing overseas market penetration of Korean Wave; studying the latest trends of Korean Wave and encouraging the participating corporations. It also supported Arirang TV to service SkyUK and Freesat, satellite broadcasting channels in the United Kingdom, and to sign an MOU with RTVE, a public broadcasting business operator in Spain.

The Commission actively supported dealing with regulations on the broadcasting sector in foreign countries which are significant obstacles to enter the overseas market, established Overseas Advancement Promotion Committee for Broadcasting Content as a follow-up to the Korea–China FTA in November 2014, and held the first meeting of the Committee. The Committee is composed of the Commission as well as competent authorities (the Korea Information Society Development Institute, the Korea Communi-

cations Agency, the Korea Internet & Security Agency, Media& Future Institute, etc.) and broadcasting business operators promoting overseas market entry (KBS, MBC, SBS, EBS, general service Program Providers, CJ E&M, etc.) In terms of the follow-up measures to Korea-China FTA, the Committee discussed issues regarding the Chinese government's deregulation on foreign broadcasting and co-production agreement, and shared opinions about the necessity to create fair contract-based environment and corresponding strategies. Moreover, the Commission attended the launching ceremony of *Hallyu* Planning Body involving relevant corporations and the government's cultural industry related departments (Ministry of Culture, Sports and Tourism, Ministry of Science, ICT and Future Planning, Ministry of Agriculture, Food and Rural Affairs, Ministry of Trade, Industry and Energy, Ministry of Foreign Affairs, etc.) and presented the progress of Korean Wave projects and proposed to build cooperative ties.

c. Promoting Inter-Korean Broadcasting and Communications Exchange

The Commission hosted the International Conference on Inter-Korean Broadcasting and Communications in the Ritz-Carlton Seoul, October 2015 for the purpose of discussing current issues and promoting mutual understanding and international exchange. The conference brought together 250 participants including broadcasting and communications experts from Germany, USA, China, Japan, etc., experts in issues regarding the Korean peninsula, diplomatic delegates, journalist from home and abroad and scholars of various countries. Despite the strained Inter-Korean relations, it provided a platform for reopening of broadcasting and communications exchanges by expressing a strong intention to expand inter-Korean exchanges and cooperation which would contribute to improvements in North Koreans' quality of life and recovery of the national homogeneity.

Table III-54 Program of the international conference on inter-Korean broadcasting and communications

Classification	Contents
Opening Ceremony	<ul style="list-style-type: none"> • Opening speech/welcome speech/congratulatory speech • Screening of video co-produced by South and North Korea
<Session 1> Promoting inter-Korean exchanges and cooperation in broadcasting and its future	<ul style="list-style-type: none"> • Broadcasting content co-production plan • Plan for broadcasting digitalization in North Korea and assistance for UHD • Promotion plan for inter-Korean exchanges in broadcasting utilizing pop culture content • Discussion and Q&A • Guest Speech
<Session 2> Promoting inter-Korean exchanges and cooperation in communications and its future	<ul style="list-style-type: none"> • Current status of ICT and education for IT talents in North Korea • Special economic zone and IT of North Korea • IT utilization for humanitarian assistance • Debate and Q&A
<Session 3> The role of broadcasting and communications in inter-Korean exchanges	<ul style="list-style-type: none"> • Promotion of inter-Korean exchanges in broadcasting and communications and the role of broadcasting and communications • Roundtable : Discussion on promoting exchanges with North Korea and ways to establish, maintain and develop channel for cooperation

In the opening ceremony, Chairman Choi Sung-joon, remarked that inter-Korean interchange in broadcasting and communications is an important task of the trust-building process on the Korean peninsula, an initiative toward North Korea for building dialog channels and trust. He also added that broadcasting provides a good opportunity to understand each other's culture and language and it plays a meaningful role in recovering the national homogeneity as the main purpose of the conference is to formulate the visions of the future, not to lose hope because of the current situation in North Korea.

Figure III-35
Opening ceremony

[Opening speech] KISDI President Kim Do-whan



[Welcoming speech] Chairman Choi Sung-joon



[Congratulatory Remarks] Science, ICT, Future Planning Broadcasting & Communications committee of the National Assembly of Republic of Korea, Chairman Hong Moon-jong



[Congratulatory Remarks] NUAC Executive Vice-Chairperson Hyun Kyung-dae



South Korea's determination to resume exchanges in broadcasting and communications was successfully conveyed at the conference and they proposed a sustainable, humanitarian and practical project of exchange and cooperation in broadcasting and communications which excludes political interests, such as remote healthcare system and online education, broadcasting digitalization in North Korea, and broadcasting content co-production. The conference increased awareness of the need for unification and built a national consensus at the same time addressing the importance of exchanges in broadcasting and communications in preparation for unification by having a number of experts of North Korea from home and abroad and publicizing the conference to foreign press media and the foreign missions.

In particular, Detlef Kühn, a former director of Sachsen Media in Germany, was invited to give a speech on lessons learned and the role of broadcasting and communications in the process of German unification. He advised, “For now, it’s required to show the South Koreans everyday lives, like how they live and what worries them, instead of producing special programs for North Korea.”

Figure III – 36 Presentation and discussions at the conference by session



Chapter 3 Fair Competition in the Broadcasting and Communications Market and Protection of Users

1. Establishing Fair Competition Order in the Broadcasting Market

a. Inspection and Correction of Unfair Practices

The Commission fortified the inspection and correction of unfair practices in the broadcasting and the broadcasting advertisement markets to establish a fair competition environment among operators and protect interests of viewers.

In the broadcasting market, the Commission investigated actions of KT Skylife that violated broadcasting laws in the change process of their screen formats from SD to HD, including big screen captions in the middle of SD TV screens, arbitrary termination of broadcasting service to SD viewers, or subsequent cancellation of service contracts. Findings by the Commission brought delinquent fines of KRW 119 million and correction order to KT Skylife in March 2015. This decision sent a clear message to broadcasting operators that they should put viewers' interests before their business landscape that is under the change of technology and circumstance.

In addition, the Commission examined the status of program royalty payment in 2014 of 95 pay broadcasters including SO, satellite, IPTV, to PP providers. As a result, the Commission identified breaches of broadcasting statutes in which four SOs, including CCS Chung-Buk Cable TV Company, failed to meet payment schedules. Those violators were given correction orders and delinquent fines of KRW 226.42 million in September 2015. This remedy of the Commission became a help in ensuring a stable operation and production of PPs which are not solid enough in terms of capital and

human resources, as it forces program purchasing broadcasters to keep their payment schedule. This will contribute to help most producers to continue their production.

On top of that, the Commission looked into practices that infringed upon viewers' interests, before delivering delinquent fines of KRW 1.0065 billion and correction orders in October 2015 to 40 SOs affiliated with t-broad and CNM. Employees of those companies gave wrong information to senior citizens that they would find their TV set not working if they did not purchase digital broadcasting products; failed to deliver critical information properly about service fees and penalties; or did not obtain subscribers' signature when they sold broadcasting products or broadcasting-added products. This case of crack-down made contribution to reducing damages among those without proper broadcasting service information, particularly the senior citizens.

Regarding unfair competitions in the broadcasting advertisement market, the Commission conducted an investigation into MBN Media Rep's reported violation of the 「Act on Broadcast Advertising Sales Agencies, etc.」, including MBNs' wielding of influence on broadcasting programming without a justified reason. The examination imposed on the company KRW 240 million of fines and corrective measures in September 2015. The Commission's determination was the first enforcement of the above law, and it will further monitor so that any similar law-breaking case would not occur in the market.

b. Announcement of Property Status

In June 2015, the Commission announced 'property statements of broadcasters for the fiscal year of 2014'. This announcement was made for 330 broadcasters whom they reported data for relating to property statements at the end of 2014. The total property statement was KRW 13.2214 trillion, an increase of KRW 315.1 billion (2.4%) from 2013. The operating income during the term was KRW 1.1970 trillion, a decrease of KRW 85.6 billion (6.7%).

Table III-55

Profit and loss status of broadcasters in 2014

(Unit : KRW 100 million)

Classification	Sales			Operating income		
	2013	2014	Change	2013	2014	Change
Terrestrial	38,963	40,049	1,086	60	△807	△867
SO	23,792	23,462	△330	4,961	4,535	△426
PP	60,756	63,067	2,311	6,846	7,504	658
Terrestrial DMB	95	104	9	△33	△40	△7
Satellite broadcasting	5,457	5,532	75	993	779	△214
Total	129,063	132,214	3,151	12,826	11,970	△856

Note) △ : Reduction

Profit and loss status of broadcasters in 2014 was built on the recent 10-year data, a broader pool than the two year data which was the basis of past income statements. The reason behind this greater data collection is to calculate average annual growth rates and market shares. The table also carries specific information about revenues from viewers and expenses to program providers. Furthermore, it newly set up operating income as a profitability index, a shift from net profit, in hopes of enhancing the utility of the numbers.

c. Assessment of Competition Status

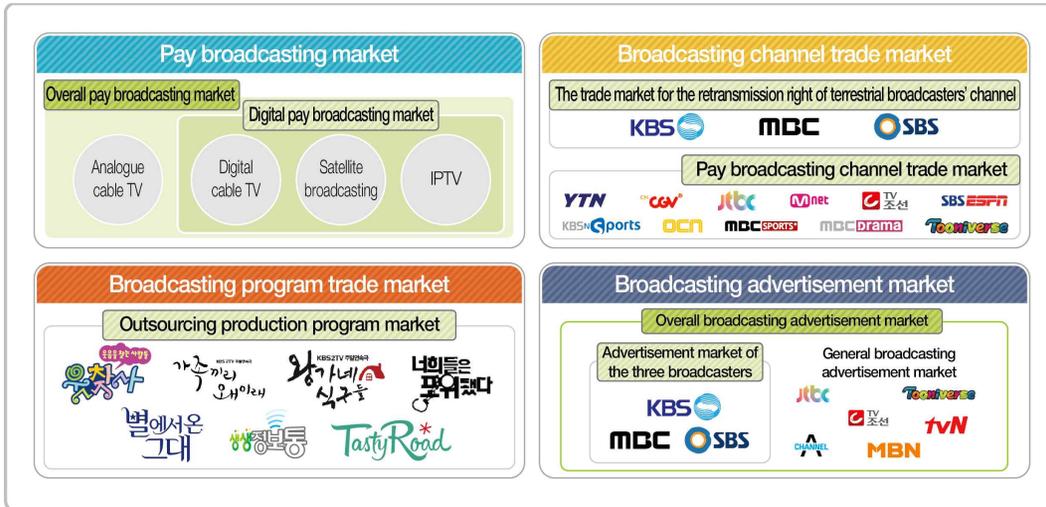
The Commission has assessed the broadcasting market competition status since 2012, by commissioning the evaluation to its Broadcasting Market Competition Evaluation Committee. This organization was established in accordance with Article 35-5 of the 「Broadcasting Act」, a revised provision in July 2011, to ensure an active competition in the broadcasting market and rationality in regulatory policies. The objectives of this assessment is to create an efficient competition system and a fair competition climate in the market, performing objective reviews on current situations and competition landscapes in the place and making use of those results as a foundation for writing sound policies and regulations in the market.

Broadcasting markets are segmented by types of transactions that occur from the production of broadcasting programs to their delivery to viewers. Each segment accordingly becomes subject to markets evaluation. The segmentation for detailed assessment will be completed in consideration of the substitutability of demand and supply, geographical scopes, transactional peculiarity, and characteristics of users in the paid broadcasting market, the broadcasting channel trade market, the broadcasting program trade market and the broadcasting advertisement market.

Table III-56 Major broadcasting markets subject to evaluation

Classification	Main points
Paid broadcasting market (SO, Satellite, IPTV ↔ Users)	A market where pay broadcasters, including SO, Satellite and IPTV, compete each other to provide users broadcasting services
Broadcasting channel trade market (Terrestrial, PP ↔ SO, Satellite, IPTV)	A market where terrestrial and PP trade broadcasting channels (retransmission right) with pay broadcasters
Broadcasting program trade market (Outsourcing producer ↔ Terrestrial, PP)	A market where outsourcing producers trade broadcasting programs with Terrestrial and PP broadcasters
Broadcasting advertisement market (Broadcasting system operator ↔ Advertiser)	A market where terrestrial and PP trade advertising time with advertisers

Figure III-37 Market segmentation for competition evaluation

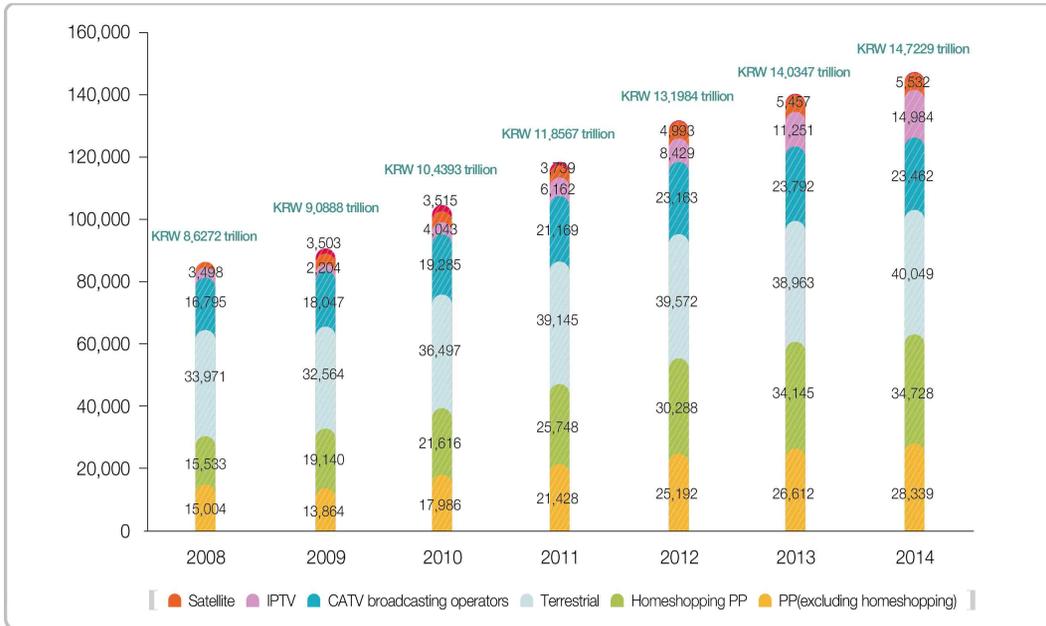


The assessment of the competition status in the broadcasting market revealed that the industry's total revenue was KRW 14.7229 trillion, up 4.9% compared with 2013. The growth momentum had been losing its steam. Over the last six years, the growth rate of the market has gone down steadily: 14.9% in 2010; 13.6% in 2011; 11.3% in 2012; and, 6.3% in 2013. Concerning players' revenues in 2014, IPTV operators recorded KRW 1.4984 trillion, up 33.2% year-on-year. The PP operators (excluding home shopping PP) marked KRW 2.8339 trillion in sales which included KRW 401.6 billion of general programming PP operators, a 31.2% increase compared with 2013. These detailed numbers show that broadcasting business operators who entered the market later than other operators led the growth of the market. In addition, terrestrial broadcasters recorded KRW 4.0049 trillion in sales, up 2.8% compared with 2013. Yet, its share in the revenue showed shrinking trends. The sales of home shopping PP operators went up to KRW 3.4728 trillion, up 1.7% compared with the previous year, while losing its momentum.

Figure III - 38

Trends of revenue by the broadcasting industries

(Unit: KRW 100 million)



The growth of late comers in the industry, including IPTV and general programing PP, led to a maintained decreasing trends in the subscriber concentration of the paid broadcasting platform, sales concentration of PP programs and the concentration of the broadcasting advertisement market. In the meantime, the demand concentration of outsourcing program production has been stalled.

Table III-57

Trends of changes in the market concentration index in broadcasting markets

Classification	2013	2014
Subscribers of paid broadcasting HHI (Regional average)	4,191	3,816
General PP broadcasting program provision revenue HHI	1,411	1,291
Outsourcing production program demand penentrance index HHI	1,612	1,616
Broadcasting advertising market HHI	1,587	1,520

Note) HHI Index : An index that shows status of competition in the overall market which is deduced by squaring the market share of each firm competing in a market, and then summing the resulting numbers (The number spans from 0 to 10,000 (state of monopoly) and market concentration rises as the number increases)

The sales revenue of the broadcasting business of paid broadcasting platforms was KRW 4.3978 trillion, 8.6% increase year-on-year. In the meantime, that of the SO operators decreased by 1.4% to KRW 2.3462 trillion, the first of its kind for the industry. This is largely because the popularity of combined products lowered the competitiveness of SO operators, which subsequently caused tougher competition among players and reduced the number of subscribers and service rates. As a result, the license fee turnover in 2014 of SO was KRW 1.0645 trillion, 8.7% decrease compared with 2013, and lower than that of IPTV, KRW 1.2148 trillion. Meanwhile, paid broadcasting users continued to grow in the subscription of digital services and combined products, leaving the portion of digital subscribers and combined products at 72.7% and 41.4%, respectively.

Looking further into the changing sales trends of terrestrial operators and PP, headquarters of the three major broadcasters recorded operating losses in 2014. This was mainly due to the slowdown in the broadcasting advertisement market and greater accrued expenses. General PP operators (excluding home shopping, data, VOD and radio PP) sustained a downward trend, if general programming providers are not counted. Channel operators found their sales structure diversified. Broadcasting advertisement, the biggest source of their sales, accounted for 30.3% of the revenue of terrestrial and PP operators in 2014. Yet, its nominal amount went down to KRW 3.1233 trillion, with its share among revenue sources dropping by 5.7%, compared with 2013. In contrast, revenues of the provision and the sales of programs increased, year on year, by 8.8% and by 20.5% to KRW 733.7 billion and KRW 895 billion, respectively.

Table III-58 Trends of revenue by terrestrial broadcasting and PP operators (Unit: KRW 100 million, %)

Classification	2013	2014	Change
Advertisement	33,110	31,233	△5.7
Sponsorship	5,536	6,628	19.7
Terrestrial retransmission	1,255	1,551	23.6
Program provision	6,743	7,337	8.8
Program sales	7,429	8,950	20.5

Note) Terrestrial broadcasting operators include TV and radio. PP operators include TV, radio, VOD and data PP. △ : reduction.

A study of production costs of terrestrial broadcasting and PP operators shows that their in-house production costs decreased, while outsourcing production costs increased. This implied ways of channel operators coping with changes in their business environment, represented by worsening profitability and transformation in the program supply and demand management. With PP operators' total production costs diminishing, the ratio of programs purchased from outside went up by 10.4% point to 39.1%. The total in-house production costs of terrestrial broadcasting and PP operators in 2014 shrank to KRW 1.0954 trillion, down by 18.9% compared with 2013. Their outsourcing production costs and purchasing costs of broadcasting programs escalated in 2014 by 10.3% and 30.6% to KRW 804.9 billion and KRW 588.9 billion, respectively, compared to one year ago.

Table III-59 Trends of production costs by terrestrial broadcasting and PP operators (Unit: KRW 100 million, %)

Classification	2013	2014	Change
In house	13,506	10,954	△18.9
Outsourcing	7,296	8,049	10.3
Domestic and international purchase	4,509	5,889	30.6
Total	25,310	24,891	△1.7

Note) Excluding indirect production costs, including labor costs. △: Reduction

d. Rational Overhauling of Regulations on the Broadcasting Market

The Commission overhauled statutes and eased regulations to build a fair competition climate, in cases where absence of regulation afflicts damage to small business, or ex-

cessive regulations work against them.

First, the Commission made it illegal for home shopping PPs to determine, cancel, or alter date, time, length and production cost of product broadcasting of vendors, by stipulating new provisions in the 「Broadcasting Act」 (March 2015) and the 「Enforcement Decree of the Broadcasting Act」 (December 2015). This measure, an action of ‘normalization of the abnormal’, is expected to make contribution to reducing unjust damages felt by small vendors in the home shopping industry.

The Commission made amendment to the 「Broadcasting Act」 in December 2015 to require IPTV operators to submit property status, as other paid broadcasting companies do, including SO and satellite broadcasters. According to the new stipulation, IPTV businesses shall present those documents to the Commission from 2016, which will come handy for it to come up with comprehensive statistical reports of the broadcasting market and be useful when setting up policies and conducting related research in a broader manner.

The Commission also relaxed regulations in such ways to exempt the obligation of small broadcasters submitting property status document and ease the burden of their handing over annual reports, in consideration of their size of sales of broadcasting business. Specifically, those small-scale broadcasting businesses with the sales revenue of less than KRW 100 million were exempted from those duties in accordance with the revised 「Broadcasting Act」 in December 2015. In addition, small and medium-sized broadcasters were relieved from the burden of reporting about property status, thanks to rules of Korea Communications Commission with regard to enforcement of the 「Broadcasting Act」 (revised in December 2015) that loosened the scope of companies subject to the obligation of annual report submission and modified regulations that reflect current ways of business.

e. Operation of Terrestrial Broadcasting Retransmission Consultative Body

Until 2008, terrestrial broadcastings were retransmitted to pay broadcasters, including SO, satellite and IPTV, free of charge. In 2009, terrestrial broadcasters filed a lawsuit against the five MSO with court for copyright claims. Still often disputes between the two sides take place, centering on retransmission. Particularly, terrestrial broadcasting companies interrupted transmission during those conflicts, violating viewers' right to watch. This was why the Commission had been making utmost efforts to solve this issue.

As a way to address this, the Commission and the Ministry of Science, ICT and Future Planning launched a terrestrial broadcasting retransmission consultative body chaired by Jeon Yeong-sub, professor of Economics of Seoul National University in August 2015.

The Commission is operating the consultative body and will work on guidelines on the draft of terrestrial broadcasting retransmission that elaborates factors, including of retransmission negotiation procedures and that need to be reflected in calculating retransmission compensation. The proposal will undergo hearings of related operators before being finalized and implemented.

f. Unification of paid broadcasting Service Regulation Structure

Together with the Ministry of Science, ICT and Future Planning, the Commission proposed to the National Assembly a revised bill of the 「Broadcasting Act」 that will integrate 「Broadcasting Act」 and 「IPTV Act」 in November 2015.

Under current laws, cable and satellite broadcasting is subject to the 「Broadcasting Act」, while IPTV is subject to 「IPTV Act」. Therefore, there has been an issue of equality about this double system, even though they are competing in the same area. To tackle the problem, ‘Streamlining for paid broadcasting regulation rationalization, including the integration of the 「Broadcasting Act」 and the 「IPTV Act」’ was selected as one of national agenda in May 2013. For the following two years, the Commission and the ministry steered a research body and gathered ideas of experts through related seminars and public discussions to put forth the draft.

The bill features diverse provisions about: the concept of the paid broadcasting business that consolidates cable, satellite and IPTV; regulation of ownership and cross-ownership and making a single channel for regulating prohibited acts; operation of notification channel; imposition of accounting separation; expansion of equal provision of electricity and telecommunication facilities; lowering of entry barrier for general PPs; and, allowing transfers of registered PP channels.

The passing of the bill is expected to contribute to boosting the paid broadcasting industry, as it will set up a single regulation system of the business, strengthening its systematic natures and efficiency, enhancing the equality of regulation and laying a ground for a fairer competition in the paid broadcasting market.

Table III-60 | Key elements of integrated amendment to the 『Broadcasting Act』 and the 『IPTV Act』

Classification	Provision	Key elements
Broadcasting type	Paragraph 1 of Article 2	Delete DMB under the 『Broadcasting Act』 and IPTV under the 『IPTV Act』
Broadcasting business	Paragraph 2(2) of Article 2	Integrate CATV broadcasting operators (SO), satellite broadcasting business under the 『Broadcasting Act』 and IPTV provision business under the 『IPTV Act』 to give birth to the paid broadcasting business
Ownership restriction	Clause 2 and 3 of Article 8. Clause 2 of Article 14	Integrate the regulation of ownership limit on general programming and news channel PP written in the 『IPTV Act』 into the 『Broadcasting Act』
Cross management regulation	Article 8-2	Streamline the regulation about combining market shares of pay broadcasters
Entry regulation	Clause 5 and 6 of Article 9	Apply the 『IPTV Act』 to non-real time PP, allowing this to enter the market when it reports about its business
Notification channel management	Clause 6 of Article 70	Limit the 'direct test channel' under the 『Broadcasting Act』 to 'notification channel', expanding the application to IPTV operators.
Transfer of channels	Clause 4 of Article 15	Allow transfers of channels for registered PP
Small and medium PP organization	Clause 10 of Article 70	Make it mandatory to organize small and medium PP chosen by the Minister of Science, ICT and Future Planning through the consultation with the Commission
Fair competition promotion	Article 69-3	Have the Minister and the Commission prepare measures of the analysis and evaluation of market status and education, in the time of accounting separation by paid broadcasting type and provision and sales of broadcasting and communications combined services
Prohibited acts	Article 85-2	Unify banned acts under the 『Broadcasting Act』 and the 『IPTV Act』
Equal provision of facilities	Article 78-3	Expand the scope of equal provision of facility obligation under the 『IPTV Act』 to paid broadcasting operators
Make-up of permission and approval system	Paragraph 2 and 7(added) of Clause 1 of Article 10	Prepare a base for the permission and approval of broadcasting business applicants at 『Broadcasting Act』 and for review criteria at the 『IPTV Act』
Broadcasting advertising of new types	Paragraph 8 of Clause 2 of Article 73	Prepare grounds for adopting new types of advertisement
Broadcasting evaluation	-	Make IPTV operators subject to broadcasting evaluation under the 『Broadcasting Act』

Note) Based on current provisions of the 『Broadcasting Act』, Non-real time general PP: VOD and data PP.

g. Guarantee Viewers' Rights to Reliable Viewing

Terrestrial broadcasting channels that people commonly tune into and real-time relay broadcasting of events that draw national attention are examples of universal broadcasting service. As such, the service should be in stable supply. Yet, recent disputes between terrestrial and paid broadcasters led to a halt of retransmission, violating the rights of viewers. The Commission made a revision proposal that allows it to order operators in the market to sustain broadcasting and/or resume stopped broadcasting, a measure designed to prevent damage of viewers. The bill passed the National Assembly in November 2015 and was announced in December 2015.

Table III-61 Cases of interruption of broadcasting between terrestrial and paid broadcasting

Period	Interruption case	Number of damaged viewers
April 14 to 20, 2011 (6 days)	MBC and satellite broadcasting to Seoul's greater metropolitan area	480 thousand (HD subscriber)
April 27 to June 14, 2011 (49 days)	SBS HD and satellite broadcasting to Seoul's greater metropolitan area	480 thousand (HD subscriber)
November 28 to December 5, 2011 (8 days)	Cable and terrestrial HD	7.7 million
January 16 to 17, 2012 (28 hours)	Cable and KBS 2TV	11.7 million (analogue/digital)

According to the new law, the Commission may order broadcasters and others to keep up and/or resume the supply or the sending of broadcasting programs or channels for the period of less than 30 days (renewable for just once), in the case that operators and viewers receive a notification that real-time broadcasting of national events or supplying and sending of channels of terrestrial broadcasters will be, or is halted. Operators that do not follow Commission's order shall find their permission, approval or registration to be cancelled, as written in the 'Broadcasting Act', or see their operation, be it part or whole, suspended for less than six months.

Table III-62 Article 9-17 of 「Broadcasting Act」 (added)

Article 91-7 (Sustain and resumption order of broadcasting) When any of the followings notably undermines, or reduce the interests of viewers, the Commission may order broadcasting operators, CATV relay broadcasting operators, or Internet multimedia broadcasting operators to sustain or resume the provision or transmission of broadcasting programs and channels for the period less than 30 days set by the Commission: Provided that, the Commission finds it necessary to sustain or resume after the duration comes to an end, it may extend the time for within 30 days for one more round.

1. When those operators or viewers are told that the provision or transmission of a real-time broadcasting program of national events that appear in Article 76(2) of this Act is, or is scheduled to be interrupted.
2. When the provision or transmission of a terrestrial broadcasting channel other than a real-time retransmission channel is, or scheduled to be interrupted.

The suspension and resumption order under the 「Broadcasting Act」 shall go into effect, starting from June 2016. The Commission will put in more endeavors for the revised 「Broadcasting Act」 to take root as an institution that protects people's right for viewing. For instance, detailed steps will be laid out on punishing operators that fail to follow its orders, through modifying the 「Enforcement Decree of the Broadcasting Act」.

2. Establishing Fair Competition Order in the Broadcasting Market and User Protection

a. Establishing Fair Competition Order in the Communications Market

1) Private-led introduction of 'Prior Approval of Dealership of Wired Communications Service'

The four wired communications companies, KT, LG U+, SK Broadband and SKT, introduced and implemented 'Prior Approval of Dealership of Wired Communications Service' in August 2015, to restore the order in the wired market and protect the rights and interests of users.

Prior Approval is a system that mandates dealerships to obtain permission of com-

munications sales from operators in advance. Mobile carriers have put in place the same scheme for their dealerships since October 2014, in accordance with Article 8 of the 「Mobile Device Distribution Improvement Act」 .

Currently, wired communications dealerships are engaged with complex business activities, including about online sites and telemarketing, call sales and individual dealers. Adding to that, it is hard to get a clear understanding of their business and, even, the number of those agencies, mainly because of their opaque distribution structure. This murky landscape gave birth to unlawful or expedient practices, including illegally excessive subsidy and giveaways, and damages to users, such as leakage of private information and restriction on service cancellation.

Responding to this, the four firms voluntarily adopted the prior approval system to the wired communications market, in an effort to establish an order in the distribution market. To this end, the operators tried to manage and control problematic dealers that afflict users and bring disorder to the market, by preventing the market from overheating and creating a fair competition environment.

‘Prior Approval of Dealership of Wired Communications Service’ will be run by Korea Association for ICT Promotion (KAIT), an independent institute consigned by the four companies. Application to the system can be made on its webpage (www.ictmarket.or.kr) with required documents, including business registration certificate. Document review will be followed by on-site assessment through which the body will check whether an applicant meets minimum requirements agreed upon with the four. For example, it will examine if the applicant has a physical shop, or posts a false advertisement. Satisfaction of the criteria will lead to approval issuance. Approval document shall be put on the wall of a shop, and the copy of its image shall appear on every web page.

In addition, a market monitoring system and an integrated reporting center will check practices of those dealers. The Commission will give a warning notice to sales

posts if caught with illegal and expedient acts, or withdraw their approval. These measures are expected to enable it to manage the market all year round, helping a sound distribution order establish itself there.

Figure III-39 Promotional leaflet on the prior approval system of wired communications

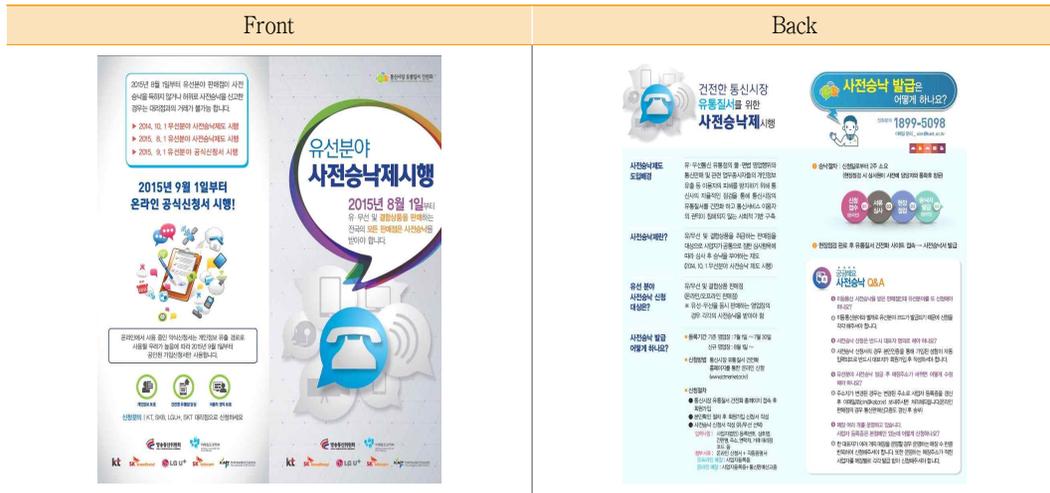


Table III-63 Distribution status of promotional leaflet (Unit: Copy)

Classification	KAIT	KT	SKB	LG U+	SKT	Total
Number of copies given to distributors and dealerships subject to prior approval	8,000	15,000	5,000	13,000	28,700	69,700

Note) As of June 2015

2) Enacting key elements of ‘Multi-level Mobile Phone Marketing Guidelines’

The Commission laid out key elements of ‘multi-level mobile phone marketing guidelines’ by which mobile carriers, multi-level distributors and sales persons shall abide, when performing mobile phone marketing.

The guidance is designed to bolster the management and supervisory responsibility of mobile carriers by way of clarifying detailed standards of practices occurring at different levels. Given the complex ways of doing business which was often proved to

be prone to irregularities of sales staff, the measure is anticipated to prevent damages of users by enhancing the transparency in the mobile phone distribution market.

The guidance provides points that each different level player has to comply with when sales performing multi-level marketing. Examples are prior approvals on multi-level sales persons, restriction on excessive subsidies, prohibition of individual contract and false advertisement.

Table III-64 Key elements of 'multi-level mobile phone marketing guidelines'

Classification	Main points
Prior approval of dealership	Ensure that sales persons working at multi-level agencies which fall under the dealership category acquire prior approval. ※ Disallow multi-level dealers to designate a person without the approval as their sales representative.
Restriction on excessive subsidy	Guide multi-level sales representatives not to pay a new subscriber additional subsidies exceeding 15% of the legally allowed device subsidy, via sales incentives and benefits for sales representatives, as these sources constitute the extra subsidy permitted by law.
No restriction on user's rights	Inhibits such acts of mobile carriers and multi-level agencies forcing use of specific devices or rate plans to users, limiting users rights to freely choose to subscribe, select options, or cancel subscription.
Ban on false advertisement	Prevent multi-level distributors and agencies from putting limits on user's rational choice by offering false advertisement or delivering other information that could mislead customers.
Personal information protection	<ul style="list-style-type: none"> • Collect personal information necessary for mobile service subscription at minimum levels. • Prohibit filling out mobile service contracts and forms or signing into them, in lieu of a related subscriber, without due reason. • Dispose of the information when application for subscription is completed, and ban it from being used for other reasons than agreed upon or transferred to a third party.

Absence of specific instructions on marketing styles of multi-level sales agencies have made the market chaotic so far. Against this backdrop, the new guideline is expected to defend the rights and interests of mobile communications users and to invite a sound and fair market order.

b. Inspecting Violation of Users' Interests

1) Investigation on violation of the 「Mobile Device Distribution Improvement Act」, including excessive subsidies on mobile devices

Recognizing that mobile carriers have allocated excessive subsidies for key mobile devices to some distributors, the Commission embarked on an intensive field observation on mobile distributors that fall into the case.

Excessive payment of subsidies by mobile operators is highly likely to overheat the market, causing disorder and segregating users, as it induces distributors to request discriminatory subsidies in an unjust manner to them.

The on-site investigation unveiled that SK Telecom paid undue subsidies on key mobile devices to distributors. Out of the 38 sales channels that went through the examination, 31 were caught for paying greater subsidies than was announced, exceeding by KRW 228 thousand on average, through cash payback and others.

Accordingly, the Commission held a general meeting in March 2015 to resolve corrective measures, imposing suspension of new subscription and fines (KRW 23.5 billion) to SK Telecom. The Commission imposed fines ranging from KRW 1.5 million to 5 million on 36 distributors for illegal behaviors, such as giving out cash payback. The duration of suspension of accepting new subscriptions set by the Commission was seven days, starting from October 1, 2015, which was a correction measure against the violation of the 「Mobile Device Distribution Improvement Act」.

2) Investigation on violation of prior compensation for used phones

The Commission requested the three mobile carriers to remedy their problems several times in which they offered benefits only to subscribers with high rate plans without

clarifying requirements for handing over used device within 18 months for those who elect prior compensation for used phones. The Commission surveyed their marketing activities from October 1, 2014 to January 15, 2015.

The inspection revealed that the three mobile carriers made the compensation scheme available only for those who pay more than KRW 800 thousand as an accumulated base charge or those who choose rate plans of LTE62 or higher, on the condition that users agreed to sustain a mandatory 18-month subscription. When those in the program failed to meet the requirements, they had to pay all the benefit back in the form of the penalty on the agreement to the operators at a given date. This practice was problematic as it limited users' free choice.

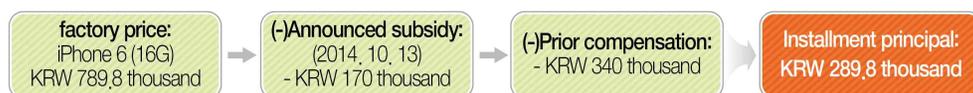
The businesses did not notify users about the return process they have to follow in 18 months (if they do not observe it, the mobile carriers will not accept their devices and impose penalty). Particularly, the procedure was complex, and the grade-deciding standards for the returned devices were not clear, which could cause conflicts among users and companies.

The Commission held a general meeting in March 2015 to come up with user protection measures, ordering correction and delinquent fines of KRW 3.4 billion. For example, it enabled those who applied to the compensation program to select a plan they want and understand the return policy clearly (reliable guidance about conditions and penalties).

What is 'Prior Compensation for Used Phones'?

- A program where mobile operators offer their subscribers device price reduction in consideration of the value of the device they will return in 18 months.
- Thanks to the prior compensation scheme, users may see their new device price go down by KRW 340 to 380 thousand. This additional price-lowering plan, other than the official subsidies, ease the burden of initial payment for device purchase.

< Example of the program flow >



※ - : Minus

※ Users make monthly payments of installment and interest for 18 months, before returning their device.

- The three mobile carriers forced those who want to select the program to use certain plans for 18 months and longer, including the LTE62 plan of SKT (or more than KRW 800 thousand of accumulated amounts of minimum fare in their bills). The operators made it impossible for those users to return their gadget and imposed on them penalties that total the amount of reduced prices, when they changed plans or terminated the service.

3) Measures taken to correct violations of the 『Mobile Device Distribution Improvement Act』 by distributors

After receiving reports that distributors and dealers violated the 『Mobile Device Distribution Improvement Act』 from various sources, including e-People, the Commission went out to look into related cases.

The on-site examination confirmed that those reports were true and actual, as those distributors paid an additional 15% of the official subsidies, or waged marketing activities without posting their prior approval issued by the operators.

In addition to fines, the Commission gave orders to stop illegal behaviors and announce the fact that they were caught with such acts.

Table III-65 Violation of the 『Mobile Device Distribution Improvement Act』 by distributors and measures taken

Period	Target	Findings (Illegal acts)	Measures taken
October 1, 2014 to February 17, 2015	43 distributors and dealerships whose unlawful behaviors, or such evidence were reported to ePeople and other channels	<ul style="list-style-type: none"> • 26 distributors paid extra subsidies that exceeds 115% of legal subsidy (general 100% of mobile carriers + special 15%) • Two dealerships carried out the business of selling mobile devices without putting out the prior approval from mobile carriers • Two sales did not submit the accounting books and documents related to subsidy and rejected or impeded on-site investigation, including taking away thumb drives from investigators, or turning off computers. 	<ul style="list-style-type: none"> • Correction order • Penalty (KRW 1 to 7.5 million, respectively)
February 24, 2015 to May 29, 2015	50 dealerships that were reported to be in violation of 『Mobile Device Distribution Improvement Act』	<ul style="list-style-type: none"> • Explained, displayed, or advertised rate discounts attached with service contract as subsidies, when attracting new subscribers 	<ul style="list-style-type: none"> • Correction order • Penalty (KRW 1 million, respectively)
		<ul style="list-style-type: none"> • Explained, displayed, or advertised rate discounts attached with service contract as subsidies, when attracting new subscribers • Sold mobile devices without putting out prior approval from mobile carriers 	<ul style="list-style-type: none"> • Correction order • Penalty (KRW 2 million, respectively)
		<ul style="list-style-type: none"> • Paid extra subsidies that exceed 15% of the legally announced subsidy 	<ul style="list-style-type: none"> • Correction order • Penalty (KRW 1.5 million, respectively)
		<ul style="list-style-type: none"> • Paid extra subsidies that exceed 15% of the legally announced subsidy • Sold mobile devices without putting out prior approval from mobile carriers 	<ul style="list-style-type: none"> • Correction order • Penalty (KRW 2.5 million, respectively)
		<ul style="list-style-type: none"> • Sold mobile devices without putting out prior approval from mobile carriers 	<ul style="list-style-type: none"> • Correction order • Penalty (KRW 0.5 million and 1 million, respectively)

4) Investigation on misleading advertisement through telemarketing

From February 2015, the Commission carried out investigations on 50 dealerships that showed up on reports and civil complaints, to check if they afflict damages to users by misguiding discounted amounts of rates as subsidies. This misguidance is

very likely to give an incorrect information about the prices of their devices and is a violation to the 「Mobile Device Distribution Improvement Act」 .

The inspection identified illegalities: Telemarketers explaining, displaying, or advertising discounted rates of plans as part of device subsidies; subsidies exceeding legally permitted amounts; violation of the prior approval system. The Commission hosted a general meeting in July 2015 to finalize the imposition of fines between KRW 500,000 and KRW 2.5 million to 21 law-breaking dealerships.

5) Investigation on illegal telemarketing for MVNO devices

In May 2014, People’s Solidarity for Participatory Democracy notified the Commission of SK Telink’s activities of breaching the interests of users. The civic organization argued that the MVNO operator used a name similar to SK Telecom in attracting new subscribers. In response, the Commission undertook an examination on distributive points of the two firms, including retail stores and telemarketing contractors from November 2014 to May 2015.

Findings showed that SK Telink’s telemarketers misguided consumers in a way that made them think they were dealing with SK Telecom. For instance, telemarketers simply introduced themselves as ‘SK MVNO 7 Mobile’, ‘SK’, ‘SK Special Support Team’, or ‘SK Telecom MVNO Department,’ rather than specifying SK Telink. They also promoted their marketing activities by touting ‘Mobile devices, free of charge’, or ‘100% government-funded devices’, which turned out to be wrong as they charged device prices in the bill.

The Commission convened a general meeting to determine corrective measures¹⁹⁾ and imposed a penalty of KRW 480 million on SK Telink for giving dubious in-

19) Corrections are: Telemarketers shall elucidate their company name so that consumers are not confused with SK Telecom; notify critical information, including facts about rate discount and device prices; secure voice-recorded evidence (that includes initial talks of recommendation) that a new subscriber gives consent to his or her contract and keep it until the contract comes to an end; make sure to deliver a copy of the contract after it was made.

formation to consumers or failing to deliver critical information to them.

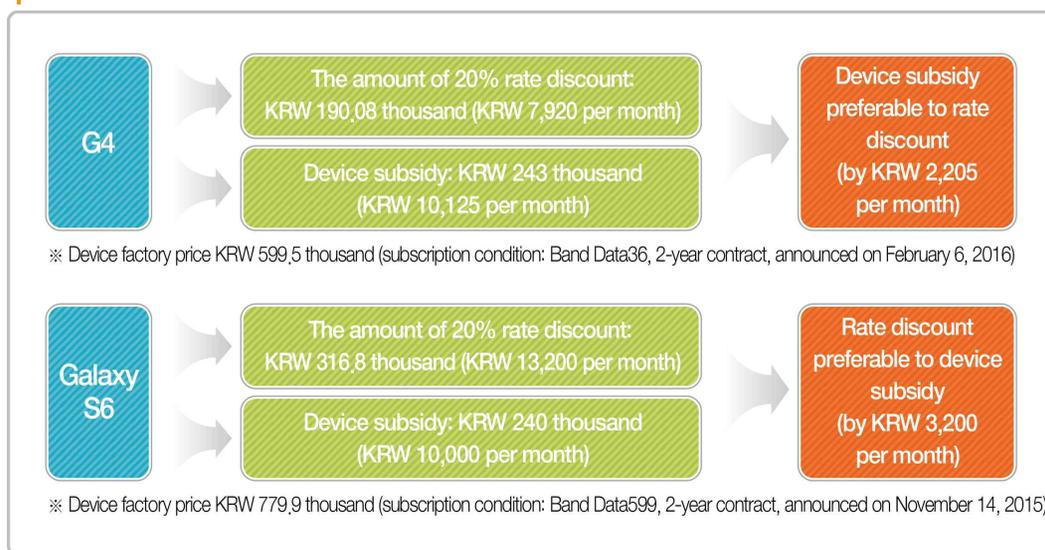
6) Investigation on rejection and avoidance to the 20% discount plan

Article 6 of the 「Mobile Device Distribution Improvement Act」 stipulates that a mobile carrier shall eliminate user segregation in attracting new subscribers and support user's rational choice. For that to happen, mobile operators have to discount rates of users who have not opted for device subsidy, so that they get indiscriminative benefits. Currently, the discount rate is 20%, thus named as the '20% discount plan'.²⁰⁾

Thanks to the provision of the law, users may elect either the 20% discount plan or the mobile device subsidization system.

Figure III-40

Examples of subscription criteria to the 20% discount plan or mobile device subsidization system



Note) As of March 6, 2016

20) Pursuant to the 「Mobile Device Distribution Improvement Act」, its enforcement decree and a Ministerial guideline of Science, ICT and Future Planning ('Rate discount equivalent to device subsidy'), the rate discount plan commenced at the rate of 12% from October 1, 2014. The discount rate has been increased to 20% since April 24, 2015.

Meanwhile, the Commission found that LG U+ rejected consumers' selection of the 20% discount plan, or provided distributors with incentives to refuse or avoid the discount plan subscription. For the period of October 1, 2014 to June 30, 2015, the number of civil complaints filed with the company's customer center in relation to the 20% discount plan was 266,285. Among them, 15,469 were cases about distributors' refusal to, improper information of, or avoidance of the discount plan.

In addition, the mobile carrier allocated incentives of zero to KRW 50,000 for the 20% discount plan, which is much less than KRW 100,000 to KRW 210,000 for device subsidization. This discriminative promotion made distributors in the market turn down, or dodge the selection of reducing monthly bills. Furthermore, the operator discouraged distributors from accepting the discount plan, by not paying ordinary subsidies (KRW 55,000 to 88,000), or paying it in half (still paying new subscription incentive of KRW 22,000), when they failed to convince those who want the 20% discount plan to use expensive LTE plans (starting from KRW 34,000, whereas non-LTE plans start from KRW 10,900) for at least 1 year.

The Commission opened a general meeting in September 2015 to impose on LG U+ a correction measure for illegal acts and a total fine of KRW 2.12 billion.

7) Investigation on illegal acts of multi-level marketing

The Commission held a general meeting in September 2015 to decide on corrective measures and penalty of KRW 2.372 billion for LG U+ for its violations of the 「Telecommunications Business Act」 and the 「Mobile Device Distribution Improvement Act」. The operator encouraged segregation of users, while waging diversified tactics for multi-level distributors. The specific violations are: requesting bill handling fees of three times larger for pyramid marketers than for normal distributors; signing separate contracts linked with subsidies designed to induce discriminative plans to different users; and providing excessive incentives to pyramid distributors.

In addition, seven multi-level distributors which made an individual contract in connection with subsidies, or paid excessive subsidies in their marketing activity for LG U+ were imposed with fines of KRW 1 to 2.5 million, together with correction measures.

The steps taken against LG U+ were based on the investigation results carried out on LG U+ and its 12 distribution posts between October 1, 2014 and May 31, 2015.

During the period, LG U+ paid 3.17-times bigger fees, on average, to eight multi-level distributors (12.1 to 19.8%) than it does to ordinary ones (7.7%). Another four distributors of the kind offered new subscribers expedient subsidies financed by sales incentives and benefits for the sales staff. On top of that, LG U+ made a case-by-case agreement with some distributors by which it gave discriminately excessive expedient money. This customized contract was founded on “minus incentives” of the operator which put restrictions on user’s rights. For example, new subscribers to LG U+ through those distributors were forced not to terminate their service contract for a certain period, nor change mobile devices without paying their subsidy back or paying penalties.

Four mobile distributors related to LG U+ paid subsidies up to KRW 154,000, on top of the legally allowed support (official subsidy+additional 15% from the distributors). The total of 1,565 illegal cases spent an average of KRW 53,900 for expedient subsidies (in the form of sales incentives and benefits for sales staff). In addition, LG U+ paid a maximum of KRW 650,000 to its multi-level distributors (for devices G Pro 2 and G3, an average of KRW 344,000 to 538,000), inducing an unfair, discriminative subsidy scheme (in the form of sales incentives and benefits for sales staff).

To address problems that came to light by the examination, the Commission ordered LG U+ to stop doing irregularities: provision of fees significantly more favorable to multi-level mobile distributors than to normal ones under the perspective of the 「Telecommunications Business Act」 ; making a subsidy-linked individual contract with users defined in the 「Mobile Device Distribution Improvement Act」 ; paying an excessive

subsidy to a user; and nudging a multi-level mobile distributor to offer an unequal subsidy. The Commission also directed the mobile carrier to control multi-level mobile distributors and their workers in a stricter manner, including adhering to the prior approval system and to improve business management, such as quarterly reporting about the status of multi-level distribution.

8) Investigation on attracting new subscriptions in the US military base in Korea

The 2015 National Assembly's inspection into government offices pointed out illegal acts of LG U+, including providing subsidies to US soldiers in Korea whose subscription would last less than 24 months. In line with this, the Commission conducted an examination to make out facts from October 1, 2014 (the date when the 「Mobile Device Distribution Improvement Act」 went into effect) to September 30, 2015.

The analysis identified that LG U+ violated the 「Telecommunications Business Act」 and the 「Mobile Device Distribution Improvement Act」 to attract new subscriptions in the US army camps. The cases were: subscription under a corporate name instead of actual user's; subsidies different from what was announced; and signing an individual contract other than general terms and conditions.

In November 2015, the Commission held a general meeting and placed corrective actions and a penalty of KRW 186 million on LG U+ and a fine of KRW 3 million on the distributors involved.

c. Strengthening the Right to Choice and Conveniences for Consumers

1) Elevation of device subsidy ceiling and corresponding rate discount

In April 2015, the Commission and Ministry of Science, ICT and Future Planning elevated the ceiling of device subsidies and a corresponding rate discount for subscribers not eligible to the subsidy.

To mark the sixth month after the 「Mobile Device Distribution Improvement Act」 going effective, the action was designed to reduce the burden of telecommunication bills among households in an effective way, by offering a discounted device price to those who want to purchase a new device and allowing lowered monthly bills to those who opt for a rate discount.

The Commission resolved to increase the ceiling of device subsidies under the 「Mobile Device Distribution Improvement Act」 to KRW 330,000 in its general meeting in April. Earlier, the maximum was set at KRW 300,000 when the law was enacted in October 2014. Now, given the new limit and an additional 15% margin, mobile distributors can support up to KRW 379,500 to subscribers. The amount is 40.5% greater than KRW 270,000, the guideline before the law was put in place.

Behind the decision were the facts that consumers found devices still expensive, even with legal subsidies, and subsidies of mobile carriers did not reach their ceilings. Therefore, the policy was failing to fulfill its intent of reducing monthly bills and factory prices. The new limit was set in consideration of market situations and consumers' interests and benefits, particularly factoring in the projected average benefit per user, the number of mobile subscribers after the change of the stipulation, and alterations in announced subsidies.

Concerning a rate discount that corresponds to subsidies for subscribers not eligible to the money, which was adopted with the introduction of the 「Mobile Device Distribution Improvement Act」, the Ministry of Science, ICT and Future Planning dramatically escalated the slash rate from 12% to 20%. At an early stage of the policy, not many users chose the rate discount because a meager 12% of cut made users prefer the device plan to the bill plan. Also, mobile distributors did not explain the program actively (the number of users on the rate plan was 154 thousand as of March 2015).

The big elevation in the slash rate is expected to give greater benefits to consumers, because it would bring a bigger impact on device price cut.

Table III-66

Comparison between subsidization and discount plans

(Unit: KRW)

Rate plan	Under two year contract	20% discount rate (total of 24 months) (A)	Subsidy (of SKT, including an additional 15% for certain distributors)			
			Subsidy (April 7) (B)	A-B	Subsidy (February 1) (C)	A-C
100 Plan	76,000	364,800	230,000	+134,800	345,000	+19,800
75 Plan	56,250	270,000	172,500	+97,500	323,150	△53,150
69 Plan	51,500	247,200	158,700	+88,500	317,400	△70,200
55 Plan	40,750	195,600	126,500	+69,100	304,750	△109,150
45 Plan	33,750	162,000	103,500	+58,500	296,700	△134,700
35 Plan	27,800	133,440	80,500	+52,940	287,500	△154,060

Note) △: Reduction. Rates displayed above are VAT excluded. Blocks in light orange mean that the discount plan is preferable to the subsidy (calculation is based on Galaxy A5)

Case B (April 7): The discount plan is better as the subsidy amount is low.

Case C (February 1): High levels of subsidies make the subsidy plan better than the discount plan, except the rate plan of 100.

February 1 was the date when biggest levels of subsidy were handed out

Consumers may choose one out of the two that fits them better, after considering the price tags and the features of mobile devices of their interest. This would shape a new pattern of purchasing devices, as most people currently buying a locked phone at a distributor or a dealership could get an unlocked device at somewhere else. The new landscape is going to drive the competition of device performances and prices.

Table III-67

Changes in plan rates after discount rate hike

(Unit: KRW)

Plan (base rate)	Base rates under 2-year contract	Additional 12% discount (extra amount)	Additional 20% discount (extra amount)
35 Plan (35,000)	27,800	24,464(△3,336)	22,240(△5,560)
55 Plan (55,000)	40,750	35,860(△4,890)	32,600(△8,150)
75 Plan (75,000)	56,250	49,500(△6,750)	45,000(△11,250)
100 Plan (100,000)	76,000	66,880(△9,120)	60,800(△15,200)

Note) △: Reduction

2) Mandatory display of device subsidy comparison table and 20% rate discount

The Commission forces mobile carriers' distributors and dealerships to post in their

offices a total amount of rate discount a user can receive during his or her contract period. This is a tool that gives consumers an easy and quick access to the understanding of which one is better, either the device subsidy or the rate discount equivalent to 20% of the subscribing rate.²¹⁾

Before, the factory price, subsidy and net purchase price of a device were displayed on the posting, in accordance with the ‘Detailed guidelines of ways of announcing and posting subsidy.’ Yet, with the increase in the number of subscribers choosing the rate discount, additional elements were added onto the table for greater interests and benefits of consumers.

The subsidy table has been adopted gradually since early September 2015 and are now available nationwide. A glance to it would give a clear understanding of device subsidy and the 20% discount plan, ensuring a rational decision by consumers.

Table III-68 For display in stores (sample) : to be displayed side by side with the subsidy table (Unit: KRW)

Device	Pet name (nick name)	Factory price	-	Plans (and the equivalent)				
				29	35	49	59	...
Rate discount			Discounted amount for one month	6,000	7,200	9,400	11,800	...
			Discounted amount for 24 months(A)	144,000	172,800	225,600	283,200	...

21) 20% Rate Discount: According to Article 6 of 「Mobile Device Distribution Improvement Act」, mobile carriers have to offer subscribers rate discount, comparable to device subsidy, when they opt not to receive the price support. This program, designed to treat equally those who decide to select device subsidy and those who do not, currently provides a 20% rate reduction, thus being called as such.

Device	Pet name (nick name)	Factory price	-	Plans (and the equivalent)				
				29	35	49	59	...
iPhone6 _16G	iPhone6 (16G)	789,800	Basic subsidy (mobile carrier)	32,000	41,000	55,000	68,000	...
			Additional subsidy (distributor)	4,800	6,100	8,200	10,200	
			Total(B)	36,800	47,100	63,200	78,200	
			Sales price	753,000	742,700	726,600	711,600	
			Comparison of A and B	A > B	A > B	A > B	A > B	
SM-N9 20S_32 G	Galaxy Note5 (32G)	899,800	Basic subsidy (mobile carrier)	61,000	80,000	109,000	137,000	...
			Additional subsidy (distributor)	9,100	12,000	16,300	20,500	
			Total(B)	70,100	92,000	125,300	157,500	
			Sales price	829,700	807,800	774,500	742,300	
			Comparison of A and B	A > B	A > B	A > B	A > B	

3) Improvement on the description of 'FREE' label of mobile applications

The Commission changed the way In-App purchase²²⁾ was described in mobile application markets, because the method caused damages to users, especially minors and those who simply trusted the 'free' label appearing on application purchase pages.

Application market operators simply displayed the free label on pages of the search result or initial pages of application sites for applications containing In-App payment, if downloading is free of charge.

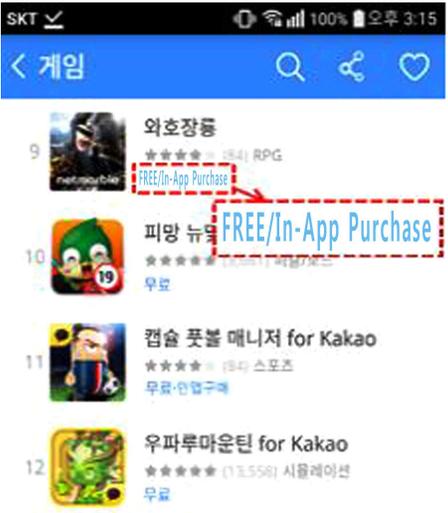
This misleading expression triggered young kids to download applications, not aware of the possibility of being charged afterwards, ending up with a conflict over huge bills between their parents and business operators. To solve this problem, the Commission steered a consultative body where mobile carriers, application market operators and related institutes closely participate in, to put forth an institutional improvement.

22) In-App payment app.: An application which allows users to download it for free but requires them to pay for game tools and items while playing.

In the domestic application market, the alteration of description allowed ‘FREE’ label only to completely free applications, whereas free downloading applications involving In-App payments have to be displayed with ‘FREE/In-App Purchase’. Korean and international application businesses, including Naver’s Appstore, Google’s PlayStore, SK Planet’s Tstore, LG U+ Store, LG SmartWorld, KT’s Olleh Market, Samsung’s Galaxy Apps, completed the adoption of the new regulation.

※ Apple’s AppStore changed the description policy to ‘Purchase within an app’ for an application that contains in-app payment in 2014.

Table III-69 Before and after the new mobile app description method

Before	After
 <p>Before: The screenshot shows a list of games. The first game, '외호장룡', has a 'FREE' label. The second game, '피망 뉴', also has a 'FREE' label. The third game, '캡슐 풋볼 매니저 for Kakao', has a '무료' label. The fourth game, '우파루마운틴 for Kakao', has a '무료' label.</p>	 <p>After: The screenshot shows the same list of games. The first game, '외호장룡', now has a 'FREE/In-App Purchase' label. The second game, '피망 뉴', also has a 'FREE/In-App Purchase' label. The third game, '캡슐 풋볼 매니저 for Kakao', has a '무료·인앱구매' label. The fourth game, '우파루마운틴 for Kakao', has a '무료' label.</p>

4) Announcement of the evaluation results of the status of user protection by communications operators

The Korea Communications Commission released the ‘Evaluation results of user protection by communications operators in 2015’ conducted to encourage communications operators’ to voluntarily make efforts to protect users. The evaluation has been conducted in the operators of mobile phones, broadband Internet, Internet phones, and

MVNO with consideration of the scale of subscribers and the number of complaints.

In the 2015 Evaluation, SK Broadband (SKB) received an extraordinary rating in the fields of broadband Internet and Internet phones. SKT obtained an outstanding rating in the areas of mobile phones and broadband Internet, KT earned an outstanding rating in broadband Internet and Internet phones, and LG U+ achieved an outstanding rating in Internet phones, respectively.

Table III-70 Status of user protection by communications operators

Classification	Extraordinary	Outstanding	Normal	Average	Poor
	more than 95	90 ~ 94	85 ~ 89	80 ~ 84	less than 80
Mobile phones	—	SKT	KT, LG U+	—	—
broadband Internet	SKB	KT, SKT	LG U+, C&M, HCN	CJ HelloVision, t-broad, CMB	—
Internet phones	SKB	LG U+, KT	—	—	—
MVNO	—	—	SK Telink	CJ HelloVision, Annex Telecom, KCT	S-1

Note) In the order of the number of subscribers within each column.

An assessment committee composed of outside experts from related academia, consumer advocates, etc. conducted an evaluation in paper and on-site focusing on 3 areas: management system of user protection, activities of user protection, and user satisfaction. The results showed that the management system and activities of user protection was generally good, while user satisfaction was insufficient.

Going into detail, each operator had their strengths in the management of distributors and customer centers. In particular, work manual for prevention of loss and relief, ARS service, and reference and analyzing systems for complaints were highly recognized. But user satisfaction in which consumers were directly surveyed turned out unsatisfactory.

Based on the results of the Evaluation, the Commission shared the best practices with other operators. It is also planning to give top service providers an incentive

where they can get a reduction of up to 30% in fine payments imposed if they violate user interests in 2016.

5) Broadcasting and communications service users' week for loss prevention

The Commission designated November 2 through 5 as 'the 6th Broadcasting and Communications Service Users' Week' and held various events. Through the events, it strived to expand a culture of using sound and convenient broadcasting and communications services and encourage nation-wide participation.

First, 'Users' sharing yard, a place for sharing' took place at 'pedestrian-friendly streets' nearby Hongik university. Communications business operators²³⁾ and related associations²⁴⁾ introduced the 'Mobile Device Distribution Improvement Act' which contains a 20% rate discount plan equivalent to the payment of subsidies. They also organized a variety of events including a campaign for personal information protection, promotion of safe mobile-payment apps, and demonstration of smart media, etc.

A contest was held under the theme of 'Classroom towards new technology and broadcasting and communications service' on November 2. The contest was expected to enhance the middle-aged and elderly subscribers' ability to use smart phones. 250 seniors from 12 regions including Jeonju and Busan attended the event.

Also, there was a session of 'utilization of broadcasting and communications services and loss prevention' for multi-cultural families as part of enhancing capabilities for those who experienced the information divide. 'Broadcasting and communications services quiz show and a Toktok, relay' was held through a user-exclusive homepage (www.wiseuser.go.kr). Gifts were distributed to leading scorers by lots.

Moreover, 'Conference on major issues and prospects of ICT markets at home and

23) KT, LG U+, SK Broadband (SKB), SKT

24) Korea Association for ICT Promotion (KAIT), Korea Mobile Internet Business Association (MOIBA), Korea Online Privacy Association (OPA)

abroad' was held. Speakers presented key topics including: main trends in ICT markets at home and abroad, network neutrality, virtual and augmented reality, prospects of communications markets in 2016 etc.

In addition, the host organized two seminars: 'loss prevention and protection of smart-phone users' to discuss user loss cases and prevention regarding mobile payment apps, and 'measures on protection of MVNO users' to raise MVNO operators' awareness of user protection.

Table III-71 Major programs of the 6th broadcasting and communications users' week

Sharing yard	Broadcasting and communications users contest
	
	
<p>Seminar on damage prevention and protection of smart-phone users</p>	<p>Declaration ceremony for user protection by MVNO operators</p>



Education on broadcasting and communications services and damage prevention for multi-cultural families



Conference on major issues and prospects of ICT markets at home and abroad



3. Establishing Fair Trade Environment for Broadcasting and Communications Combined Products

a. Correctional Measures on False Advertisement

- 1) Imposing sanctions on false advertisement of mobile service providers and major CATV business operators

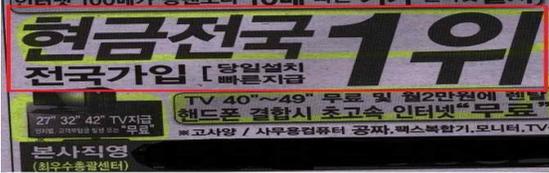
The Commission held its plenary session in May 2015. It found that some mobile service providers and major CATV business operators violated the 「Telecommunications Business Act」 by false advertising on the sale of broadcasting and communication combined products and resolved to impose fines of KRW 1.185 billion.

Due to excessive competition among operators, false advertisement like “free broadcasting” has been steadily brought up. Since January 2015, the Commission has conducted fact-finding inquiries on advertisement materials of on-line retail stores and distributors. The Commission cracked down on illegal practices based on evidence analysis.

According to the results of investigation, the Commission levied fines of KRW 350 million on SK Telecom, KT, and LG U+ and KRW 3.75 – 7.5 million on major CATV operators. It also issued a correction order for operators to devise on main content that must be included in advertisements of the combined products, and come up with a means to manage distribution network to prevent recurrence.

Table III-72 Major violation cases of false advertisement

Contents of advertisement	Contents of violation	Notes
	< Misleading ads > The TV isn't provided for free. The sum of rate discount, gift, etc is equivalent to the price of LED TV.	Rate discount and gift price should be specified separately.
	< Misleading ads > The advertisement looks to provide KRW 1 million in cash. But the amount including rate discount and gift is equivalent to KRW 1 million.	Rate discount and gift price should be specified separately.
	< Misleading ad > Internet service is not for free. Rate cuts from mobile phones offset the cost. Operators said Internet service is free.	Real discount rate for Internet service should be specified.
	< Misleading ads > Internet service is not for free. Rate cuts from mobile phones offset the cost. Operators said Internet service is free.	Real discount rate for Internet service should be specified.

Contents of advertisement	Contents of violation	Notes
	< Misleading ads > Internet service is not for free. Rate cuts from mobile phones offset the cost. Operators said Internet service as free.	Real discount rate for Internet service should be specified.
	< Misleading ads > The product sells at a monthly fee of KRW 9,000. Operators advertise that all products including gifts are free.	Real service fee should be stated.
	< Ads not verifiable > The advertisement says to give the highest cash rebate but cannot be verified.	The amount of gift (cash) should be stated in detail.
	< Omission of key information > The advertisement only mentions benefits for users. It doesn't disclose key elements of agreement.	It should state a collateral condition-like 62 rate plans, more than 2 lines, and 3 years' contract.

2) Imposing sanctions on 9 broadcasting and communications operators for false and misleading advertisements

The Commission had its plenary session in December 2015. It decided that 9 broadcasting and communications operators breached the 「Telecommunications Business Act」 and other statutes by running false and misleading advertisements on combined products, and resolved to impose fines of up to KRW 2.02 billion along with a correctional order.

The fines were as follows: SK Telecom, KT, and LG U+ KRW 560 million each, SK Broadband (SKB) KRW 280 million, CJ HelloVision and t-broad KRW 18 million each, C&M KRW 12 million, Hyundai HCN and CMB KRW 6 million respectively.

Despite the Commission's disciplinary actions against the false and misleading ad-

vertisements in May 2015, the National Assembly and other agencies found that illegal practices had not been completely eradicated. Follow-up investigations were carried out focusing on service provider's on-line site, community life magazines, and flyers to crack down on violations.

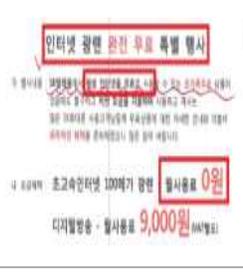
The investigation showed that the ratio of violation had declined compared to the period of January through March 2015. But it also revealed that the false advertisements were still rampant, limiting consumers' rational decision making.

Looking into the cases by types of violation, false advertisements claimed to offer most expensive gift certificates, free Internet subscription if combined with mobile phones, and payment of subsidies in full for termination. They were different from the facts or had no objective grounds. Exaggeration fell into the category of false advertisement. They claimed rate cuts from KRW 1 million to KRW 1.6 million, giving out a cash certificate worth of KRW 400,000, and additional benefit of KRW 1.02 million by combining 3 lines of mobile phones. Though these advertisements were based on facts or objective grounds, they were identified as exaggerating. Another category was deceptive advertisement. A business operator didn't state the detailed conditions for free gifts for purchasing Samsung 32/50-inch LED TV. It was confirmed that the operator concealed, omitted, or reduced the whole or some of major contents that might significantly affect consumers' decision.

The Commission will minimize the loss to users due to false advertisements of the combined products. To create an environment for fair competition among business operators, it will strengthen monitoring of false advertisements and strictly penalize any violations.

Table III-73 Types and major violations of false or deceptive advertisement

Types of violation	Photos of advertisement	Contents of advertisement	Contents of violation
--------------------	-------------------------	---------------------------	-----------------------

Types of violation		Photos of advertisement	Contents of advertisement	Contents of violation
False Advertisement	Advertisements using absolute and exclusive expressions like "largest, best, or maximum" which are unverifiable		<ul style="list-style-type: none"> Giving out the largest gift certificates Maximum rate cut 	Using an expression like "maximum" that is unverifiable
	Certain part of product contents is advertised as "complimentary," "free," or "KRW 0"		<ul style="list-style-type: none"> Paying largest cashback in the nation 	Using an expression like "top in the nation" that is unverifiable
	Advertisement different from the truth		<ul style="list-style-type: none"> Special offer of free optical LAN Internet service Free Internet for lifetime Using high-speed Internet (100M) at no monthly charge at all 	The total discounted amount of combined products was concentrated on a specific product to be advertised as "complimentary," "free," or "KRW 0"
	Advertisement different from the truth		<ul style="list-style-type: none"> Combine mobile phones and enjoy free Internet Free Internet 	The total discounted amount of combined products was concentrated on a specific product to be advertise as "complimentary," "free," or "KRW 0"
Exaggerated advertisement	Advertisement different from the truth		<ul style="list-style-type: none"> Compensation for termination fee in full 	No clear statement about the compensation limit for termination fee. In truth, the compensation is up to KRW 400,000.
	Advertising the total discount only without stating detailed conditions		<ul style="list-style-type: none"> Rate cut ranging from KRW 1 million to 1.6 million 	Advertising the total discount only without stating detailed conditions like period, quantity, and discount for combined product

Types of violation	Photos of advertisement	Contents of advertisement	Contents of violation
		<ul style="list-style-type: none"> Internet+telephone+prime TV+free LTE ansim option at monthly fee of KRW 15,900 	<p>Advertising the total discount only without stating detailed conditions like period, quantity, and discount for combined product</p>
<p>Advertising maximum possible amount of money, instead of actual allowance</p>	 	<ul style="list-style-type: none"> Giving cash and gift certificates worth of KRW 400,000 Subscribe to Internet service and get KRW 450,000 	<p>Advertising the maximum possible amount of gift money without explaining the product</p> <p>Advertising the maximum possible amount of money without explaining the product</p>
<p>Include rate cut into gifts, and advertise it as gift benefits</p>	 	<ul style="list-style-type: none"> For the combination of 3 mobile phones, providing additional KRW 1.02 million Maximum KRW 1.78 million including gifts Internet + phone + TV KRW 810,000 Internet + TV KRW 690,000 Internet + telephone KRW 500,000 Internet KRW 470,000 	<p>Include rate cut into gifts, and advertise it as gift benefits</p> <p>Include rate cut into gifts, and advertise it as gift benefits</p>
<p>Deceptive advertisement</p> <p>Providing benefits such as rate cuts and gifts without stating key terms on product</p>	 	<ul style="list-style-type: none"> Internet + wire phone + smart IPTV + WiFi at KRW 15,000 per month Samsung 32/50 inch LED TV SKY 40 inch LED TV LG 42/29 inch LED TV HP notebook Samsung/Jooyon tablet PC Samsung desktop 	<p>Advertising discounted charge only, without explaining terms of rate discount-product name, agreement, associated cards, combined products etc.</p> <p>For giving out gifts, terms of payment such as product name, customer charge, etc. should be detailed, but without explanation, it is advertising as if anyone can get the benefits.</p>

b. Policy Improvement for Broadcasting and Communications Combined Products

1) Official announcement of 'Policy Improvement for Broadcasting and Communications Combined Products (proposal)'

The Commission and the MSIP confirmed and announced 'Policy for Broadcasting and Communications Combined Products' in August 2015.

The new policy took into consideration the fact that thanks to technology convergence and rate discount, combined products have recorded a huge increase in the number of subscribers, but at the same time caused several problems: the complexity of termination fee calculation, contract period, and termination procedure compared to single products; difficulty in accessing information leading to consumers' complaints; false advertisements of giving out certain products; and growing unfair competition among operators. Against this backdrop, the new policy had been devised to promote combined products, while minimizing their adverse effects.

In particular, the tasks for improvement incorporated in the new policy had been explored based on: diverse opinions collected through task force for combined products which consisted of experts from the industry, academia, and research institutions; the results of consumer awareness investigation conducted by consumer advocates; and the cases of complaints against the combined products provided by Korea Consumer Agency. The key improvements were as follows:

To ensure users' benefits, new terms and conditions with regard to combined products were prepared. This would provide users with more information on discount rates for each individual product, while accurate information on rates depending on the period, number of devices, discount for combined products, etc. must be stated in contracts and bill statements. Failure to follow the new policy constitutes violation. With these measures, the Commission expected to strengthen provision of information. Revision of calculation system for termination fee eased burden on users. Subscription

and cancellation became easier with the improvement of agreement terms and compulsory notification of procedure.

To prevent free-gift marketing, one of the biggest issues in fair competition, the new policy improved the terms and conditions. For example, it was banned to state a certain product as free and to discount and claim total rate cut in a lump. When a certain product is excessively discounted while maintaining the total deduction benefit, it will constitute one of the prohibited acts and be subject to strict punishment. Also, the new policy gave combined products including mobile phones the same opportunity in the market. For this, it segmented and specified the types of prohibited acts for product bundling by declining an offer, offering discriminative rewards and conditions, and interrupting or restricting an offer. It set out conditions for the promotion of combined products markets.

Following the announcement of the new policy, the Commission and the MSIP immediately implemented follow-up measures: improvement of users' agreement, enactment and revision of notice and guidelines, and other major tasks. At the same time, it stepped up market monitoring for false advertisements of the combined products.

| Table III-74 Key regulations improvement tasks of 'policy improvement of broadcasting and communications combined products (proposal)'

Types	Key elements
Promotion of users' benefit	<ul style="list-style-type: none"> • (Improve terms and conditions) Making additional terms for the combined products which were mixed up with individual service terms, and clearly stating the combined ones that stopped taking subscriptions and were sold temporarily. • (Enhance information provision) To step up provision of information, following items are deemed as false advertisement. Any actions which failed to separately state detailed explanation of discount on each product in the terms and conditions and bill statements, explain these terms when signing a contract, describe the terms in contracts, and/or deliver contracts. • (Devise guidelines on false advertisement) Reflecting revision plan of notification, investigation and disciplinary cases, for combined sales, guidelines for false advertisements should be devised. • (Correct termination penalty) Excessive refund for exempted installation fee should be reduced to a proper level. Current system—the longer subscription period is, the more refund for agreement and combined discount—should be changed. It will incorporate users' contribution and reduce the charge. • (Simplify termination process) At an initial subscription, checking a dual membership and providing a text-message for a cancellation. Streamlining cancellation procedure and stipulating whole or partial termination of the combined product upon the users' agreement. Failure of pre-notification at a time of signing contract should be added into the prohibited actions. • (Improve contract term) Unification of term period for both single and combined products. For users' awareness of the expiration date, it is mandatory to make notice on remaining contract period. Specifying the fact—during an automatic extended term, cancellation is possible without termination fee—in billing statements. • (Devise guidelines on gift) Extending the current standards for gifts to QPS including mobile phones. Preparing a mid- and long-term guidelines for gifts in consideration of the market situation and users' benefits.
Promotion of fair competition	<ul style="list-style-type: none"> • (Devise policy on combined sales) Establishment of new comprehensive plan for fair competition and users protection regarding the broadcasting and communications combined sales. • (Assess competition in the combined market) The Commission and the MSIP will conduct joint evaluation on the competition status of the broadcasting and communications combined markets. • (Prevent excessive difference in rate discount) Prohibition of describing certain products as free in terms and conditions. Excessive and discriminative rate discount—utilizing other products improperly and/or without grounds— will be included in prohibited actions and strictly penalized. This measure will prevent excessive gap in rate discount. • (Improve charge system for paid broadcasting) Listing all charges for service by product contents in terms and conditions. The maximum fees or flat-rate fee must be stated. Preparing mid- and long-term guidelines for an extensive improvement of a paid broadcasting including rate regulation. • (Improve accounting system) Through revised guidelines for the broadcasting service providers' accounting estimate and report, it becomes compulsory to submit related information on the combined sales. Arranging legal grounds for accounting separation and verification for paid broadcasting business operators in the 「Broadcasting Act」 • (Promote equivalent combined sales) Banning approved telecommunications service providers' infringement on combined sales of other broadcasting communications service providers.

2) Preparation of notice on policy improvement for 'Types of prohibited actions for combined sales and examinations guidelines'

The Commission put forth a notice on improvement plan for 'Types of prohibited actions for combined sales and examinations' guidelines' in September as a follow-up measure of policy improvement for the broadcasting communications combined products (proposal) announced in August 2015.

The major details are as follows: First, it is prohibited not to list detailed explanation about discount on each product in agreements, bill statements, and advertisements. Users obtain clearer and detailed information on combined products' rate.

Second, it is prohibited not to provide information on partial termination of the combined products and remaining terms. Users would be able to freely decide the subscription and cancellation of the combined products with more accurate information.

Third, without reasonable grounds, excessive and discriminative rate discount among the products is banned. This is expected to help prevent free marketing that makes specific products free and/or cheap.

Fourth, prohibited actions of product bundling were segmented and specified: refusal to offer, offering with discriminative rewards and conditions, and interrupting or limiting offer. As a result, the combined products including mobile phones could be fairly provided.

With the Commission's revision of the notice on the combined sales, consumers will be able to make a reasonable choice with more accurate information on the combined products. While the unfair practices that have made certain products free and cheap will be corrected, markets for the combined products are expected to be promoted.

3) Preparation of 'Guidelines for false advertisements of broadcasting and communications combined products'

The Commission came up with 'Guidelines for false advertisements of broadcasting and communications combined products' in October 2015. This was to provide consumers with a standard of judgment for false or misleading advertisements of combined products. The guideline also aims to prevent users' losses and raise predictability. This is a follow-up measure of the 'Policy improvement for the broadcasting communications combined products (proposal)' released in August 2015. The guideline classified practices that might fall on false or misleading advertisements by types. It also presented specific examples and standards.

In particular, it specified key examples by advertisement types. They are: false advertisement-advertising certain products as 'free of charge,' using unverifiable superlative expressions like 'largest,' and/or 'best'; 'exaggerated advertisement'-publicizing the total discount for combined products without stating detailed explanations of the period, quantity, and the discounted amount ; including rate cuts into gifts and promoting them as part of gift benefits; and 'deceptive advertisement'-promising benefits such as rate cuts, gifts, etc. without stating key terms of the product.

It also required service providers to arrange voluntary standards incorporating some major examples in the guideline, and check distributors and/or retail stores' promotion materials in advance.

As the broadcasting and communications combined products have rapidly increased recently, excessive competition among business operators have raised false advertisement issues. Amidst such circumstances, the guideline is expected to help prevent users' losses caused by false advertisement and establish a fair trade order among service providers.

4) Improvement plan of the broadcasting and communications combined products to ease the termination fee burden and streamline cancellation

The Commission and the MSIP jointly announced a policy improvement plan on the broadcasting and communications combined products as a follow-up measure of policy improvement for the broadcasting communications combined products (proposal) in December 2015. Its main goals were to lessen termination fee and streamline the cancellation process. Key intents are as follows:

First, termination fee will be largely reduced. The existing system – the longer the subscription period is, the higher termination fee (refund for discount) becomes – added to consumers' financial burden. Since 2016, however, the termination fee calculation will be changed to reflect users' contribution during the subscription periods, and the fee's growing rate will be decreased. After reaching a certain period – i.e. 2 years in 3 years' term – the fee will be reduced. Thanks to such improvements, the cancellation fee of combined products right before the termination of 3 years' agreement will be lowered by 63.8% compared to the existing system and by 22.1% on average. (These figures are based on average TPS, combined product of Internet, wire telephone, and IPTV.) Also, the lease charge for using a broadband Internet modem will be lowered by a maximum of 67% depending on the acquisition cost.

Second, the minimum requirement for subscribing to a combined product will no longer be limited to 3 years' term. With a release of 1–2 years' term-products, the scope of consumers' choice will be expanded and it will be easy for users to change their service providers. At present, the agreement term for combined and wired products is mainly 3 years, and 2 years for mobile phone. So far, users had no other choice but to renew contracts for an individual product–mobile phone– in order to maintain the same benefits. That has virtually forced users to retain contract periods of 3 years or longer. Such extended periods have made it difficult for consumers to change their service providers and have caused adverse impacts on fair competition. To address these problems, it becomes mandatory to offer 1 or 2 years' plan for current

3-year-term-only products. The government will closely monitor whether the business operators implement the new guidelines or not, and if necessary, take additional steps to correct undesirable influence on consumers.

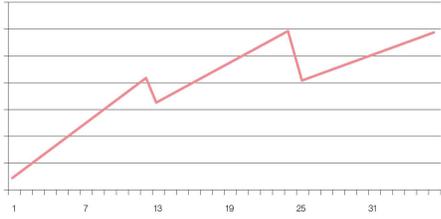
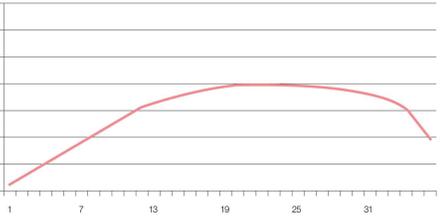
Third, simplifying the termination process and providing more information on cancellation prevented users' loss resulting from operators' avoidance and failure to terminate subscription. In the past, even though consumers could apply for cancellation via Internet, information on termination fees and others could be obtained only through calling the help desk. And marketers insistently suggested maintaining the contract, which led to a delay of cancellation. In case of broadband Internet and pay broadcast, users had to initiate the termination procedure for themselves when changing operators. In this system, cancellation of previous service was sometimes omitted, ending up imposing double charges on subscribers. To address these issues, several measures were adopted: allowing consumers to complete application for termination online; changing work manuals for the consumer service staff so that they do not excessively persuade consumers against termination; providing text-messages about cancellation of products both upon initial subscription and expiration.

Fourth, an environment for fair competition surrounding combined products will be more enhanced. Previously, when selling combined products, users' terms and conditions claimed that a total amount of discount would be applied and charged to a certain product like broadband Internet. Such 'Free' marketing has misled users about the nature of free products. Business operators had to sell their services such as broadband Internet and pay broadcast at a low price. Consumers considered the service of little worth, and in particular, there was a growing concern about adverse effects on the ecology of pay broadcast. To stop such marketing practices, the improvement plan had operators specify a total amount of discount – by product content and number of lines – in the terms and conditions and bill statements. Consumers will be able to choose whether they want to breakdown the discount for each line of subscription or just the designated main line. In addition, to prevent excessive gap among the discount rates of combined products, business operators are required to present concrete grounds for the rates.

Lastly, making a unified terms and conditions for combined products, which had been separately managed, can help consumers to understand the combined products more easily.

With the improvement plan, change of the terms and conditions format, revision of operators' work manuals, and development of a new system will be completed by the first half of 2016. The plan is expected to improve consumers' use of combined products, create a fairer environment of competition, and foster markets for combined products.

Table III-75 Key improvements of the policy on broadcasting and communications combined products

Types	Current	After improvement
Improvement of the service termination fee	<ul style="list-style-type: none"> Reduces momentarily at the point of 1-2 years, and increases again 	<ul style="list-style-type: none"> An arc type: the increase slows down, and after a certain point the fee goes down 
Improvement of termination procedure	<ul style="list-style-type: none"> Telephone consultation is a must Sending a copy of ID is essential 30 days before the expiration date, send a letter about the schedule via SMS, e-mail or post 	<ul style="list-style-type: none"> Application through Internet without consultation Sending a copy of ID is optional Providing SMS for termination both at the point of initial subscription and expiration
Agreement period	<ul style="list-style-type: none"> Limiting conditions for certain combined products 	<ul style="list-style-type: none"> Regardless of agreement terms, subscription to all combined products are possible
Service agreement of combined products	<ul style="list-style-type: none"> Information on combined products mixed up in individual products' agreement 	<ul style="list-style-type: none"> Preparing separate service agreement for combined products
Preventing 'free' marketing and reducing excessive gap of discount rates	<ul style="list-style-type: none"> Applying the total discount to a certain product, and advertising it free 	<ul style="list-style-type: none"> Specifying the total amount of discount—by product contents and no. of lines—in the service agreement and bill statements. Consumers can choose whether the discount be reflected in the designated main line or be broken down to each line. Presenting concrete grounds of the discount rates of product contents—cost reduction by combination, increase of profit from charge,

Types	Current	After improvement
		prediction of subscriptions, etc.

4. Strengthening Personal Information Protection Online

a. Inspection and Measures for Personal Information Management Status

The Commission has been conducting inspection on the status of personal information management. Through these activities, it aims to protect citizens' rights by protecting privacy and personal information from collection, leakage, misuse, or abuse or further attempts to materialize human dignity and value, and strengthening corporate responsibility for protecting personal information such as raising the level of its commitment to protection of personal information, improvement of systems, and compliance with the relevant laws.

The Commission conducted an inspection on the status of personal information management in 303 organizations: 98 mobile business operators and retail stores which caused a number of complaints in 2015; 36 businesses that handle a heavy volume of personal information such as MSOs and illegal TM service providers; 106 businesses on implementation of key obligations like destroying resident registration numbers, term of validity for personal information, etc.; and 63 operators for leaking personal information.

In particular, as the deadline for removing the resident registration numbers collected before August 17, 2012, stipulated by a supplementary provision of the 「Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.」 had expired, the Commission inspected 76 major websites with an average of daily visitors ranging from 50,000 to 100,000 on whether they have deleted the data. As the 「Enforcement Decree of the Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.」 enforced reducing the term of validity for personal information in August 2015, it also conducted a review of whether the top 27 business operators by the volume of use of personal

data, destroyed or separately stored users' personal information who haven't used their ICT service for one year or longer.

The Commission also inspected businesses that were found to have leaked personal information by investigation agencies and press reports as well as those who made voluntary reports for their illegal practices. It imposed administrative measures on violations including failure to fulfill duty to perform technical and managerial protection and delete personal information.

b. Improvement of Laws on Personal Information Protection

Broadcasting and communications industry is by nature vulnerable to large scale losses by hacking and secondary losses due to identity theft using leaked personal information, spam or voice phishing. It is more than important to protect personal information in the industry. Since 2014, new online services such as big data, Internet of things, cloud, etc. appeared and the expansion of media-like smart phone apps-collecting personal information took place in 2015. Such trend has expanded the scope of personal information from existing private data into non-identifiable information, as a form of information on personal device, location, and behavior. It also introduced various services such as consumer analysis and tailored advertisement by using personal information. But excessive collection and use of personal information aggravated users' concerns and sparked discussion on personal information protection like 'right to be forgotten.' In this regard, 2015 can be defined as a period when a great deal of conversations have taken place for striking a balance between two conflicting issues: personal information use and its protection.

In 2015, the Commission continuously implemented the 'government-wide measures for normalizing personal information protection (July 2014),' which had been devised following the large-scaled personal information leakage by three credit card companies. Also, it drafted a revised bill of the 'Act on Promotion of Information and

Communications Network Utilization and Information Protection, etc.] to be legislated in October 2015. The key elements of the revision are as follows: introduction of punitive damages in reflection of changes in the ICT environment like cloud-computing; strengthening CEOs' responsibilities; a mandatory deletion of exposed personal information; protecting personal information in smart-phone apps; specifying types of overseas transfer of personal information (provision, commitment of processing and storage); and differentiating protective measures by types. Furthermore, it has also devised and employed improvement methods for 'standards on technical and managerial protection measure of personal information' through a 'study on improvements in protection measures following personal information leakage.' The standards put focus on expanding subjects of encryption, expanding access-control devices from current computers to mobile devices, and reinforcing implementation of preventive measures against malicious programs (once a month to daily basis).

In addition to the legislations regarding personal information, the Commission devised a guideline for personal information use, protection, and promotion of users' rights in new online services like big data. In the new online services area, the 'guideline for protection of personal information in big data' was introduced in January 2015. The guideline required non-identifying measures for collection, storage, combination, analysis, output and provision of both disclosed information and breakdown of used information. With the measure, it is expected to regulate the promotion of the big data industry and protection of users' personal information in a balanced way, and increase the use of non-identifiable information. In order for operators to apply the standard of protection on site, a manual was prepared. The Commission also introduced a 'guideline for protection of personal information in smart-phone apps' to help business operators collect and use personal information more safely through smart phone apps.

The Commission compiled a manual of 'Guideline for handling personal information online,' which was to establish a culture to collect least personal information as possible. 'Self-assessment checklist for companies' was also developed and distributed.

As part of such efforts, 5 industries closely linked to peoples' livelihood (communications, shopping malls, portals, games, and pay broadcasts) and relevant associations conducted self-assessment and improved the practices of unnecessarily collecting and storing personal information. In addition, it organized a task force for the guarantee of the right to be forgotten, and carried out basic research for legislation. Based on the outcomes from the task force, the Commission is planning to enact a guideline for the right to be forgotten in the first half of 2016.

The Commission organized an ID authentication service for about 1.55 million corporate mobile phone users. To ease certification cost for SMEs, the Commission introduced a mutual recognition of common evaluation items with the MSIP's Information Security Management System (ISMS), and prepared an integrated notice with Personal Information Protection Level (PIPL) of the Ministry of the Interior.

c. Raising Awareness on Personal Information Protection

1) Strengthening corporate's capability of personal information protection

As new types of ICT services using personal information such as big data, IoT, personalized service, etc. are on the rise, it is repeatedly emphasized that business operators using personal information should raise awareness to prevent personal information leakage in advance. To this end, the Commission operated a variety of education and promotion activities to enhance the capability of personal information handlers and raise awareness of personal information protection.

First, in order to bolster the capabilities of personal information handlers, the Commission has educated business operators subject to the 「Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.」 on relevant laws and systems every month. Meanwhile, the Commission has maximized the effectiveness of education by offering advance courses which adopt materials centered on major incidents and judicial cases. It also shored up non-scheduled program

to meet demand from the operators. Education of the revised 'standards on technical and managerial protection measure of personal information' was one of the examples.

In 2015, for local SMEs with relatively less access to education compared to those in the metropolitan area, the Commission provided collective learning for local operators. Having connections with regional information protection centers in Busan, Daegu, Incheon, Gwangju, Cheongju, etc, it staged a lecture-tour in regional areas. For operators asking for on-site session, the Commission dispatched instructors. Thanks to such efforts, a total of 2,867 business operators completed the course of collective learning on personal information protection.

Figure III-41 Personal information protection education for business operators in 2015



For personal information managers who have difficulty in participating in collective education for personal information protection due to time and geographical restrictions, the Commission has launched a platform where anyone can attend online classes on personal information, providing a continuous online education service (www.i-privacy.kr). Since April 2015, online classes on the certification of Personal Information Management System (PIMS) was created, helping personal information managers to establish and run their own PIMS. In addition, the Commission produced a three-episode video on an advanced course for CEOs and CPOs with an aim of creating an environment for self-ruling practice of personal information protection and raising awareness of general managers of personal information in each company. The advanced course for CEOs and CPOs will start running in 2016.

Table III-76 Personal information protection education for business operators in 2015 (Unit : person)

Types	Offline	Online	In total
Number of participants	2,867	49,107	51,974

Figure III-42 Advanced video education on personal information protection education for CEOs and CPOs



Besides these activities, the Commission held a 'Personal Information Protection Night of 2015' to recognize the accomplishments of related organizations and business operators and share the outcomes of personal information protection efforts. The ceremony was attended by more than 250 personal information managers from across industries like web portals, communications, shopping, games, pay broadcast, etc. 13 information officials and 3 associations in the personal information sector were awarded. Starting with the keynote speech on 'Personal information protection in hyper-connected society,' the participants spent a meaningful night as they sought ways for personal information protection in 2016.

Figure III-43 Personal Information Protection Night of 2015



2) Encouraging the general public to practice personal information protection

In reducing danger of personal information leakage or exposure and preventing damages, users' caution and practices are important as well. With this in mind, the Commission bolstered its education and promotion activities for the nation to raise awareness of personal information protection and put into practice the guidelines in everyday life.

First, the Commission offered an offline course for elementary, middle, and high school students, who actively use the ICT service, and for vulnerable groups in personal information protection, the elderly and housewives. In 2015, personal information specialists employed by the Commission visited schools and senior centers across the nation. As a result, the scope of education has covered not only the metropolitan area but most of the nation. Utilizing videos like a public message about personal information protection, the Commission raised attendees' awareness of the importance of personal information protection and promoted the effects of education. Thanks to such efforts, a total of 168,921 have completed the collective courses for personal information protection.

Figure III-44 Personal information protection education for users in 2015



In addition to that, the Commission provides online courses for personal information protection on relevant portals while encouraging kindergartens, schools, and youth organizations to carry out collective education on personal information protection on a voluntary basis. There are four types of age-specific online programs; for infants, elementary, middle and high school students and ordinary citizens. To maintain the consistency of educational policy and contents, teaching materials for instructors are provided as well.

Table III-77 Status of personal information protection education for users in 2015 (Unit: person, case)

Types	Offline	Online
Person educated	168,921	6,414

Note.) As online course is group education and the number of video views is summed up as performance, the unit is in 'case.'

On top of such educational efforts, the Commission staged the '2015 Campaign for Keeping My Internet Information' from June 15th to August 23rd to raise the public's awareness of personal information protection in daily lives. Taking note that while the penetration rate of smart phones are growing up, the level of personal information protection is a bit lower, the campaign was carried on under the theme of personal information protection on smart phones. '5 Do's, 5 Don'ts in personal information protection on smartphone' was introduced as principles to follow in everyday life.

Figure III-45 Five Do's to protect personal information on smartphones



Figure III-46 Five Don'ts to protect personal information on smartphones



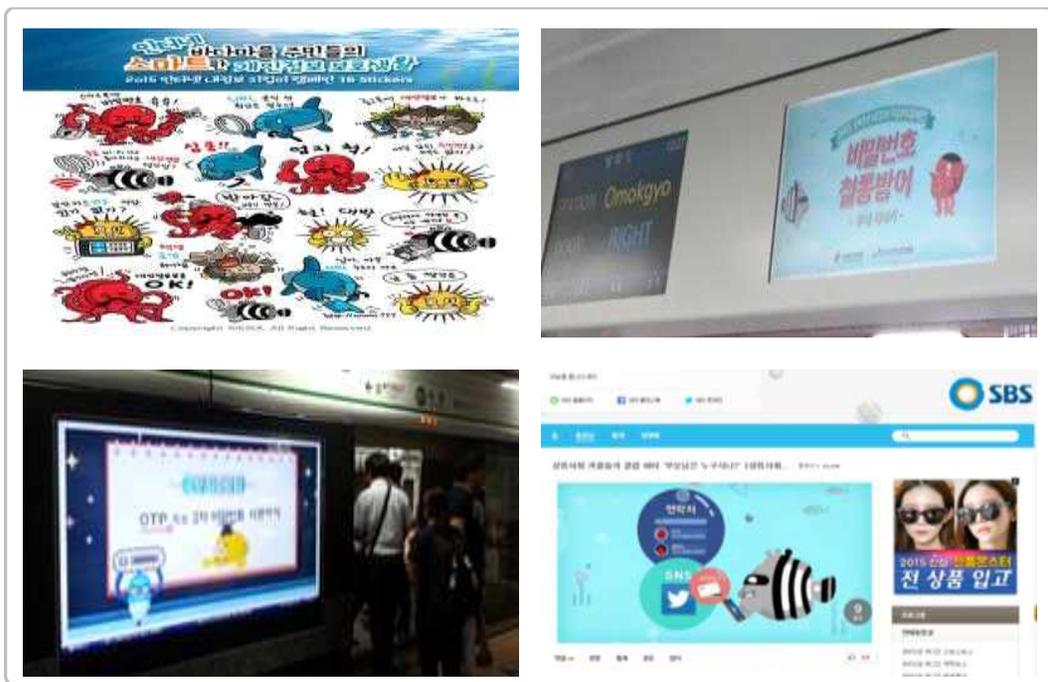
In 2015, the Commission made drastic changes to existing campaigns to boost the nation's interest and participation. Main subjects of the '5 Do's and 5 Don'ts' were adapted in KakaoTalk emoticons, recording a total of 311,074 distributions for 7 days. The '5 Do's and 5 Don'ts' and policy on the restrictions of resident registration number collection and usage were also adapted in character animations. It was broadcast 34,075 times on TV monitors of public transportations (buses, subway, etc.) in metropolitan cities across the nation for two months. The Commission also actively employed everyday media. Advertisement appeared on online video streaming services

like Naver TVCast, and Smart Media Rep and two webtoon advertisements were posted on an IT-specialized media.

Table III-78 Key advertisement programs for '2015 Campaign for Keeping My Internet Information' (Unit: case, number)

Types	KakaoTalk emoticon	Public transportation (buses, subway)	Online streaming service	Security cartoon
Advertisements	311,074	34,075	6,285,140	42,014

Figure III-47 Emoticons and advertisement of '2015 Campaign for Keeping My Internet Information'



Stepping up the publicity efforts, the Commission cooperated with related associations and business operators including communications, portals, shopping, and game. With the support from communications service providers such as SK Telecom, KT, and LG U, the campaign message was circulated through e-mails and mobile billing statements. As a result, a total of 33,486,877 mails and 15,000 copies of leaflets were distributed to customers purchasing mobile phone handsets in retail shops. By posting

advertising banners of the campaign at home pages and newsletters of the associations and business operators, the Commission attracted more users to the drive.

Figure III-48 Campaign events of '2015 Campaign for Keeping My Internet Information'



Furthermore, the Commission developed a webpage linked with the existing personal information protection portal (www.i-privacy.kr), and held diverse events such as guideline of 5 Do's and 5 Don'ts for smartphone users, online quiz, and scrape event, etc. As a result, a total of 372,754 people visited the website during the campaign, and 47,500 among them participated in the online event. The Commission also conducted two street campaigns at Gangnam and Myeongdong subway stations with high foot traffic and accessibility. The Commission attracted many citizens to participate in the campaign by employing some strategies: setting up interactive exhibition booths, holding quiz events, and distributing 3,500 promotion materials.

5. Fostering a Sound Internet Culture

a. Internet Ethics Education and Promotion

1) Promotion of personalized Internet ethics education to raise awareness

With the recent growth of teenagers' smart phone use, cyber school violence has emerged as a new social issue. A study on cyber violence in 2014, conducted by Korea Internet and Security Agency, showed that more than 1/3 of adolescents said they were either victims or perpetrators of cyber violence. Also, the increasing Internet penetration has brought about various issues involving misuse of the Internet: cyber violence, distribution of obscene materials, defamation, etc.

Given the fact that the Internet has a powerful social influence, the Commission made its efforts to raise Internet ethics and foster a sound Internet culture. To achieve these goals, the Commission devised 'Measures to promote Internet ethics' in April 2015 and conducted diverse programs for personalized Internet ethics including 9 courses for children and elementary students.

Table III-79 Courses of Internet ethics education in 2015

Courses	Key elements
Nursery school for sound Internet culture	Sending instructors and staging puppet shows for literacy programs at nursery schools or daycare centers
Internet ethics class	An interactive course to understand Internet culture through Internet content making like UCC under the guidance of teachers
Internet literacy creative experience activities	Short-term Internet literacy course linked with 'creative experience activities'
Lecture tour on Internet ethics	A collective education of Internet ethics for elementary schools across the country
Internet literacy for youths with disabilities	Improving basic knowledge of the Internet for special classes and teenagers with disabilities in schools
Korea Internet Dream Star	Activities including ethics camp, charity services, debates, visit to related organizations, campaigns, and competition for slogans and posters
Internet ethic courses for local	Internet ethics education for children and teenagers in need of social care and

Courses	Key elements
children center	child welfare teachers
SNS literacy course	Encouraging sound use of social media in the era of smart devices against adverse effects such as personal information leakage, false rumors, verbal violence, etc.
Cyber violence prevention education	Independent course by dispatching lecturers to schools wishing to open educational course on prevention of cyber violence

For the implementation of Internet ethics, the Commission recruited schools wishing to open the program at the beginning of the year, and launched the education program from May. In particular, a total of 79,273 students from 1,351 schools participated in the Commission's customized education, up 3.1 % from 2014.

Besides courses for students, the Commission organized a customized collective-course of Internet ethics for educational leaders including principals, vice-principals, and superintendents. 307 leaders across the nation took part in the in-service training. For teachers, the Commission operated a course for commissioned education on Internet ethics, cyber violence prevention, etc.

2) National Campaigns for Spreading a Sound Internet Use Culture

The Commission conducted national campaigns and a series of promotional activities including the operation of Internet Ethics Experience Hall to improve Internet culture.

In 2015 June, the Commission jointly held the campaign for creating a 'Beautiful Internet World' and 'Information Culture Month (June)' with the Ministry of Science, ICT and Future Planning (MSIP). In addition, the Commission conducted a joint campaign along with the 'Happy Smart Culture Alliance,' a public-private consultative body of 161 institution. The number of campaign participants increased by 34.4% compared to that of 2014 (91,301 in 2014 → 122,688 in 2015). In particular, a number of activities including promotion display booth (Korea Chamber of Commerce & Industry), online banner (22 web sites including Naver) and regional street campaigns (Seoul, Daejeon,

Daegu, Gwangju, Busan) were carried out as part of the campaign for creating a 'Beautiful Internet World.'

Furthermore, the Commission ran the Internet Ethics Experience Hall throughout the year (264,360 visitors by the end of 2015) in Busan (Gungrimaru), Gwangju (Viewers' Media Center) and Bundang, Gyeonggi-do (Ministry of Employment and Labor's Youth Job Experience Center). The visitors had a chance to perform self-diagnosis of ethics and make good comments in relevant programs. Moreover, promotion for improving Internet ethics were carried out in a series of media including public campaign, radio and social network services. In particular, the public campaign won positive response from the public, garnering as many as 1,186,000 views by the end of 2015.

Figure III-49 Footage from promotion advertisement by media



Along with the efforts mentioned above, the Commission produced and utilized intuitive content on cyber violence threats and adverse effects of social media services that viewers can easily relate to in a mission to spread sound internet ethics through the national promotion.

Table III-80 Overview of production and promotion of user-engaging content

Production and Promotion of User-engaging Content
<ul style="list-style-type: none"> • Production and distribution of 'Cyber Violence Prevention Poster.' (10,000 copies to schools) <ul style="list-style-type: none"> – Contain information on risks of cyber violence among youth
<ul style="list-style-type: none"> • Production and transmission of public campaign on 'Adverse Effect of Social Network Services.' (Two videos on media including YouTube) <ul style="list-style-type: none"> – Contain information on the risk and social loss caused from the wrong use of Social Network Services with intuitive contents.
<ul style="list-style-type: none"> • Production and distribution of 'Guideline on Sound Social Network Services Use.' (15,600 copies, to schools) <ul style="list-style-type: none"> – Contain information on actions to take when being subjected to cyber violence



Raise Public Awareness on Internet Ethics as a Social Issue
<ul style="list-style-type: none"> ▶ "8 out of 10 Say Cyber Violence is at a Serious Level" (The Kukmin Daily, 12th June 2015) ▶ Public campaign 'Adverse Effect of Social Network Services' hits (716,000 views on YouTube, as of the end of October 2015)



Spreading Internet Ethics Culture and Enhancing Internet Ethics Education

3) Expansion of the Distribution of Measures to Prevent Harmful Information and Operation of Secure Cyber Zone to Enhance Protection of the Youth

As smart phone use among the youth increases, there is a growing need to block harmful information including obscene materials and to protect the youth from cyber verbal bullying and smart phone addiction.

Against this backdrop, the Commission has expanded the distribution of 'Smart Sheriff,' a software which blocks illegal and harmful information including obscene materials. The number of the distributed software increased from 184,000 in late December 2014 to 358,000 in the late December 2015 (cumulative data). In addition, all of the three mobile communications operators' interceptor softwares²⁵⁾ were made free to effectively block access to illegal and harmful information in a private and public partnership. However, new subscriptions for Smart Sheriff stopped new subscription

25) SK telecom's T Youth Secured Filtering(free), KT's Olleh Children's Phone Secured Free (free), LG U+'s Children's Phone Protector(free)

from 1st November 2015 as the application market advances and the free interceptor application was released by the mobile communications operators.

In addition, the Commission expanded the distribution of 'Smart Assured Dream,' a service which informs parents when their children receive text messages that appear to contain cyber verbal bullying (abusive language, blackmail, rip off, etc). Since the service was first provided in January 2015, the number of accumulated downloads of the application reached 17,487 as of the late December 2015. Furthermore, information on adverse effects of smart phone including access to harmful content, cyber addiction and cyber verbal bullying were posted on platforms²⁶⁾ such as blogs and Facebook in an effort to help the youth and parents to prevent and better cope with such side effects.

Table III-81 Supply status of harmful information prevention SW for young children (Unit: case)

Classification	2013	2014	2015
Smart Sheriff SW	82,653	184,407	358,342
Smart Assured Dream SW	-	-	17,487

Moreover, the Commission made efforts to spread the 'Secure Cyber Zone' service nationwide, a service designed to block illegal and obscene materials on youth's smart phone and to prevent smart phone addiction. Additionally, teachers and parents were provided with information on youths' smart phone use to facilitate consultation and education process. The information was collected by analyzing and utilizing the 'interceptor SW' use on the youths' smart phones.

26) 275 cases for Naver, 262 cases for Daum, 210 cases for Facebook (as of late October 2015)

Figure III-50 Overview of the Secure Cyber Zone service

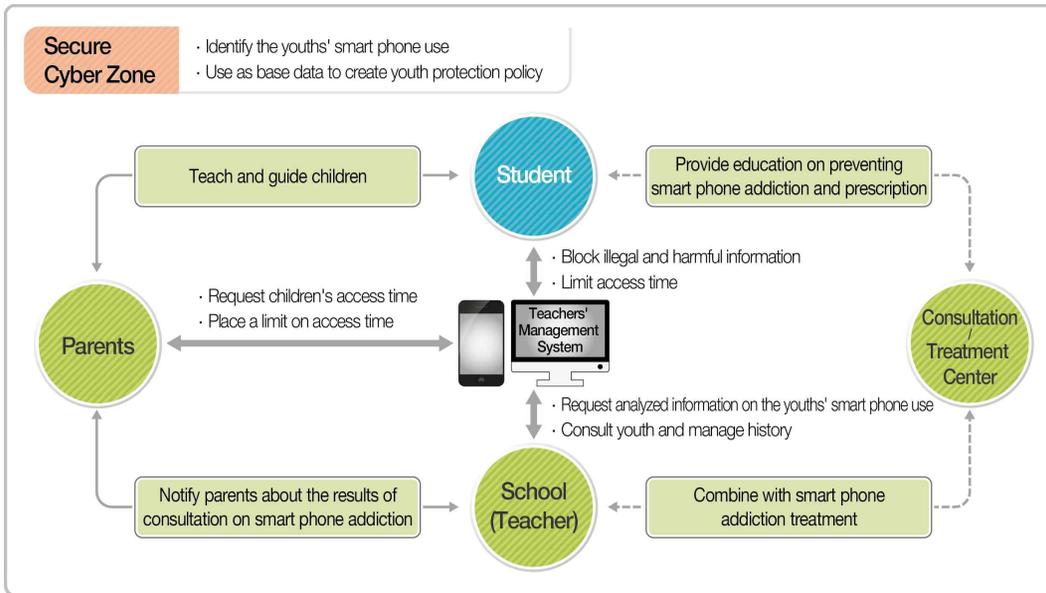


Table III-82 Status of supply of the Secure Cyber Zone by year (Unit : number of schools)

Classification	2013	2014	2015	Total (accumulated)
number of schools	41	127	165	333

Moreover, in accordance to the 'School Violence Prevention and Measure Basic Plan' enacted by the Ministry of Education, the Commission plans to further expand the distribution of harmful information interceptor software and to provide Secure Cyber Zone nationwide in collaboration with the Office of Education.

Moreover, the Commission cooperated with the Ministry of Education to expand promotion efforts together with Superintendents of Education from 17 metropolitan areas. Participating school's teachers and parents received training on 'Guidelines to Teach Sound Smart Phone Use (23,000 guidebook distributed)' and 'Guidelines to Use Smart Phone Addiction Consult Program' (21,498 participants as of late December 2015). Following the Commission's Secure Cyber Zone project, access to illegal and harmful information including obscene materials is expected to be blocked by en-

hanced cooperation among parents, teachers and students. In addition, consultation and education programs are expected to effectively prevent addiction to obscene materials and juvenile delinquency.

b. Improving Policy On Prevention of Illegal or Harmful Information

As partial amendment to the 「Telecommunications Business Act」 (promulgated on Oct. 15, 2014) was enforced on April 2015, the Commission worked on follow-up measures of amendment to specify what was delegated by the act and to set measures for enforcement. The National Assembly plenary session passed partial amendment to the 「Telecommunications Business Act」 on September 2014, which strengthens mobile communications operators' and web hard operators' measures to block obscene materials to prevent the spread of the materials on the web and to protect the youth.

Table III-83 Status of blocking harmful information against young children in major countries

Classification	Related Laws	Contents
The U.S.	「Children's Internet Protection Act」 of 2010	The Children's Internet Protection Act (CIPA) requires that schools and libraries in the United States receive financial subsidies to use filter SW or implement other technical measures.(financial support would be suspended when the law is not complied.)
Japan	「Act on Development of an Environment that Provides Safe and Secure Internet Use for Young People」 (青少年インターネット環境整備法, 2008)	Mobile communications operators are required to provide filtering service to block harmful materials when the youth access to the Internet via mobile devices. Moreover, Internet service operators are required to provide filtering service when requested by users.
Germany	「Youth Protection Act」 (Jugendschutzgesetz, 2002)	Youth Protection Act requires to take measures (technical filter measure, time restrictions, etc) to block the youths' access to harmful materials and to conduct conformance examination for filter SW on a regular basis.

Following this, the Commission made an partial amendment to the 「Enforcement

Decree of the Telecommunications Business Act₁ on April 2015. The amendment contains technical measures to prevent the spread of obscene materials on platforms such as web hard drives. Moreover, the amendment makes it mandatory to prevent the youth's exposure to obscene materials on smart phone.

The amended enforcement decree includes the following two major contents. First, special value-added telecommunications business such as web hard and P2P shall implement technical measures to search and limit transmission and reception of distributed illegal information despite the existing measures which identify (title and feature), search and limit transmission and reception of illegal information designed to prevent its distribution. In addition, technical measures to send warnings to the sender shall be carried out. The records of operation and management shall be retained for 2 years or more.

Table III-84 Articles regarding sanctions on technological measures on the ¹Telecommunications Business Act₁

Major Implementations		Penalty
1	Any person who intends to run a special value-added telecommunications business shall implement technical measures to prevent distribution of illegal information as prescribed by Presidential Decree. When a person fails to implement (Article 22-3 Paragraph 1)	⇒ Fine for negligence not exceeding KRW 20 million (Article 104 Paragraph 3)
2	Any person who neutralizes technical measures by eliminating, adjusting or bypassing by intention or negligence without any justifiable authority (Article 22-3 Paragraph 2)	⇒ Imprisonment for not more than two years or by a fine not exceeding KRW 100 million (Article 96 Paragraph 6 Subparagraph 2)
3	Any person who intends to run a special value-added telecommunications business shall automatically record and manage operation and management status of technical measures to prevent distribution of illegal information. When a person fails to implement, (Article 22-3 Paragraph 3)	⇒ Fine for negligence not exceeding KRW 20 million (Article 104 Paragraph 3)
4	When a person refuses to comply with a court order to submit materials or falsely reports or submits false materials (Article 22-3 Paragraph 4) ※ Article 51 (Fact-Finding Investigations, etc.) shall apply mutatis mutandis to inspection proceedings and method	⇒ Fine for negligence not exceeding KRW 10 million (Article 104 Paragraph 5)

Second, when a mobile communications operator (including MVNOs, known as “*altteul phone*,”) makes a contract with a juvenile, types and contents of tools to block harmful information shall be notified to the juvenile and his legal guardian. In addition, a mobile communications operator shall confirm that tools to block harmful information are installed. After signing a contract, the legal guardian shall be notified when the tool is removed or fails to operate for 15 days or longer, to prevent random deletion.

Table III-85 Implementation procedure upon the supply of blocking means of harmful content for young children, etc.

When signing a contract	After signing a contract
<ul style="list-style-type: none"> • Notify types and content of tools to block harmful information to the juvenile and his legal guardian • Check whether tools to block harmful information is installed 	<ul style="list-style-type: none"> • Notify the legal guardian each month when tools to block harmful information is deleted or fail to operate for 15 days or more

Note) Harmful content: Media products determined or identified by the Commission on Youth Protection as harmful to juveniles and publicly notified accordingly by the Minister of Gender Equality and Family in accordance to the 「Juvenile Protection Act」. The number of the media product is around 67,000 (as of March 2015)

The amended 「Enforcement Decree of the Telecommunications Business Act」 was enforced on April 16, the designated enforcement date. Ahead of enforcement, pre-announcement of legislation was issued to collect opinions on the amendment from all levels of society. Moreover, the amendment was screened by Regulatory Reform Committee and Ministry of Government Legislation. Following the amendment of the 「Enforcement Decree of the Telecommunications Business Act」, distribution of obscene materials and harmful information through media including the Internet and smart phone is expected to see a sharp decrease.

c. Enhanced Response to Spams

1) Measures to Prevent New Types of Spams

Despite the Commission's consistent efforts to prevent spams, a new, upgraded and

enhanced type of spam which is not filtered by the existing measures has emerged. Such changes in spam distribution requires a timely response.

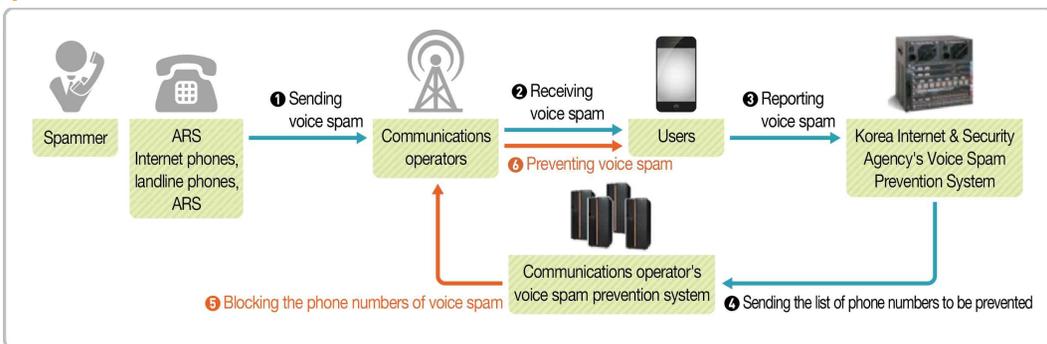
Against this backdrop, the Commission newly established a system to block image spams, which constantly sends image commercials. In fact, new types of spamming including image spams and voice spams could circumvent the existing spam prevention system designed to block text spams. The new system led to a sharp reduction in image spam distribution (2014 : 752,000 → 2015 : 94,000, a 87.5% decrease).

Figure III - 51 Samples of image spams



In addition, a voice spam call prevention system was newly introduced in October 2015 to block calls which contain illegal voice commercials promoting illegal loans and medical products.

Figure III - 52 System of voice spam prevention services



Along with such efforts, the Commission significantly reduced the number of re-reported spam messages to cell phone by updating real time prevention system which blocks spam text messages.

Table III-86 Number of phone to phone spams reported (Unit : 1,000 cases)

Classification	2013	2014	2015
Number of phone spams reported	7,455	6,426	1,226

Note) Phone to Phone : A method to send text messages via landline, wireless or Internet phone

2) Release of Information to Reduce Spams

The Commission conducted research on domestic spam distribution status and released the results including the number of spams reported and detected (volume of spam sent), the volume of cell phone-text message-email spams, and spam prevention rates of each communications operator, two times a year (biannually). As a result of such efforts, relevant stakeholders including mobile operators became more proactive in reducing spams and the public's right to know was promoted.

In addition, the Commission analyzed the volume of transmitted spams (reported cases) from January 2015 to late June 2015. Cases reported through Easy Report Service for Smart Phone Spam (2.68 million) and reported e-mail spams (21.29 million) classified by the content (gambling, chauffeur service, etc.) were analyzed. Furthermore, the Commission collected data on the daily average volume of spams that cell phone and e-mail users aged between 12 and 59 nationwide received with the help of an external agency (May 21~May 27, for 7 days) to figure out cell phone-text message-e-mail spam distribution status. Such data were all made public to help reduce spams.

Table III-87 Results of the spam distribution status for the first half of 2015

Cell Phone (Text Spam)	(The volume of transmitted spams) reduced by 12.6% (3.07 million messages in the second half of 2014 → 2.68 million messages in the first half of 2015) (The volume of received spams) reduced by 0.04 messages (0.16 messages in the second half of 2014 → 0.12 messages in the first half of 2015)
E-mail (Spam)	(The volume of transmitted spams) reduced by 7.6% (23.03 million e-mails in the second half of 2014 → 21.29 million e-mails in the first half of 2015) (The volume of received spams) reduced by 0.38 e-mail (0.92 e-mails in the second half of 2014 → 0.54 e-mails in the first half of 2015)

In addition, the Commission published data on real spam prevention rate of 'Intelligent Spam Prevention System,' an additional service provided by three mobile communications operators to promote volunteer efforts by the operators. The published data were based on results of a research conducted by KISA, which measured spam prevention rate by three mobile communications operators by sending 5,000 text spam messages from January 2015 to June 2015 (to Intelligent Spam Prevention System subscribers). According to the results, prevention rate by three mobile communications operators rose from 78.2% in the second half of 2014 to 81.8% in the first half of 2015, showing a 3.6%p increase. As such, inconveniences caused by spams have been partially resolved.

Table III-88

Survey results on spam prevention rate by three mobile communications operators for the first half of 2015

Spam Prevention Rate by Three Mobile Communications Operators

(Subscription rate) Increased by 4.9%p (89.5% in the second half of 2014 → 94.4% in the first half of 2015)
(Prevention rate) Increased by 3.6%p (78.2% in the second half of 2014 → 81.8% in the first half of 2015)

3) Spread of Easy Report Service for Illegal Spamming and Enhancement of Public Private Partnership

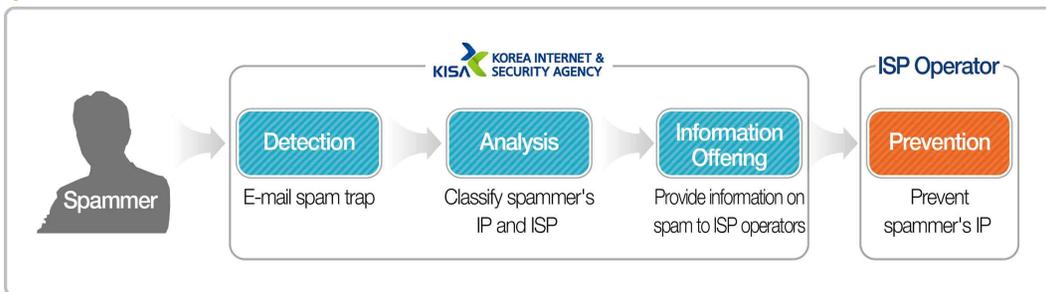
The Commission expanded the number of devices where Easy Report Service for Illegal Spamming is applicable from 23 to 29 on April 2015 in order to allow users of outdated smart phone to easily report spamming. To that end, the Commission had a

discussion with mobile communications operators and manufacturers to apply easy re-report function to smart phones released before May 2014 including Galaxy Note3·S4·S4 LTE-A (Samsung Electronics) and G2·G Pro·G Pro 2 (LG Electronics) models (6 models).

Furthermore, the Commission enhanced public-private partnership in an effort to prevent illegal spams. To this end, the Commission shared information (7,640 spammer registration and 33,133 restriction on resubscription) on malicious spammers and ban on re-subscription to information and communications service with every MVNO²⁷⁾ (April 2015). Moreover, real time information on URL (Uniform Resource Locator) which has been involved to malicious spam such as gambling and illegal loan was provided to Kakao to block access to harmful web sites (443 cases in November).

Moreover, the Commission increased the number of Internet Service Providers (ISP) sharing information on spammer's IP (Internet Protocol) from 13 in 2014 to 24 in July 2015. Additionally, information sharing cycle was shortened from one day to one hour.

Figure III - 53 System of e-mail spam prevention services



4) Expansion of National Promotion to Spread Awareness on Illegal Spamming

Following the amendment of the 「Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.」 in November 29

27) MVNO (Mobile Virtual Network Operator) : a wireless communications services provider that offers service with borrowed network or frequency from mobile communications operator. It is also called Mobile Virtual Network Operator (MVNO)

2014, it became mandatory to receive user's consent for receiving commercials in advance (Opt-in Law). Against this backdrop, it was necessary to enhance relevant operators' understanding on changes in the legal system and encourage compliance with law.

To this end, the Commission carried out a series of promotional activities to help stakeholders including relevant operators to easily catch up with changes in the legal system. For instance, the Commission distributed legal guidelines and produced a webtoon.

Table III-89 Key anti-spam promotional activities

Promotional Activities
<ul style="list-style-type: none"> • Hosted meeting on 「Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.」 for major corporation (on September 16, 69 participants from relevant businesses) • Hosted a meeting on application(app) push commercial (on August 26, 63 participants from app push commercials business) • Produced and distributed spam related guideline on the 「Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.」 and published on the homepage. • Created promotional webtoon (January 8), distributed to the webpage of relevant organizations including mobile communications operator and portals. • Distributed guidelines and webtoon to 33 spam related associations • Published file and link to the webpage of 15 relevant organizations including Naver and three mobile communications operator

Moreover, the Commission ran an exhibition hall (April 30~May 3) which provided an opportunity for citizens to easily learn how to report cell phone spam and how the case is processed through hands-on experience. The event informed how to prevent and respond to illegal spamming. Additionally, some 1,200 visitors from 44 central administrative agencies and 17 local governments reaffirmed the seriousness of social loss triggered by spam and a need for eradicating spam.

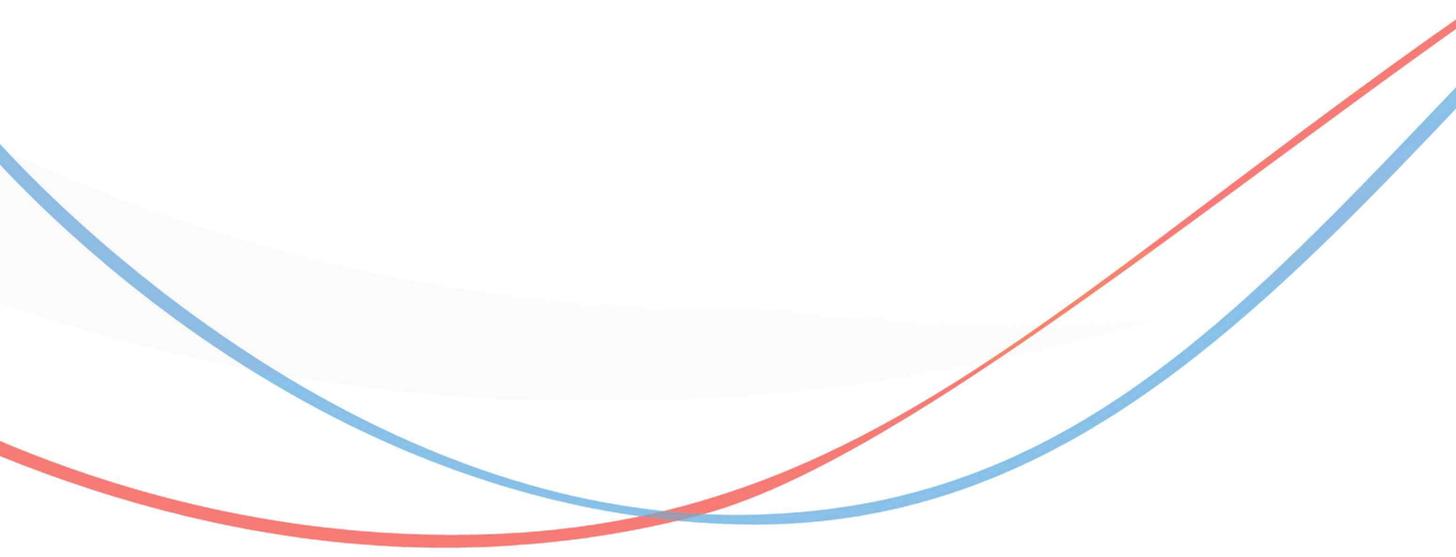
Figure III-54 Status of operation of exhibition halls



Along with such efforts, the Commission created a video on reporting illegal spams (Without a telephone exchange number 118) in order to prevent spams and promote easy reporting. The video was published on YouTube and KISA homepage and distributed to mobile communications operators. As such, the Commission made targeted efforts on promotional activities.

Figure III - 55 Promotions by media

YouTube Promotion Video	Facebook	KCC Web Page
		



KOREA
COMMUNICATIONS
COMMISSION
ANNUAL REPORT 2015



Appendix

1. Financial Statements of 2015
2. The List of General Meetings and Agenda
Items of the Commission
3. Monthly Major Achievements of 2015
4. Acronyms
5. Status of Broadcasting and Communications
Industry by Sector

Appendix

1. Financial Statements of 2015

Execution of the Budget

Appendix Table-1

Execution of the Budget in 2015

(Unit : KRW 1 million, %)

	Category	Budget (A)	Real budget (B)	Actual (C)	Execution rate (C/B)
Income	Total	1,201,231	1,201,231	1,000,171	83.3
	General accounting	53,945	53,945	39,512	73.2
	Broadcast Communications Development Fund	1,147,286	1,147,286	960,659	83.7
Expenses	Total	220,442	224,392	221,828	98.9
	General accounting	55,607	55,607	54,831	98.6
	Broadcast Communications Development Fund	164,835	168,785	166,997	98.9

Note 1) The income of the Broadcast Communications Development Fund is the total amount and its expenses exclude the services, internal expenditure, and surplus fund related to the Ministry of Science, ICT and Future Planning (MSIP)

Note 2) The real budget of the Fund includes the amount rolling over from the previous year (KRW 3,950 million)

Budgets and Expenses by Program

Appendix Table-2

Budgets and Expenses by Program

(Unit : KRW 1 million)

Program	Budget	Expenses
Total	224,392	221,828
<General accounting>	55,607	54,831
Item 2100: Establishment of a fair and secure market environment	21,355	21,324
Item 2300: Improvement of the broadcasting infrastructure	12,257	12,257
Item 7100: Administrative support for broadcasting and communications	21,995	21,250
<Broadcast Communications Development Fund>	168,785	166,997
Item 3100: Establishment of the broadcasting and communications environment boosting satisfaction and convenience	164,157	162,369
Item 3200: Establishment of the broadcasting and communications environment boosting fair and secure	4,628	4,628

● Broadcast Communications Development Fund

(1) Asset and Liabilities

Appendix Table-3 Assets and Liabilities of the Broadcast Communications Development Fund(Unit : KRW 1 million, %)

Classification	2015 (A)	2014 (B)	Change (A-B)	
			In amount	In % rate
Assets	579,682	775,822	△196,140	△25.3
Liabilities	568,559	578,958	△10,399	△1.8
Net Assets	11,123	196,864	△185,741	△94.3

Note) The financial statement table is the total amount of the Fund as of Dec. 31, 2015. △: reduction

(2) Income and Expenses

Appendix Table-4 Income and Expenses of the Broadcast Communications Development Fund(Unit : KRW 1 million, %)

Classification	2015 (A)	2014 (B)	Change (A-B)	
			In amount	In % rate
Net program costs(I)	718,540	536,747	181,793	33.9
Operation expenses(II)	3,274	4,462	△1,188	△26.6
Non-distribution costs(III)	2	5,710	△5,708	△100.0
Non-distribution revenue(IV)	349,066	375,807	△26,741	△7.1
Net financial management costs (V = I + II + III - IV)	372,750	171,112	201,638	117.8
Non-exchange revenue(VI)	187,460	144,979	42,481	29.3
Result(VII= V - VI)	185,290	26,133	159,157	609.0

Note) The fiscal management table refers to the total amount of the Fund as of Dec. 31, 2015. △: reduction

2. The List of General Meetings and Agenda Items of the Commission

Appendix Table-5 List of General Meetings and Agenda Items of the Commission

Session	Date	Type	Agenda Item
1st	1.9(Fri)	Voting	Prior consent to the re-permission to CJ HelloVision youngseo broadcasting network Co., Ltd.
		Reporting	Partial amendment to the 「Enforcement Decree of the Telecommunications Business Act」
		Reporting	Partial amendment of the 「Criteria of Technical and Administrative Measures for Personal Information Protection」
		Reporting	Assessment of content production competence of broadcasting program providers as registration candidates in 2014
2nd	1.22(Thu)	Voting	Violation of the 「Act on the Protection, Use, etc. of Location Information」 with regard to the car sharing app 'Uber'
3rd	1.27(Tue)	Voting	Partial amendment to the 「Regulations on Management of Broadcast Communications Development Fund」 (notice)
		Reporting	Partial amendment to the 「Rules on Meeting Operation of the Korea Communications Commission」
4th	1.30(Fri)	Reporting	Plan for the ceremony of the 「Korea Communications Commission Broadcasting Awards 2015」 (proposal)
5th	2.3(Tue)	Voting	Prior consent on re-permission and change of permission for CATV relay broadcasting business operators (RO) – three ROs including Geogum CATV
		Voting	Agreement on member appointment for the Viewer Rights Protection Commission
6th	2.6(Fri)	Voting	Corrective orders for violations of re-permission criteria by OBS Gyeongin TV
		Reporting	Results on the assessment of competition practices in the broadcasting market in 2014
		Reporting	Partial amendment to the 「Enforcement Decree of the Framework Act on Broadcasting Communications Development」
7th	2.10(Tue)	Voting	Approval of foreign capital attraction to Far East Broadcasting Co., Korea

Session	Date	Type	Agenda Item
8th	2.12(Thu)	Voting	Basic plan for re-permission to broadcast advertising sales agencies (proposal) – Mediacreate Co., Ltd.
		Voting	Administrative measures for violators of broadcasting advertisement regulations – 12 service providers including CU Media
		Reporting	Partial amendment to the 「Notification of Accounting Adjustment Standards for Broadcast Advertising Sales Agency」
		Reporting	Assessment of content production competence of broadcasting program providers as registration candidates in 2014
9th	2.24(Tue)	Voting	Partial amendment to the 「Rules on Meeting Operation of the Korea Communications Commission」
		Voting	Prior consent to the permission for facility change by cable television broadcasting business operator – 6 companies and 3 System Operators affiliated with CJ HelloVision Co., Ltd. –
		Voting	Retrial of the matter regarding broadcasting review – CJ O shopping –
10th	2.26(Wed)	Voting	Administrative measures for violators of personal information protection regulations
11th	3.12(Thu)	Voting	Administrative measures for violators of the 「Mobile Device Distribution Improvement Act」, etc with regard to ‘advanced compensation for used phones’ including SK Telecom, Inc., KT, Inc., and LG U+, Inc.
		Voting	Partial amendment to the 「Enforcement Decree of the Telecommunications Business Act」
		Voting	Partial amendment to the 「Notification of Accounting Adjustment Standards for Broadcast Advertising Sales Agency」
		Reporting	Partial amendment to the 「Broadcasting Act」
12th	3.26(Thu)	Voting	Corrective measures for SK Telecom, and their retail shops for the violation of the 「Mobile Device Distribution Improvement Act」
		Voting	Corrective measures for retail shops for violating the 「Mobile Device Distribution Improvement Act」
		Voting	Corrective measures for the violation of interest of SD service users by KT Skylife
		Reporting	Basic plan for prior consent for re-permission of pay broadcasting service operators
13th	3.27(Fri)	Voting	Agreement on member appointment for the Universal Viewing Rights Protection Committee
		Voting	Retrial of the matter regarding broadcasting review – Munhwa Broadcasting Corporation (MBC)

Session	Date	Type	Agenda Item
14th	4.3(Fri)	Voting	Basic plan for the permission review on a new radio broadcasting station – Far East Yeosu FM
		Voting	Renewal of permission to terrestrial broadcasting business operators in 2015
		Reporting	Partial amendment to the 「Enforcement Decree of the Act on the Protection, Use, etc. of Location Information」
		Reporting	Partial amendment to the 「Notice on the Guarantee of Access to Broadcasting by the Physically Disabled including Programming or the Provision of Programs for the Physically Disabled」
15th	4.7(Tue)	Voting	Prior consent to change permission regarding the corporate merger of cable television broadcasting business operator – CJ HelloVision
		Voting	Administrative measures for violators of broadcasting advertisement regulations – 14 providers including Munhwa Broadcasting Corporation
		Voting	Administrative measures for violators of mandatory programming of non-commercial public advertisement
16th	4.8(Wed)	Voting	Adjustment of the maximum amount of mobile device subsidy
		Reporting	Assessment results of content production competence of broadcasting program providers as registration candidates in 2014
17th	4.24(Fri)	Voting	Partial amendment to the 「Enforcement Decree of the Broadcasting Act」 to improve broadcasting advertisement system
		Voting	Partial amendment to the 「Enforcement Decree of the Framework Act on Broadcasting Communications Development」
		Voting	Partial amendment to the 「Framework Act on Broadcasting Communications Development」
		Reporting	Partial amendment of the 「Procedures and Criteria for Permission, Change of Permission and Re-permission for Broadcast Advertising Sales Representatives」
18th	4.29(Wed)	Voting	Preliminary basic plan for re-permission and approval of broadcasting business operators
		Voting	Administrative measures for violators of personal information protection regulations
		Voting	New permission of location-based service (LBS) providers
		Reporting	Matter pursuant to 「Measures to Nurture Sound Internet Culture」
19th	4.30(Thu)	Voting	Prior consent on re-permission of relay wired broadcasting operators – 6 providers including Chungam CATV
		Reporting	Recognition of share disposal by major shareholders of Channel A

Session	Date	Type	Agenda Item
20th	5.13(Wed)	Voting	Basic plan for re-licensing to terrestrial DMB broadcasting stations in 2015
		Voting	Administrative measures for violators of personal information protection rules by telecommunications business operators and infringement of user interest
		Voting	Partial amendment to the 「Standards on Technical and Managerial Protection Measure of Personal Information」
		Voting	Plan for the evaluation of user protection tasks by communication service providers in 2015 (proposal)
21st	5.15(Fri)	Voting	Partial amendment to the 「Enforcement Decree of the Framework Act on Broadcasting Communications Development」
22nd	5.21(Thu)	Voting	Administrative measures for violators of personal information protection rules
		Voting	Partial amendment of the 「Procedures and Criteria for Permission, Change of Permission and Re-permission for Broadcast Advertising Sales Representatives」
		Voting	Partial amendment to the 「Notice on the Guarantee of Access to Broadcasting by the Physically Disabled including Programming or the Provision of Programs for the Physically Disabled」
		Reporting	Partial amendment of the 「Criteria on the Penalty Imposition for the Violation of Personal Information Protection」
		Reporting	Support status and future plan for free-semester media education (proposal)
23rd	5.28(Thu)	Voting	Prior consent to the re-permission to cable television broadcasting business operator - 14 providers including C&M
		Voting	Administrative measures for violators of user interest regarding broadcasting and communications combined products and false advertisement
24th	5.29(Fri)	Voting	Prior consent to partial amendment to the notification of cable television broadcasting areas
		Voting	Administrative measures for violators of mandatory programming of non-commercial public advertisement
25th	6.4(Thu)	Voting	The 2016 budget and management plan for Broadcast Communications Development Fund
		Voting	Permission of a new radio broadcasting station - Far East Yeosu FM
		Voting	Administrative measures for violators of regulations on foreign capital attraction - 8 foreign stockholders of Seoul Broadcasting System
		Reporting	Inspection results of the general service PPs' performance in their 2014 business plans
26th	6.9(Tue)	Voting	Retrial of the matter regarding broadcasting review - Munhwa Broadcasting Corporation
27th	6.11(Thu)	Voting	Establishment 「Plans for Regional Broadcasting Development and Support」
		Voting	Administrative measures for violation of user interests by SK Telink Co., Ltd.
		Reporting	Basic plan for the operation of Community Media Foundation (proposal)

Session	Date	Type	Agenda Item
28th	6.15(Mon)	Reporting	Checking the stenographic records of the 25th Commission meeting
29th	6.19(Fri)	Voting	Administrative measures for violators of personal information protection regulations
		Reporting	Partial amendment to the 「Enforcement Decree of the Broadcasting Act」
30th	6.23(Tue)	Voting	Prior consent to the permission of change to cable television broadcasting business operators - facilities change of 10 companies affiliated with C&M, and corporate merger of t-broad affiliates -
31st	6.26(Fri)	Voting	Agreement on directors of Korean Broadcasting System, Foundation for Broadcast Culture, and Korea Educational Broadcasting System
		Voting	Basic plan for broadcasting assessment in 2014 (proposal)
32nd	6.30(Tue)	Reporting	2014 disclosure on the financial status of broadcasting business operators
33rd	7.2(Thu)	Voting	Partial amendment to the 「Enforcement Decree of the Act on the Protection, Use, etc. of Location Information」
		Reporting	Whole amendment to the 「Levy and Collection of Broadcast Communications Development Fund」 (notice)
34th	7.7(Tue)	Voting	Retrial of the matter regarding broadcasting review - JTBC
		Voting	Corrective measures for the violation of broadcasting advertisement rules - 11 providers including Skylife Co., Ltd.
		Voting	Appointment of certificate authority for daily newspaper circulation
35th	7.9(Thu)	Voting	Administrative measures to general service programming providing business operators for violating the re-permission criteria - 3 providers including TV Chosun Co., Ltd. -
		Voting	Prior consent to the re-permission to cable television broadcasting business operator - 13 providers including Chungbuk CableTV System Co., Ltd. -
		Voting	Corrective measures for retail shops for violating the 「Mobile Device Distribution Improvement Act」
		Voting	Ease on the mandatory programming for disabled people for OBS Gyeongin TV
		Voting	Assessment on the performance of broadcast services for disabled people in 2014
36th	7.14(Tue)	Voting	Prior consent to the permission of change to cable television broadcasting business operators - permission of change to 24 providers including t-broad
		Voting	Retrial of the matter regarding broadcasting review - Korean Broadcasting System
37th	7.16(Thu)	Voting	Administrative measures on SK Telink Co., Ltd. for violating user interests stipulated in 「Telecommunications Business Act」
		Voting	Calculation of ratings of broadcasting business operators in 2014
		Reporting	Partial amendment to the notification and directives regarding the Consumer Policy (proposal)

Session	Date	Type	Agenda Item
38th	7.20(Mon)	Voting	Recommendation of director for KBS and selection of director candidates for Foundation for Broadcast Culture
39th	7.22(Wed)	Voting	Prior consent to the permission for facility change by cable television broadcasting business operators
		Voting	Arbitration on compensation for damages for LG U+, Inc. for violating the 「Telecommunications Business Act」
		Voting	Arbitration on compensation for damages for SK Telecom, Inc. for violating the 「Telecommunications Business Act」
		Voting	Arbitration on compensation for damages for KT, Inc. for violating the 「Telecommunications Business Act」
		Voting	Whole amendment to reassessment of administrative rules - 13 rules including detailed types of violation of combined sales and review criteria
40th	8.6(Thu)	Voting	Basic plan for permission of change of the largest shareholder (proposal) – Kyonggi Broadcasting Corporation
		Voting	Administrative measures for violators of personal information protection regulations
		Voting	New permission of location-based service (LBS) providers
		Reporting	Enactment of the 「Guidelines on Personal Information Protection on Smartphones」
		Reporting	Matters pursuant to 「System Improvement of combined products of the broadcasting and communications」 (proposal)
		Reporting	Enactment of 「Notice on the Detailed Criteria on Virtual Advertisement, etc.」
		Reporting	Partial amendment to 「Rules on Sponsoring Notification」
Reporting	Partial amendment of the 「Notification on Organization of Broadcast Programs」		
41st	8.13(Thu)	Voting	Recommendation of director for KBS and selection of director candidates for Foundation for Broadcast Culture
42nd	8.17(Mon)	Voting	Re-permission to broadcast advertising sales agencies – Mediacreate Co., Ltd. –
		Reporting	Partial amendment to the 「Notification on Support for Combined Sales of Broadcasting Advertisements」
43rd	8.21(Fri)	Voting	Partial amendment to the 「Criteria on the Penalty Imposition for the Violation of Personal Information Protection」
		Voting	Corrective measures on SK Telink Co., Ltd. for violating user interests stipulated in 「Telecommunications Business Act」
		Voting	Whole amendment of the 「Levy and Collection of Broadcast Communications Development Fund」 (notice)
		Voting	Selection of director candidates, etc. for EBS

Session	Date	Type	Agenda Item
44th	9.3(Thu)	Voting	Administrative measures on four cable television broadcasting business operators including Chungbuk CableTV System Co., Ltd. for delaying distribution of profit
		Voting	Permission of change of the largest shareholder of Kyonggi Broadcasting Corporation
		Voting	Basic plan for selection of public-interest program channel and the recognition of a welfare program channel for disabled people for 2016 (proposal)
		Voting	Administrative measures on LG U+ for violating rules on subscription to 20% discount plan
		Reporting	Decision on the enforcement date of the regulation on suspending new subscriber acquisition related to 「Mobile Device Distribution Improvement Act」 of SK Telecom, Inc.
45th	9.8(Tue)	Voting	Administrative measures for violating 「Broadcasting Act」 regarding change report of representative of terrestrial broadcasting business operator - Junju MBC -
		Voting	Arbitration on compensation for damages for Annextelecom for violating the 「Telecommunications Business Act」
46th	9.9(Wed)	Voting	Administrative measures on LG U+ and related multi-level retail shops for violation of laws
		Voting	Appointment of director for EBS
47th	9.14(Mon)	Voting	Appointment of director for EBS
48th	9.15(Tue)	Voting	Prior consent to the permission for facility change by cable television broadcasting business operators - facility change for 38 providers including t-broad Nowon broadcasting, and the corporate merger of CJ HelloVision affiliates -
49th	9.16(Wed)	Voting	Enactment of 「Notice on the Detailed Criteria on Virtual Advertisement, etc.」 (proposal)
		Voting	Partial amendment to the 「Notification on Support for Combined Sales of Broadcasting Advertisements」
		Voting	Administrative measures on advertisement sales agencies for violating accounting separation - J Mediarep and MBN Mediarep
		Voting	Administrative measures on MBN for violating rules regarding broadcasting advertisement
		Voting	Partial amendment to the 「Broadcasting Act」 for the unification of the regulation system of pay broadcasting
		Voting	Administrative measures on MBN Mediarep for violating the 「Act on Broadcast Advertising Sales Agencies, etc.」
		Reporting	Partial amendment to the 「Enforcement Decree of the Broadcasting Act」

Session	Date	Type	Agenda Item
50th	9.22(Tue)	Voting	Retrial of the matter regarding broadcasting review – Daegu MBC
		Voting	Agreement on member appointment for the Broadcasting Market Competition Situation Assessment Committee
51st	9.24(Thu)	Voting	Administrative measures on OBS Gyeongin TV for not implementing corrective orders
		Voting	Corrective orders on OBS Gyeongin TV for violating re–permission criteria
		Voting	Amendment to basic plan for renewal and approval of permission to broadcasting business operators
		Reporting	Partial amendment to the 「Detailed Types of Violation of Combined Sales and Review Criteria (Notice)」
		Reporting	Partial amendment to the 「Enforcement Decree of the Act on Promotion of Information and Communications Network Utilization and information Protection, etc.」
52nd	10.1(Thu)	Voting	Election of the Commission vice chairperson
53th	10.8(Thu)	Voting	Partial amendment to the 「Notification regarding the Organization of Broadcasting Programs」
		Reporting	Enactment of 「Guidelines on Broadcasting and Communications Combined Sales and False Advertisement」
54th	10.13(Tue)	Voting	Partial amendment to the 「Regulations on the Establishment of and Supervision of Non–Profit Foundations related to the Commission」
		Voting	Objection to approval denial of the change of the largest shareholder for Kyonggi Broadcast
		Voting	Partial amendment to the notification and directives regarding the Consumer Policy
		Voting	Agreement on the appointment of supplementary members of the Broadcasting Assessment Committee
		Voting	Administrative measures for violating broadcasting advertisement rules – 8 providers including MBC
		Reporting	Partial amendment to 「Rules of the Commission on the Implementation of the Broadcasting Act」
55th	10.16(Fri)	Voting	Corrective measures on t–broad and C&M for violations of terms of 「Broadcasting Act」
		Voting	Arbitration on compensation for damages for SK Telecom, Inc. for violating the 「Telecommunications Business Act」
		Voting	Corrective measures for violators of personal information protection regulations
		Reporting	Whole amendment to the 「Notification on the Approval of Management System, etc. of Personal Information Protection」

Session	Date	Type	Agenda Item
56th	10.22(Thu)	Voting	Prior consent on re-permission of relay wired broadcasting operators - 7 providers including Daeui CATV -
		Voting	Arbitration on compensation for damages for KT, Inc. for violating the 「Telecommunications Business Act」
57th	10.23(Fri)	Voting	Corrective measures on t-broad and C&M for violations of terms of 「Broadcasting Act」
		Reporting	Basic plan for the assessment of broadcasting content production capabilities in 2015
		Reporting	Partial amendment to the 「Rules on Broadcasting Assessment」
58th	11.05(Thu)	Voting	Selection of public-interest program channel and the recognition of a welfare program channel for disabled people for 2016
59th	11.10(Tue)	Voting	Appointment of supplementary members of Media Diversity Committee
60th	11.12(Thu)	Voting	Basic plan for permission of a new radio broadcasting station (FM) - KNN FM -
		Voting	Partial amendment to the 「Guideline on the Imposition of Fine for the Violation of Sponsoring Notification」
		Reporting	Assessment Methods for Detailed Review Criteria on Transfer of Location Information-based Business and Merger」
61st	11.20(Fri)	Voting	Corrective measures for Ppomppu for violating the terms of personal information protection rules
		Voting	Corrective measures on MVNOs and smartphone app business operators for violating the terms of personal information protection rules
		Reporting	Enactment of 「Guidelines on Multi-level Sales of Mobile Communications Services」
62nd	11.24(Tue)	Voting	Selection of president candidate of EBS
63rd	11.26(Thu)	Voting	Prior consent to the permission for facility change by cable television broadcasting business operators - 16 providers including Hyundai HCN -
		Voting	Administrative measures for violating broadcasting advertisement rules - 3 providers including MBC Plus -
		Reporting	Partial amendment to 「Korea Communications Commission's Rules on Implementation of Radio Wave Act (Notice)」
64th	11.27(Fri)	Voting	Results of broadcasting assessment in 2014
		Voting	Corrective measures on LG U+ and related retail shops for violating the 「Mobile Device Distribution Improvement Act」
		Voting	Agreement on the appointment of president of EBS
		Reporting	Corrective measures on KT, Inc. for violating user interest regarding 「Tailored combined products」
65th	12.03(Thu)	Voting	Partial amendment to the 「Enforcement Decree of the Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.」

Session	Date	Type	Agenda Item
66th	12.08(Tue)	Voting	Partial amendment to 「Rules of the Commission on the Implementation of the Broadcasting Act」
67th	12.10(Thu)	Voting	Renewal of permission to terrestrial broadcasting business operators in 2015
		Voting	Corrective measures for violators of user interest regarding broadcasting and communications combined products and false advertisement
		Reporting	Evaluation results of user protection tasks by communication service providers in 2015
68th	12.14(Mon)	Voting	Appointment of auditors for the Korean Broadcasting System.
69th	12.17(Thu)	Voting	New permission of location-based service (LBS) providers
		Voting	Enactment of notification of the 「Assessment Methods for Detailed Review Criteria on Transfer of Location Information-based Business and Merger」
		Voting	Prior consent on re-permission for satellite broadcasting business operator - KT SkyLife -
		Voting	Partial amendment to the 「Enforcement Decree of the Broadcasting Act」 pursuant to prohibited acts for home shopping PP
		Voting	Renewal of permission to terrestrial mobile multimedia stations in 2015 - 6 providers including Busan MBC
		Reporting	Basic plan for the Review of Fund Support for Support for Regional Broadcast in 2016 (proposal)
		Reporting	Partial amendment to the 「Enforcement Decree of the Broadcasting Act」 pursuant to programming ratio of pure outsourcing production
70th	12.22(Tue)	Voting	Package amendment to overhauling forms that request resident registration number of administrative rules - three matters including the 「Rules of the Commission on the Implementation of the Broadcasting Act」
		Voting	Prior consent on re-permission of relay wired broadcasting operators - 10 providers including Saebit Net -
		Voting	Partial amendment to the 「Criteria on the Penalty Imposition for the Violation of Personal Information Protection」
		Voting	Whole amendment to the 「Notification on the Approval of Management System, etc. of Personal Information Protection」
71st	12.23(Wed)	Voting	Re-permission of terrestrial mobile multimedia broadcasting station in 2015 - Korean Broadcasting System (regional) -
		Reporting	Assessment results on the broadcasting market competition situation in 2015
		Reporting	Enactment of the 「Guidelines on Criteria and Procedure for Calculating the Audience Share Ratio」

Session	Date	Type	Agenda Item
72nd	12.28(Mon)	Voting	Matters with regard to 『Policy Measures for the Introduction of Terrestrial UHD Broadcasting』
		Voting	Basic plan for the permission review on a new radio broadcasting station - KNN 2 FM -
		Reporting	Assessment results of content production competence of broadcasting program providers as registration candidates in 2015

3. Monthly Major Achievements of 2015

Appendix Table-6 Monthly Major Achievements of 2015

January 2015

Date	Events
Jan. 1	Three terrestrial broadcasting providers (KBS, MBC, and SBS) conduct trial UHD broadcasting
Jan. 9	Prior consent on re-permission of CJ HelloVision youngseo broadcasting network resolved
Jan. 9	Assessment plan of content capability of broadcasting provider subject to registration in 2014 announced
Jan. 14	'Dynamic and innovative economy' task reported
Jan. 15	2015 New Year Meeting for broadcasting and communications business operators held
Jan. 19	Investigation plan of mobile communications subsidies payment announced
Jan. 19	Mobile communications market stabilization forum held
Jan. 27	The Commission's work plan for 2015 announced
Jan. 29	'Measures to improve the surveying method share of audience in the smart era' held
Jan. 30	Chairman Choi Sung-joon holds a round table with CEOs of drama productions

2015 New Year Meeting for broadcasting and communications business operators



The Commission's work plan for 2015 announced



Chairman Choi Sung-joon holds a round table with CEOs of drama productions



February 2015

Date	Events
Feb. 3	Member of the 7 th term Viewer Rights Protection Commission appointed
Feb. 3	Re-permission and permission of change for CATV relay broadcasting business operators (three operators including Geogum CATV) resolved
Feb. 4	Chairman Choi Sung-joon holds a round table with CEOs of independent productions
Feb. 6	Presentation on content competitiveness enhancement project for regional and small or medium broadcasting operators held
Feb. 11	Trial EBS-2TV MMS launched
Feb. 13	Retransmission of EBS2 between EBS and SO agreed
Feb. 13	Public hearing to collect opinions on improvement of broadcasting advertisement system held
Feb. 16	Chairman Choi Sung-joon holds a round table with terrestrial broadcasting providers
Feb. 16	Visit to traditional markets and welfare facilities
Feb. 24	Prior consent on permission of facility change for general service PPs (6 CJ HelloVision families and other 3 SOs) resolved
Feb. 25	Chairman Choi Sung-joon holds a round table with general service PPs
Feb. 27	Presentation on protection policy of online personal information held

Member of the 7th term Viewer Rights Protection Commission appointed



Chairman Choi Sung-joon holds a round table with CEOs of independent productions



Chairman Choi Sung-joon holds a round table with terrestrial broadcasting providers



Presentation on protection policy of online personal information held



March 2015

Date	Events
Mar. 1~8	Chairman Choi Sung-joon participates in MWC for broadcasting and communications cooperation with the UK, Spain, and France
Mar. 2~5	Commissioner Kim Jae-hong visits Zhejiang Province, China to support the broadcasting content export (1st)
Mar. 2	2015 plan for location information business operator's license announced
Mar. 4	Representative councils for policy customers for the first half year held
Mar. 14	The Commission holds mountain climbing day and opening ceremony for mountain
Mar. 15~21	Vice Chairman Hur Won-je visits CeBIT and researches unification cases
Mar. 15~21	Commissioner Lee Ki-joo visits the Czech Republic and Belgium for broadcasting and communications cooperation enhancement
Mar. 24	Policy cooperation meeting held between the Commission and MSIP
Mar. 25	Forum on diagnosis of the competition in broadcasting market and improvement measures held
Mar. 26	Administrative measures taken on SKT and retail shops for violating 「Mobile Device Distribution Improvement Act」
Mar. 26	Basic plan for prior consent of license renewal for pay broadcasting business, etc. reported
Mar. 26	Corrective measures taken on SD services of KT Skylife for violating viewers' interest
Mar. 30	Representative councils for policy customers for the first half year held

Chairman Choi Sung-joon participates in MWC for broadcasting and communications cooperation with the UK, Spain, and France



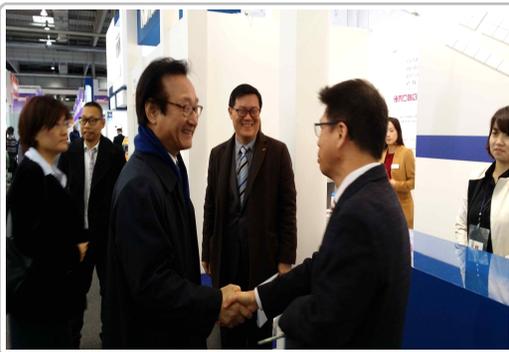
Commissioner Kim Jae-hong visits Zhejiang Province, China to support the export of broadcasting content (1st)



The Commission holds mountain climbing day and opening ceremony for mountain



Vice Chairman Hur Won-je visits CeBIT and re-searches unification cases



Commissioner Lee Ki-joo visits the Czech Republic and Belgium for broadcasting and communications cooperation enhancement



Forum on diagnosis of the competition in broadcasting market and improvement measures held



Policy cooperation meeting held between the Commission and MSIP



April 2015

Date	Events
Apr. 1	EBS2 starts retransmission on cable broadcasting (analogue product)
Apr. 3	Basic plan for license renewal of Far East Yeosu FM voted
Apr. 3	2015 basic plan for license renewal of terrestrial broadcasting business operator resolved
Apr. 7	Prior consent on the permission of change for the corporate merger for cable television broadcasting business operators (CJ HelloVision) resolved
Apr. 8	Mobile device subsidy raised from KRW 300,000 to KRW 330,000
Apr. 9	Chairman Choi Sung-joon visits pay broadcasting site
Apr. 11	Chairman Choi Sung-joon conducts safety examination of broadcasting facilities of KBS and EBS
Apr. 12~18	Commissioner Ko Sam-seog visits NAB Show and observes broadcasting trends in the US
Apr. 13	Technology standards for smart sign language broadcasting service enacted
Apr. 19	Chairman Choi Sung-joon visits mobile devices distribution sites on weekend
Apr. 20	2015 Korea Broadcasting Prizes held
Apr. 21	Public hearing to establish support plan for regional broadcasting held
Apr. 21	Ceremony for 2015 Science Day and Information Communications Day held (Gwacheon National Science Museum)
Apr. 22~23	Commissioner Ko Sam-seog visits KCON 2015 JAPAN
Apr. 24	Amendment to 「Broadcasting Act」 to ease broadcasting regulations and introduction of the Gross Cap Regulation of Advertising Time resolved
Apr. 30	Prior consent on license renewal for CATV relay broadcasting business operators resolved (6 operators including Cheongam CATV)
Apr. 30	Chairman Choi Sung-joon holds CEO's meeting with 2 news-specialized channels
Apr. 30	White paper on license renewal for general service programming providing business operator (MBN) published
Apr. 30~May 1	Experience hall of real-time spam prevention based on big data opened

EBS2 starts retransmission on cable broadcasting



Chairman Choi Sung-joon visits pay broadcasting site



Chairman Choi Sung-joon visits mobile devices distribution sites on weekend



2015 Korea Broadcasting Prize



Public hearing to establish support plan for regional broadcasting



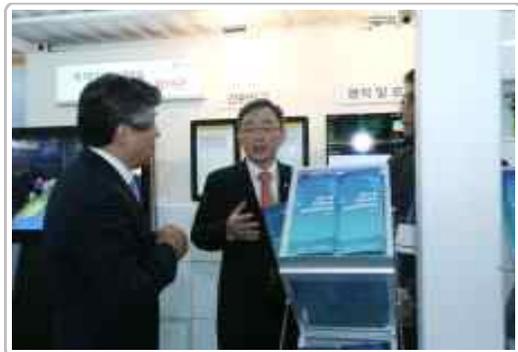
Commissioner Ko Sam-seog visits KCON 2015 JAPAN



Amendment to 『Broadcasting Act』 to ease broadcasting regulations and introduction of the Gross Cap Regulation of Advertising Time



Experience hall of real-time spam prevention based on big data



May 2015

Date	Events
May 6~10	Chairman Choi Sung-joon attends International Electronic Communications Regulators Conference and met Turkish officials for broadcasting and communications cooperation
May 11	MOU signed with 8 local governments for TV supply project for the visually and hearing impaired people
May 13	Basic plan for re-permission to terrestrial DMB in 2015 resolved
May 13~14	Main review of prior consent on re-permission to cable television broadcasting business operators (14 operators including C&M) conducted
May 14	Chairman Choi Sung-joon visits schools offering free semester media education in Gwangju area (Unam Middle School, Gwangju)
May 15	Seminar on right to be forgotten held
May 15	Presentation on standards of technological and managerial protection measures of personal information held
May 15	Community Media Foundation established
May 18	Chairman Choi Sung-joon holds the 2 nd meeting with independent production CEOs
May 18~19	Informal review of prior consent on license renewal for cable television broadcasting business operators (14 operators including C&M) conducted
May 21	Chairman Choi Sung-joon visits safety drill for disaster response
May 22	License renewal committee for Far East Yeosu FM organized and operated
May 26~29	Commissioner Kim Jae-hong visits Zhejiang Province, China to support the export of broadcasting content (2nd)
May 27	Chairman Choi Sung-joon visits schools offering free semester media education in Daejeon area (Wolpyung Middle School, Daejeon)
May 28	Prior consent on license renewal for cable television broadcasting business operators (14 operators including C&M) resolved
May 28	Support plan for regional broadcasting development (proposal) deliberated
May 29	Chairman-presided policy meeting with presidents of Regional Private Broadcasting Association held
May 29	Prior consent to amendment to the notification of cable television broadcasting areas resolved
May 30	Korea Communication Commission Hanmaum Sports Festival held

Chairman Choi Sung-joon attends International Electronic Communications Regulators Conference and met Turkish officials for broadcasting and communications cooperation



Chairman Choi Sung-joon visits schools offering free semester media education in Gwangju area



Seminar on right to be forgotten



Presentation on standards of technological and managerial protection measures of personal information



Community Media Foundation established



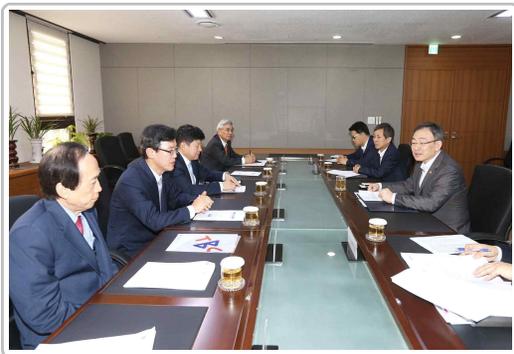
Commissioner Kim Jae-hong visits Zhejiang Province, China to support the export of broadcasting content (2nd)



Chairman Choi Sung-joon visits schools offering free semester media education in Daejeon area



Policy meeting with presidents of Regional Private Broadcasting Association held



June 2015

Date	Events
Jun. 1	Facts regarding multi-level sales of LGU+ and retail stores investigated
Jun. 1	'Special section for Internet ethics' programmed for SBS radio show 'Lee Guk-joo's Young Street' (until Jun. 30)
Jun. 1	Banner advertisement for SBS radio show 'Watching Radio' run (until Jun. 30)
Jun. 1	Beautiful Internet World Week held
Jun. 3	Voluntary work in farming villages
Jun. 4	Chairman Choi Sung-joon delivers touring lecture on Internet ethics (Chunggye Elementary School, Seoul)
Jun. 4	New license for Far East Yeosu FM resolved
Jun. 4	Cable television broadcasting business operators report 2014 performance examination results to the Commission
Jun. 8	Cable television broadcasting business operators urged to follow up on 2014 performance examination results
Jun. 11	Support plan for regional broadcasting development established
Jun. 11	Policy meeting with presidents of regional MBC held
Jun. 14	Chairman Choi Sung-joon pays encouragement visit to KBS and YTN covering MERS
Jun. 15	Chairman Choi Sung-joon visits retail stores affected by MERS
Jun. 15	Chairman Choi Sung-joon visits schools offering free semester media education in Gangwon area (Sabook Middle School, Gangwon)
Jun. 17	Chairman Choi Sung-joon holds the 2 nd round table with CEOs of drama productions
Jun. 17~19	Review of prior consent on license renewal for cable television broadcasting business operators carried out (13 operators including CJ HelloVision)
Jun. 18	Chairman Choi Sung-joon pays encouragement visit to TV Chosun and Channel A covering MERS response
Jun. 18	Chairman Choi Sung-joon pays encouragement visit to MBC and Yonhap News MERS response
Jun. 22	'Broadcasting Act' amended to abolish limitation of programming ratio for special interest groups
Jun. 23	Prior consent on license renewal for cable television broadcasting business operators resolved (change of facilities for 10 C&M families and corporate merger for t-broad)
Jun. 23~24	Employees' resolution for work integrity ceremony held in the historic site of Ori Lee Won-ik
Jun. 24	Presentation on autonomous examination of personal information protection for relevant business operators in 2015 held
Jun. 26	Basic plan for broadcasting assessment of 2014 resolved
Jun. 29	Commissioner Lee Ki-joo delivers touring lecture on Internet ethics (Gangbyun Misa Elementary School)
Jun. 30	Seoul Viewers' Media Center opened
Jun. 30	2014 financial status of broadcasting business operators disclosed

SBS radio show Lee Guk-joo's Young Street



SBS radio show 'Watching Radio'



Declaring ceremony of Beautiful Internet World Week



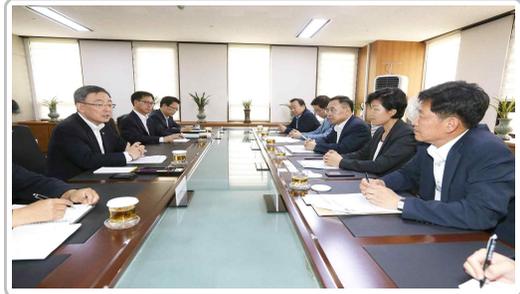
Voluntary work in farming villages



Lecture on Internet ethics (Chunggye Elementary School, Seoul)



Policy meeting with presidents of regional MBC



Chairman Choi Sung-joon visits schools offering free semester media education in Gangwon area



Employees' resolution for work integrity ceremony held in the historic site of Ori Lee Won-ik



Presentation on autonomous examination of personal information protection for relevant business operators in 2015



Touring lecture on Internet ethics (Gangbyun Misa Elementary School)



July 2015

Date	Events
Jul. 3	Chairman Choi Sung-joon visits Kwangju Broadcasting Company, Ltd. and Gwangju Gugak FM Broadcasting System
Jul. 3	Commissioner Lee Ki-joo visits retail stores affected by MERS
Jul. 3	Commissioner Ko Sam-seog pays encouraging visit to Gwangju Universiade organizers
Jul. 8	Founding ceremony of Community Media Foundation held
Jul. 9	Cable television broadcasting business operators report 2014 implementation performance examination results resolved by the Corrective Measures Committee
Jul. 9	Prior consent of license renewal for pay broadcasting business resolved (13 operators including Chungbuk Cable TV System)
Jul. 9	Executives' resolution for work integrity ceremony held in the historic site of Ori Lee Won-ik
Jul. 13	Ground-breaking ceremony of Ulsan Viewers' Media Center held and visit to KBS Ulsan
Jul. 14	Prior consent on permission to change for cable television broadcasting business operators resolved (24 permissions including t-broad Gangseo Broadcasting)
Jul. 16	'2014 Media Exchange Ratio and 2014 Share of Audience' announced
Jul. 22	Prior consent on permission to change for cable television broadcasting business operators resolved
Jul. 27	The Frequency Deliberation Committee of the Office of Government Policy Coordination decides on 700MHz bandwidth distribution
Jul. 27	Plan of 'Text message service against communications damage for people' announced
Jul. 29	Meeting with location-based information business operators held
Jul. 31	The 1 st Campaign for Keeping My Internet Information conducted

Chairman Choi Sung-joon visits Kwangju Broadcasting Company and Gwangju Gugak FM



Commissioner Lee Ki-joo visits retail stores affected by MERS



Founding ceremony of Community Media Foundation



Executives' resolution for work integrity ceremony



Ground-breaking ceremony of Ulsan Viewers' Media Center



Visit to KBS Ulsan



The 1st Campaign for Keeping My Internet Information



August 2015

Date	Events
Aug. 4~28	Meeting with viewers on production support for regional broadcasting (Daejeon, Busan, Gangwon, Incheon, and Gwangju)
Aug. 6	'Improvement measures for broadcasting and communications combined products policy' announced
Aug. 6	'Guidelines on personal information protection on smartphone app' announced
Aug. 6	Measures to enhance sponsorship transparency and improve formal regulation announced
Aug. 11	Consultative body on terrestrial retransmission holds 1 st meeting
Aug. 17	Expanded support for free semester media education for the 2 nd semester of 2015 announced
Aug. 19	The 2 nd Campaign for Keeping My Internet Information conducted
Aug. 19	Meeting for UHD policy preparation held
Aug. 20	Commissioner Lee Ki-joo holds meeting on mobile communications
Aug. 21	Chairman Choi Sung-joon holds business operators' meeting on improving sign language broadcasting
Aug. 21	Stringent measures against illegal MVNO telemarketing taken
Aug. 23~29	Chairman Choi Sung-joon attends Asia Pacific Regulators' Round Table for broadcasting and communications cooperation with China and Mongolia
Aug. 26	Meeting to collect opinions on the improvement of virtual advertisement standards and regulations
Aug. 26~30	Pavilion of Korea opened in the KL CONVERGE hosted by the Malaysian government
Aug. 28	The Commission and affiliated organizations hold integrity workshop

Viewers' meeting in Gangwon area



Viewers' meeting in Jeolla area



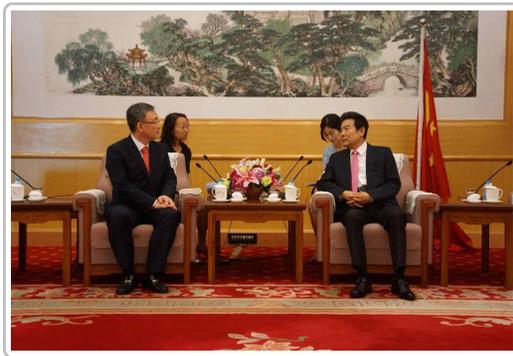
The 2nd Campaign for Keeping My Internet Information



Chairman Choi Sung-joon holds business operators' meeting on improving sign language broadcasting



Chairman Choi Sung-joon attends Asia Pacific Regulators' Round Table for broadcasting and communications cooperation with China and Mongolia



Pavilion of Korea opened in the KL CONVERGE hosted by the Malaysian government



The integrity workshop of the Commission and affiliated organizations



September 2015

Date	Events
Sep. 1	Fact-finding into broadcasting and communications combined products, false advertisement, and provision of gifts.
Sep. 3	Measures taken on LGU+ for interfering with rate choice equivalent to subsidies
Sep. 3	Administrative measures taken on 4 SOs including Chungbuk Cable TV for delaying payment of rates for programs
Sep. 3	Basic plan on selection of public benefit channels and certification of welfare channels for physically impaired people in 2016 resolved
Sep. 4	Chairman Choi Sung-joon conducts safety examination of broadcasting facilities of KBS headquarters
Sep. 7	Consultative body on terrestrial retransmission holds the 2 nd meeting
Sep. 7	Donation campaign to spread sharing culture held (Rice Bucket Challenge)
Sep. 9	Administrative measures taken on LGU+ and retail stores for multi-level sales
Sep. 10	The Commission forms consultative body on integrity policy with public agencies and broadcasting and communications associations
Sep. 14	Chairman Choi Sung-joon attends TV donation ceremony in Incheon Seongdong School for the Deaf
Sep. 15	Prior consent on permission to change for cable television broadcasting business operators resolved (change of facilities for 38 operators including t-broad Nowon Broadcasting, and corporate merger for CJ HelloVision family)
Sep. 16	Administrative measures taken on MBN Media Rep for influencing broadcasting programming without reasonable cause
Sep. 16	Enactment of 'Notification of Detailed Standards on Virtual Advertisement' voted
Sep. 16	Launching ceremony of 2015 Korea Communications Commission's blog reporters held
Sep. 18	Commissioner Lee Ki-joon visits mobile devices retail stores
Sep. 18	Voluntary work for fruit farms
Sep. 21	Three EBS-IPTV operators ((SK, KT, and LGU+) agree on EBS2 retransmission
Sep. 23	Opening ceremony of Seoul Viewers' Media Center held
Sep. 24	Basic plan for license renewal and approval of broadcasting business operators resolved
Sep. 24	Chairman Choi Sung-joon attends the 3 rd Yonhap New TV Economic Forum 2015
Sep. 24	Chairman Choi Sung-joon visits mobile devices distributors
Sep. 24	Chairman Choi Sung-joon visits traditional markets and welfare facilities
Sep. 30	Consultative body on terrestrial retransmission holds the 3 rd meeting

Chairman Choi Sung-joon conducts safety examination of broadcasting facilities of KBS headquarters



Donation campaign to spread sharing culture (Rice Bucket Challenge)



Chairman Choi Sung-joon attends TV donation ceremony in Incheon Seongdong School for the Deaf



Launching ceremony of 2015 Korea Communications Commission's blog reporters



Voluntary work for fruit farms



Opening ceremony of Seoul Viewers' Media Center held



Chairman Choi Sung-joon visits mobile devices distributors



Chairman Choi Sung-joon visits traditional markets and welfare facilities



October 2015

Date	Events
Oct. 1	MOU signed for cooperation between the Commission, the Small and Medium Business Administration, and KOBACO.
Oct. 8	Meeting to promote venture firms run by female CEOs held
Oct. 13	2015 International Conference on Inter-Korean Broadcasting and Communications held
Oct. 14	Chairman Choi Sung-joon conducts safety examination of the national communications infrastructure
Oct. 18	Chairman Choi Sung-joon conducts safety examination of broadcasting facilities in Baengnyeongdo
Oct. 19	Chairman Choi Sung-joon visits schools offering free semester media education in Incheon area (Baengnyeong Middle School, Incheon)
Oct. 19	Chairman Choi Sung-joon pays respects at Cheonan 46 Warriors Memorial Tower and visits military base in Baengnyeongdo (the 6th Marine Brigade)
Oct. 20	Conference on personal information protection in new ICT area and usage promotion held
Oct. 22	Prior consent of license renewal for pay broadcasting business resolved (7 operators including Daeui Cable TV)
Oct. 23	Administrative measures taken on 40 SOs including t-broad and C&M for illegals sales activities
Oct. 25~27	Chairman Choi Sung-joon attends CASBAA Convention 2015 to strengthen broadcasting and communications cooperation with India
Oct. 26	Consultative body on terrestrial retransmission holds the 4 th meeting
Oct. 26	Code of conduct for integrity involving license, investigation, and finance enacted

MOU between the Commission, the Small and Medium Business Administration, and KOBACO.



Meeting to promote venture firms run by female CEOs



International Conference on Inter-Korean Broadcasting and Communications



Chairman Choi Sung-joon conducts safety examination of the national communications infrastructure



Chairman Choi Sung-joon conducts safety examination of broadcasting facilities in Baengnyeongdo



Chairman Choi Sung-joon visits schools offering free semester media education in Incheon area



Chairman Choi Sung-joon pays respects at Cheonan 46 Warriors Memorial Tower and visits military base in Baengnyeongdo (the 6th Marine Brigade)



Conference on personal information protection in new ICT-area and usage promotion



Chairman Choi Sung-joon attends CASBAA Convention 2015 to strengthen broadcasting and communications cooperation with India



November 2015

Date	Events
Nov. 2	Celebrating ceremony of Broadcasting and Communications Users' Week held
Nov. 5	9 public-interest program channels selected and 1 welfare program channel for disabled people recognized in 2016
Nov. 6	Chairman Choi Sung-joon opens 2015 Public Advertisement Contest
Nov. 6	2015 Community Media Prizes held
Nov. 6~7	2015 Community Media Festival held
Nov. 10	Chairman Choi Sung-joon holds 2015 Korea Advertising Awards
Nov. 11	The 3 rd term Policy Advisory Council for Internet Culture held
Nov. 12	Basic plan for new license for KNN 2 FM resolved
Nov. 12~14	Commissioner Lee Ki-joo attends Korea-China Private Economic Cooperation Forum
Nov. 13	2015 review committee for terrestrial broadcasting business operators' license renewal formed and operated
Nov. 13	Representative councils for policy customers for the second half of 2015 held
Nov. 17	Fact-finding into KT's unfair sales activities of high-speed Internet
Nov. 17	Policy debate for the realization of media diversity held
Nov. 17	Meeting with civic groups on trial service of EBS-2TV held
Nov. 18	Chairman Choi Sung-joon attends the 3 rd Global Leaders Forum hosted by TV Chosun
Nov. 18	Commissioner Lee Ki-joo holds CEO meeting with cable TV operators
Nov. 18	Consultative body on terrestrial retransmission holds the 5 th meeting
Nov. 20	Seminar on the rational improvement of sponsorship system held
Nov. 20	「Guidelines on Multi-level Sales of Mobile Communications Services」 enters into force
Nov. 20	The Commission holds meeting on current issues with foreign journalists
Nov. 23	The Commission holds invitational event for former commissioners
Nov. 25	2015 Internet Ethics Prizes held
Nov. 26	Prior consent on permission to change for cable television broadcasting business operators resolved (16 operators including Hyundai HCN)
Nov. 26	Industry meeting on broadcasting and communications combined products held
Nov. 26~29	2015 Creative Economy Fair held
Nov. 27	2014 Broadcasting assessment results made public
Nov. 27	Fine imposed on LGU+ for illegal attraction of subscribers in the US Armed Forces stationed in Korea

2015 Public Advertisement Contest



2015 Community Media Prizes



2015 Community Media Festival
(Media Golden Bell)



2015 Korea Advertising Awards



The 3rd term Policy Advisory
Council for Internet Culture



Representative councils for policy
customers for the second half of
2015



Policy debate for the realization of
media diversity



Commissioner Lee Ki-joo holds
CEO meeting with cable TV operators



The Commission holds Meeting
on current issues with foreign
journalists



Invitational event for former
commissioners



2015 Internet Ethics Prizes



Industry meeting on broadcasting
and communications combined products



December 2015

Date	Events
Dec. 1	The National Assembly passes the 「Broadcasting Act」 and the 「Framework Act on Broadcasting Communications Development」
Dec. 2	Chairman Choi Sung-joon conducts safety examination of broadcasting facilities in KBS Hwaseong transmitting station
Dec. 2	Consultative body on terrestrial retransmission holds the 6 th meeting
Dec. 5	Chairman Choi Sung-joon attends charity event of donating briquettes
Dec. 8~9	Prior consent on license renewal for satellite broadcasting business operators
Dec. 10	License renewal for terrestrial broadcasting business operators in 2015 resolved
Dec. 10	Assessment of protection of broadcasting business operators in 2015 announced
Dec. 10	Administrative measures on 14 providers including four mobile carriers and 5 MSOs for false advertisement of combined products
Dec. 11	Chairman Choi Sung-joon visits trial broadcasting center of smart sign language broadcasting
Dec. 15	Chairman Choi Sung-joon delivers congratulatory speech at the 6 th Green Documentary Premier
Dec. 15	Briefing on the trial service of EBS-2TV held
Dec. 16	Consultative body on terrestrial retransmission holds the 7 th meeting
Dec. 17	Prior consent on license renewal for satellite broadcasting business operator resolved (KT Skylife)
Dec. 17	License renewal for terrestrial DMB of 2015 resolved (6 operators)
Dec. 18	The Commission's regulations amended to relieve small and medium broadcasting business operators of audit report submission
Dec. 18	Chairman Choi Sung-joon pays encouragement visit to men and women of the armed forces
Dec. 21~22	Review committee of license renewal for KNN 2 FM formed and operated
Dec. 22	The nation's first-ever examination into disaster broadcasting reception status conducted
Dec. 22	Prior consent on license renewal for CATV relay broadcasting business operators resolved (10 operators including Saebit Net)
Dec. 22	The 「Broadcasting Act」 amended to exempt IPTV broadcasting business operators and small and medium broadcasting business operators from disclosure on the financial status
Dec. 23	License renewal for terrestrial DMB in 2015 resolved (one operator)
Dec. 23	The Commission holds year-end party of 2015
Dec. 28	License renewal for KNN 2 FM resolved
Dec. 28	2015 Personal Information Protection Night held
Dec. 29	Policy measures for the introduction of terrestrial UHD broadcasting crafted
Dec. 29	Farewell ceremony for Commissioner Hur Won-je held
Dec. 31	The 「Enforcement Decree of the Broadcasting Act」 amended regarding the terms on prohibited activities by suppliers to home shopping PPs.
Dec. 31	System on combined products improved to reduce penalties and simplify cancellation process

Chairman Choi Sung-joon conducts safety examination of broadcasting facilities in KBS Hwaseong transmitting station



Chairman Choi Sung-joon attends charity event of donating briquettes



Chairman Choi Sung-joon visits trial broadcasting center of smart sign language broadcasting



Briefing on the trial service of EBS-2TV



Chairman Choi Sung-joon pays encouragement visit to men and women of the armed forces



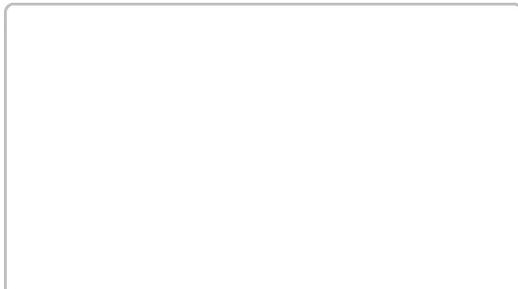
The year-end party of 2015



2015 Personal Information Protection Night



Farewell ceremony for Commissioner Hur Won-je



4. Acronyms

Appendix Table-7
Acronyms

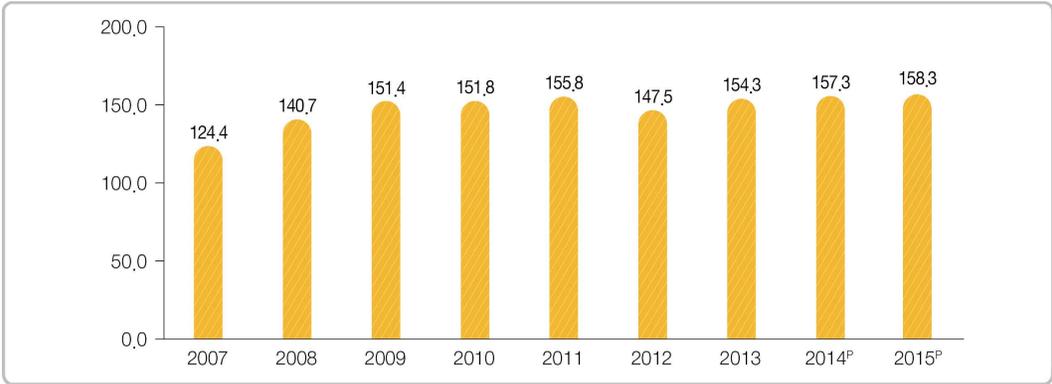
Acronyms	Description
AC-3	Audio Coding-3
AP	Access Point
CATV	Cable Antenna Television
CDMA	Code Division Multiple Access
DB	Data Base
DMB	Digital Multimedia Broadcasting
FTA	Free Trade Agreement
HD	High Definition
HSPA	High Speed Packet Access
ICT	Information and Communications Technologies
IMF	International Monetary Fund
IP	Internet Protocol
IPTV	Internet Protocol Television
ISP	Internet Service Provider
IT	Information Technology
ITU	International Telecommunication Union
LTE	Long Term Evolution
MMS	Multi Mode Service

Acronyms	Description
MOU	Memorandum Of Understanding
MVNO	Mobile Virtual Network Operator
MWC	Mobile World Congress
N-Screen	N-screen
OECD	Organization for Economic Cooperation and Development
OTT	Over the Top
PIMS	Personal Information Management System
PP	Program Provider
PSNR	Peak Signal to Noise Ratio
PWC	Price Waterhouse Coopers
RDD	Random Digit Dialing
SD	Standard Definition
SNS	Social Network Services
SO	System Operator
SW	Software
TF	Task Force
UHD	Ultra High Definition
URL	Uniform Resource Locator
VOD	Video On Demand
WCDMA	Wideband Code Division Multiple Access
WiBro	Wireless Broadband

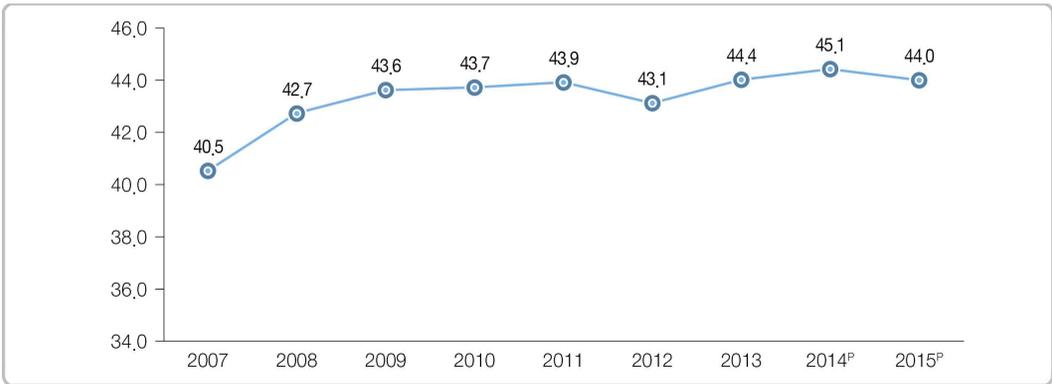
Acronyms	Description
Wi-Fi	Wireless-Fidelity

5. Status of Broadcasting and Communications Industry by Sector

■ Total Production of the Broadcasting and Communications Industry ■ (Unit : KRW 1 trillion)

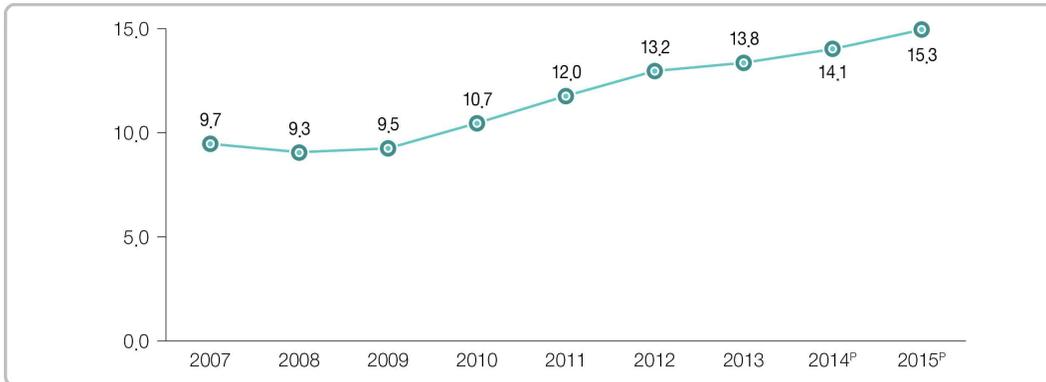


■ Communications Service Sales ■ (Unit : KRW 1 trillion)



Broadcasting Service Sales

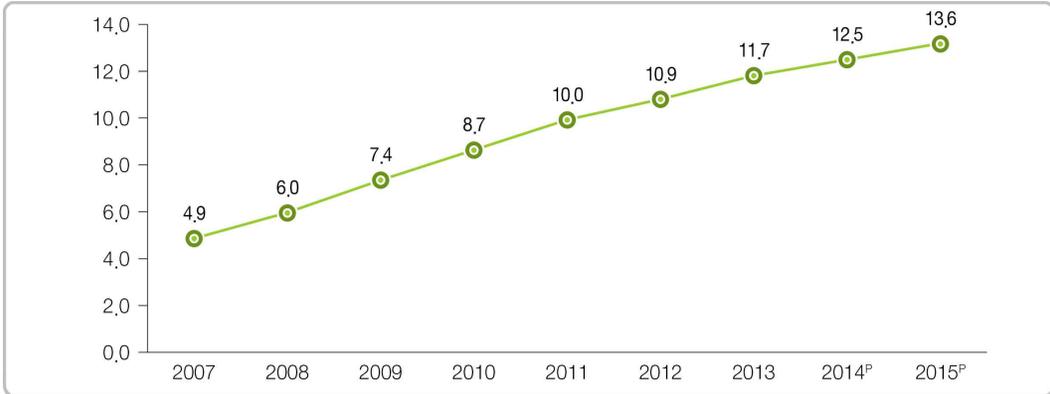
(Unit : KRW 1 trillion)



Note) P : Preliminary, Korea Association for ICT Promotion (2015)

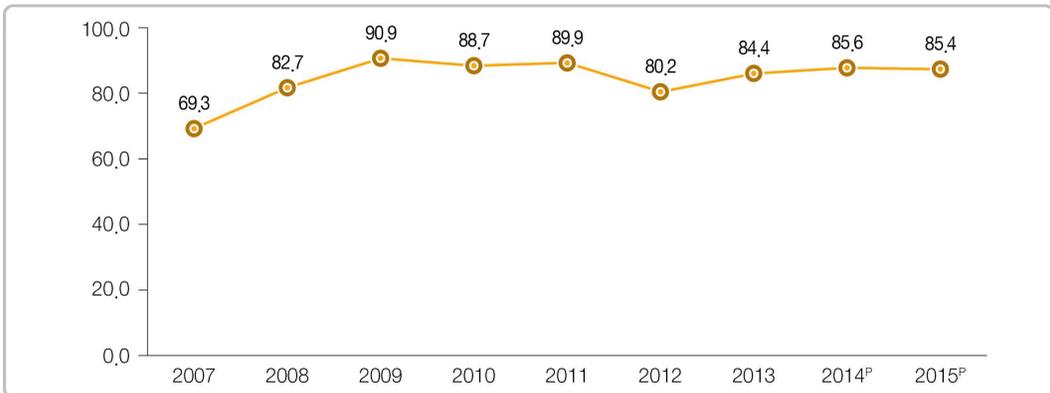
Converged Digital Media Service Sales

(Unit : KRW 1 trillion)



Broadcasting and Communications Device Sales

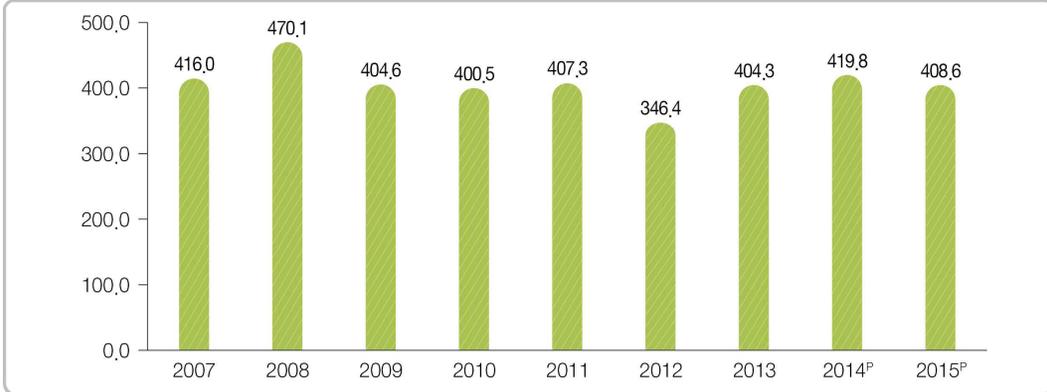
(Unit : KRW 1 trillion)



Note) P : Preliminary, Korea Association for ICT Promotion (2015)

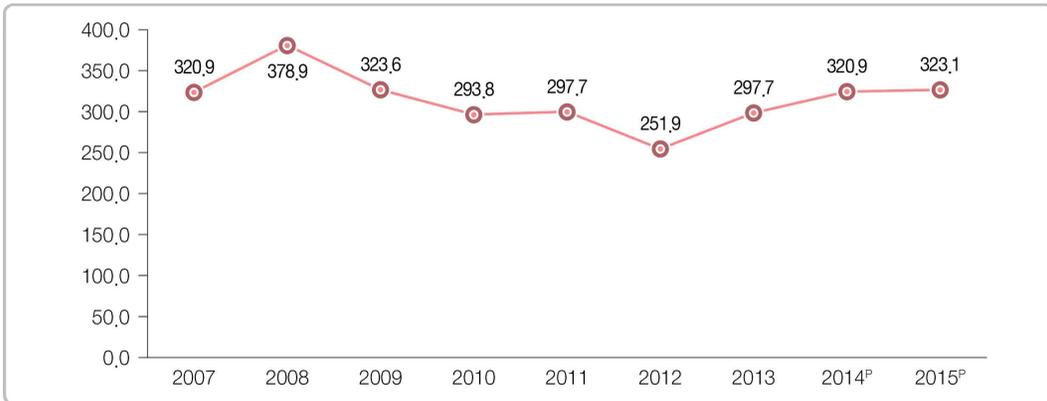
Total Broadcasting and Communications Device Exports

(Unit : USD 100 million)



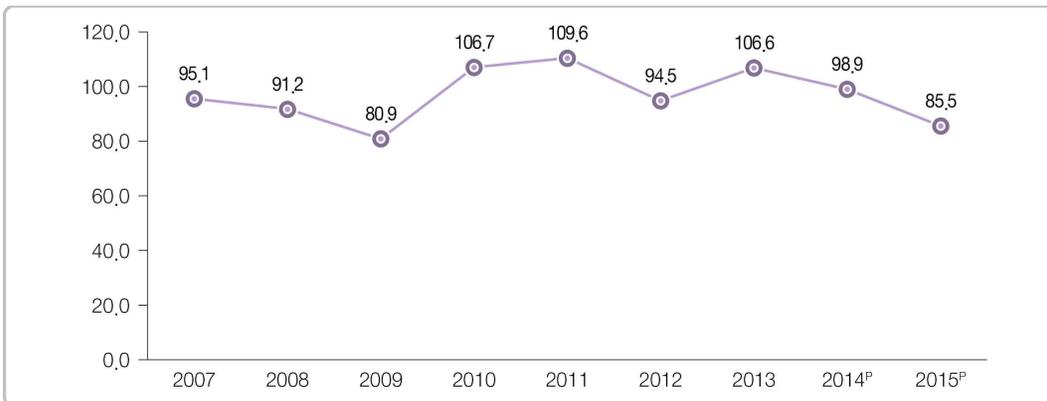
Communications Device Exports

(Unit : USD 100 million)



Broadcasting Device Exports

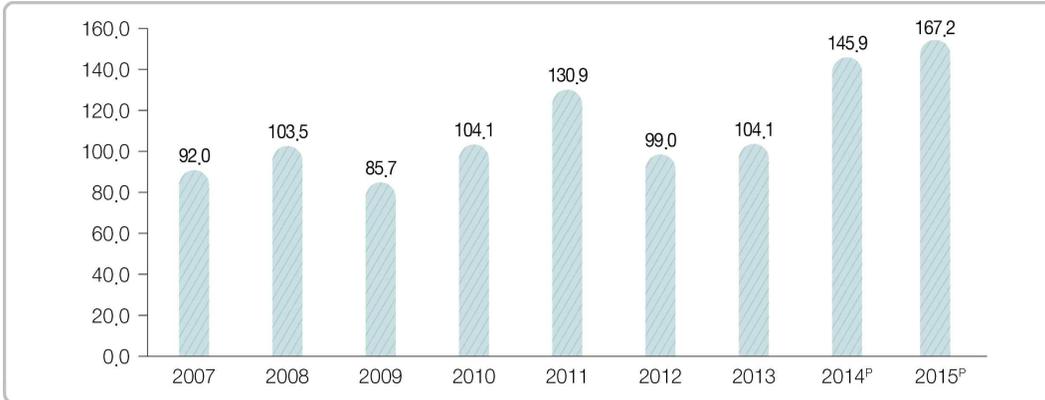
(Unit : USD 100 million)



Note) P : Preliminary, Korea Association for ICT Promotion (2015)

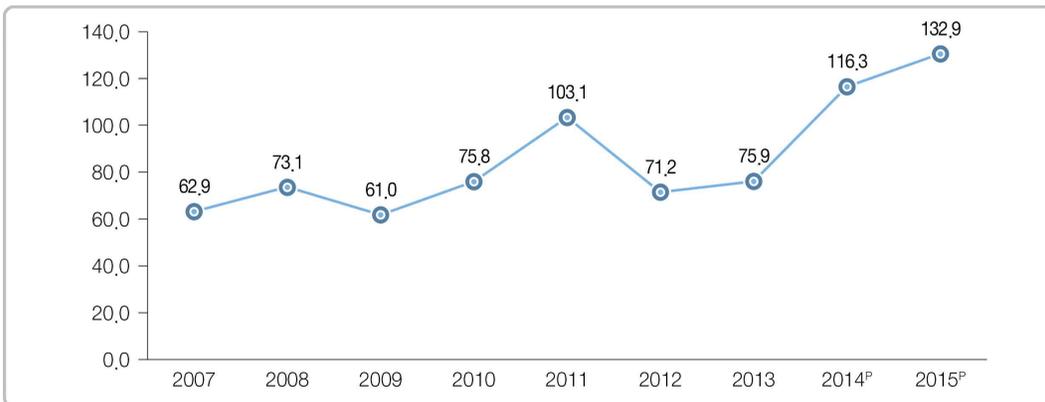
Total Broadcasting and Communications Device Imports

(Unit : USD 100 million)



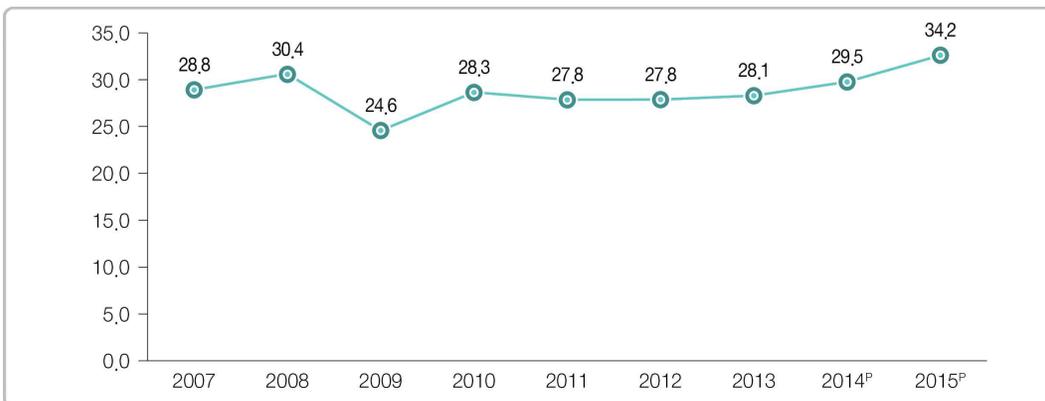
Communications Device Imports

(Unit : USD 100 million)



Broadcasting Device Imports

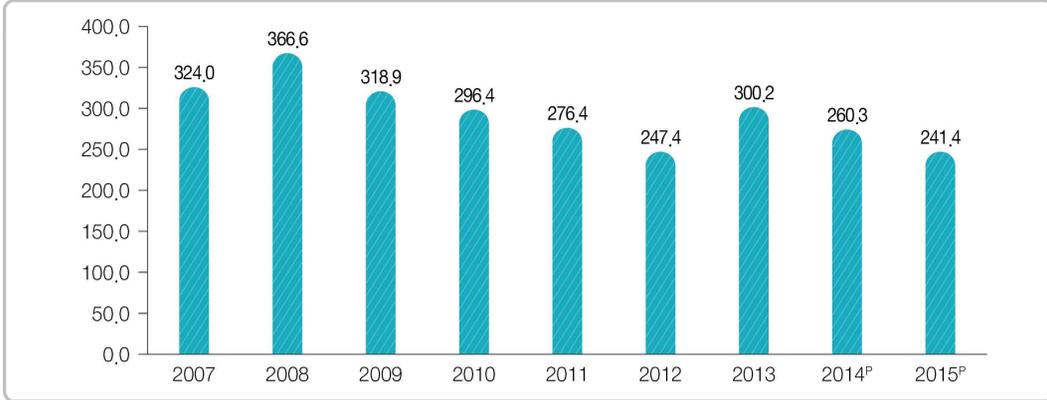
(Unit : USD 100 million)



Note) P : Preliminary, Korea Association for ICT Promotion (2015)

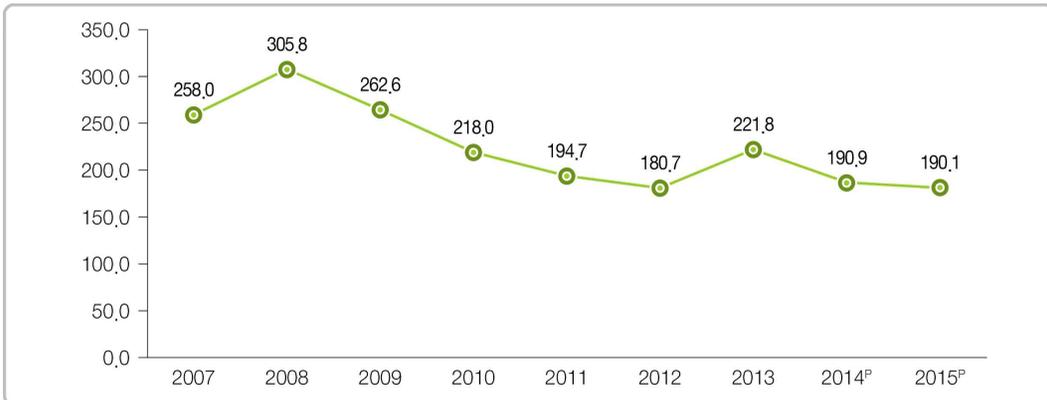
Total Broadcasting and Communications Device Trade Balance

(Unit : USD 100 million)



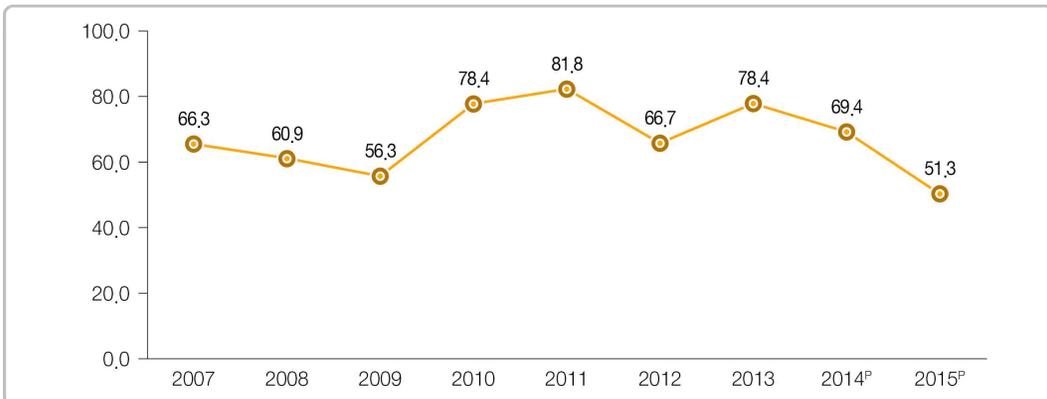
Communications Device Trade Balance

(Unit : USD 100 million)



Broadcasting Device Trade Balance

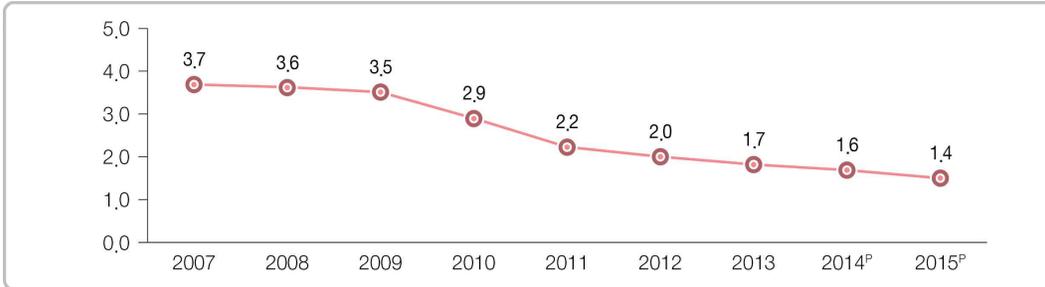
(Unit : USD 100 million)



Note) P : Preliminary, Korea Association for ICT Promotion (2015)

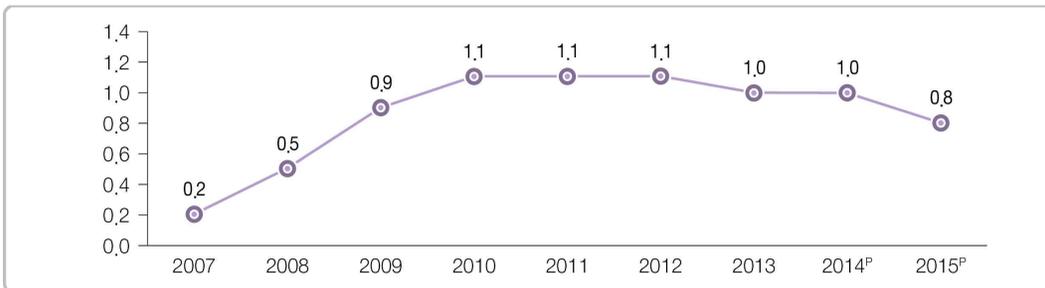
Local Telephone Service Sales

(Unit : KRW 1 trillion)



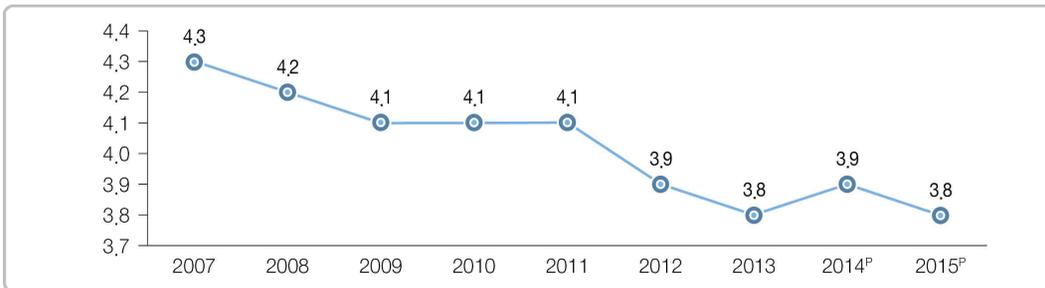
Internet Telephone Service Sales

(Unit : KRW 1 trillion)



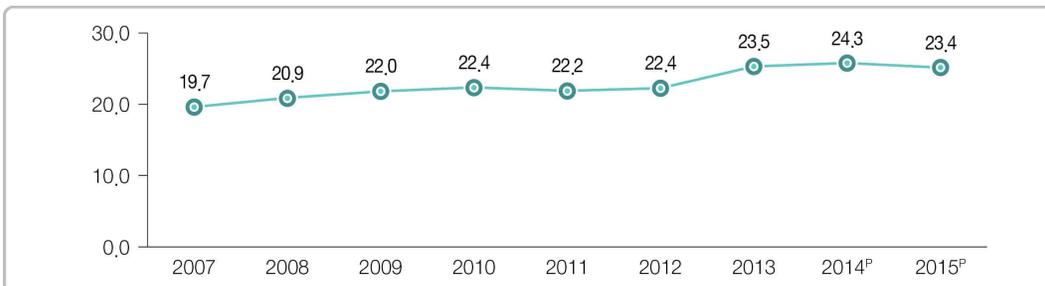
Broadband Internet Access Service Sales

(Unit : KRW 1 trillion)



Mobile Service Sales

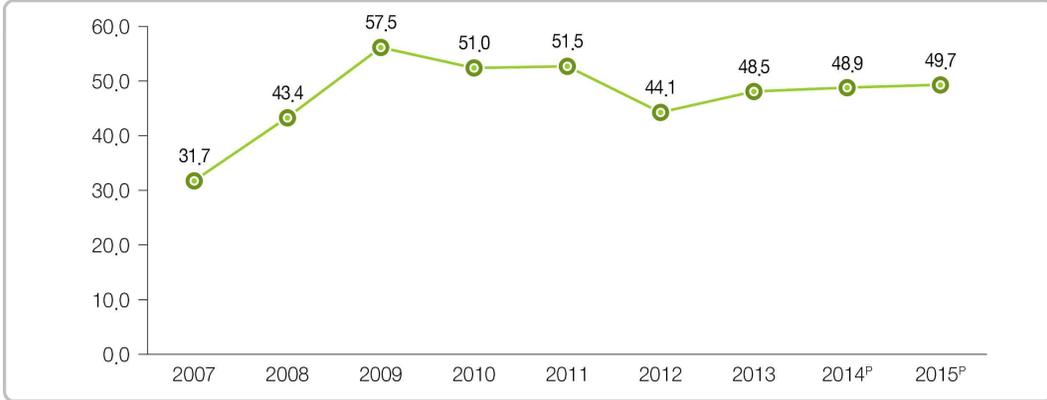
(Unit : KRW 1 trillion)



Note) P: Preliminary, The wireless network connection charge has been excluded from mobile service revenue, Korea Association for ICT Promotion (2015)

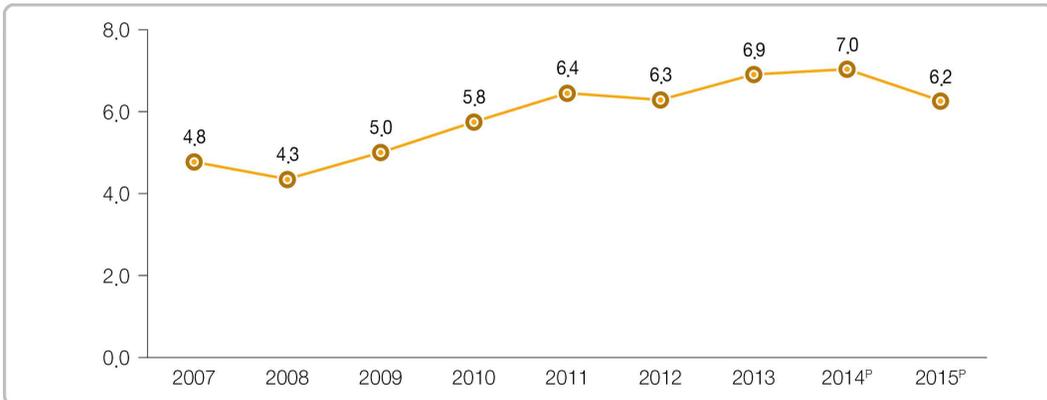
Mobile Phone Device Sales

(Unit : KRW 1 trillion)



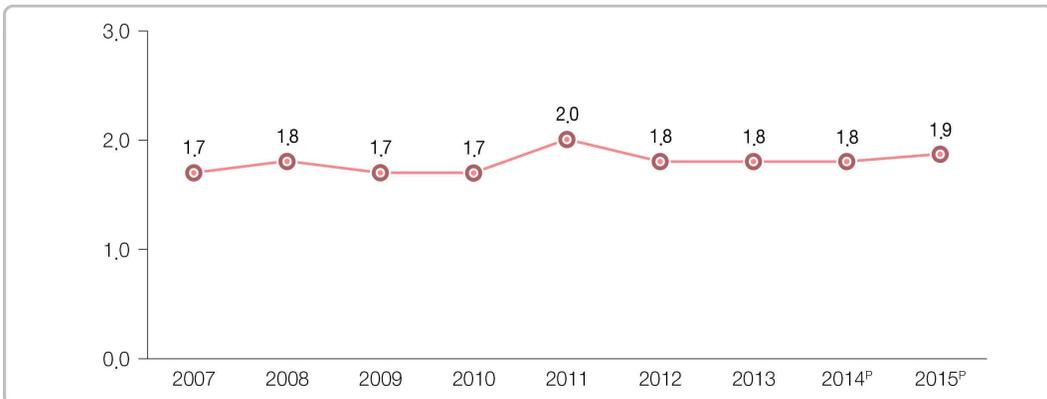
DTV Sales

(Unit : KRW 1 trillion)



Total Set-top Box Sales

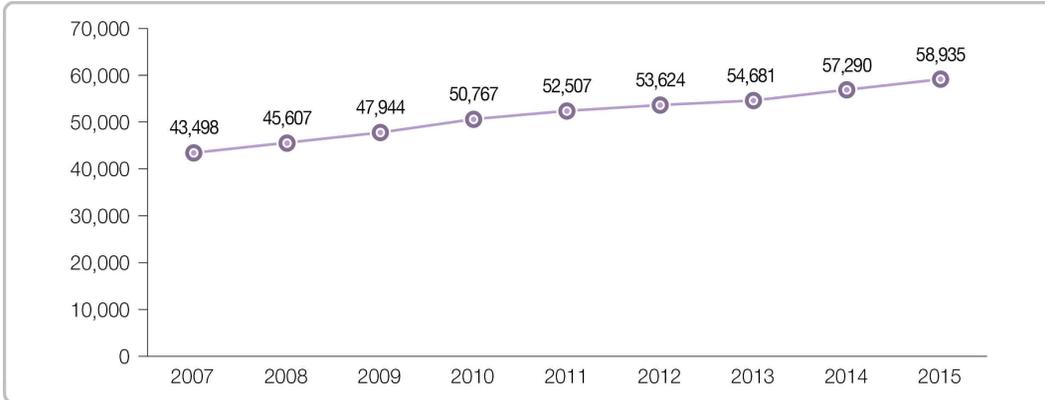
(Unit : KRW 1 trillion)



Note) P : Preliminary, Korea Association for ICT Promotion (2015)

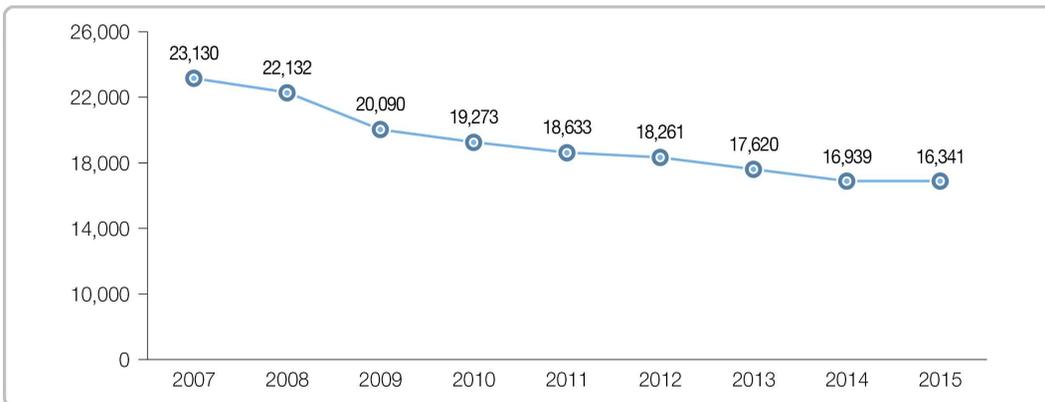
Number of Mobile Subscribers

(Unit : 1,000 subscribers)



Number of Local Telephone Subscribers

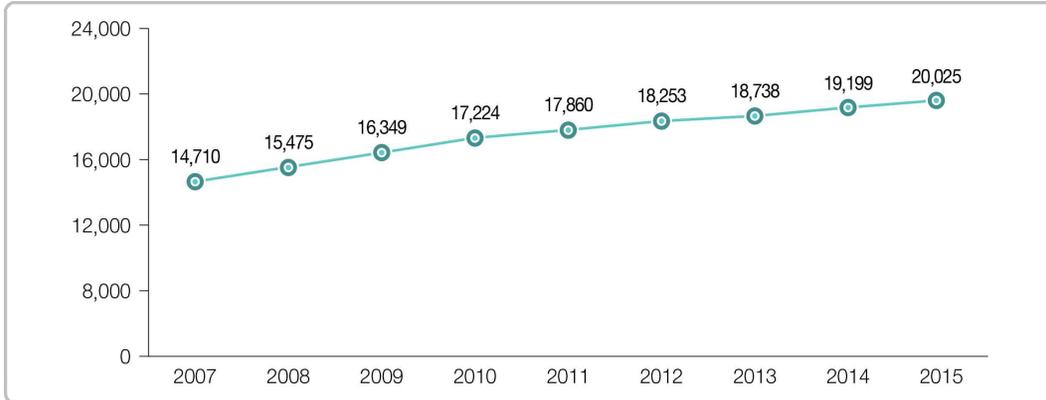
(Unit : 1,000 subscribers)



Note) Ministry of Science, ICT and Future Planning (2016)

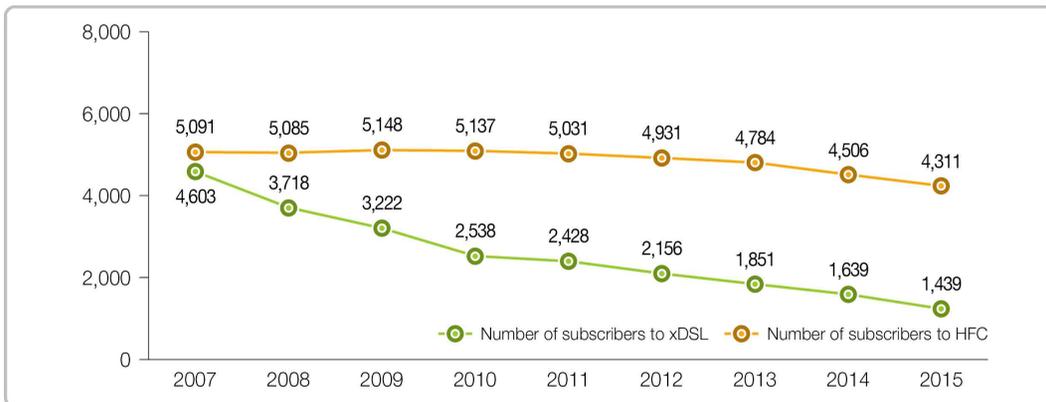
Number of Broadband Internet Subscribers

(Unit : 1,000 subscribers)



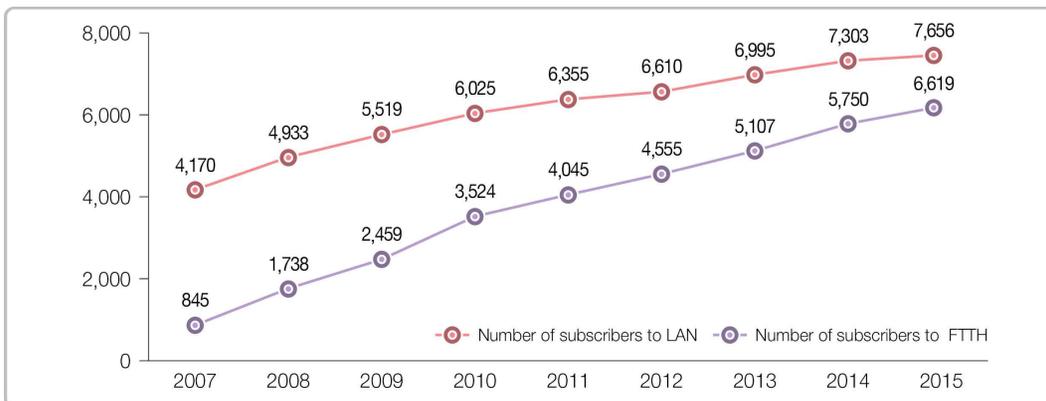
Number of Broadband Internet (xDSL, HFC) Subscribers

(Unit : 1,000 subscribers)



Number of Broadband Internet (LAN, FTTH) Subscribers

(Unit : 1,000 subscribers)



Note) Ministry of Science, ICT and Future Planning (2016)

KOREA COMMUNICATIONS COMMISSION ANNUAL REPORT 2015

Date of Publishing	June 2016
Publisher	Korea Communications Commission 47 Gwanmun-ro, Gwacheon-si, Gyeonggi-do, 13809, Republic of Korea Tel: +82-2-500-9000 E-mail: webmaster@kcc.go.kr Homepage: www.kcc.go.kr

Not For Sale