



Korea Communications Commission

NEWS RELEASE

Date: August 31, 2021

Contact:

Consumer Policy Bureau

Telecommunications Market Investigation Division (02-2110-1533)

NATIONAL ASSEMBLY PASSES AMENDMENT TO TELECOMMUNICATIONS BUSINESS ACT, PROHIBITS APP MARKETS FROM FORCING CERTAIN PAYMENT SYSTEMS

–Korea is first to clearly legislate an app market operator’s obligations–

–Regulates prohibited actions in the app market to raise legal predictability for those subject to the law, and lays the foundation to alleviate infringement on rights of app developers and users

–Contributes to forming a fair mobile ecosystem which enables innovation and freedom to venture –

August 31, 2021 –The Korea Communications Commission (KCC, Chairman Han Sang-hyuk) announced that today in the plenary session, the National Assembly approved an amendment to the Telecommunications Business Act which prohibits app market operators from forcing certain payment methods.

The recent increase in the ‘platform economy’ and Covid-19 pandemic, resulting in more non-contact activities, has also increased the influence app markets have on the public’s daily lives. As a result, there have consistently been calls for the need to protect the rights and interests of app developers and consumers.

In particular, mobile content developers say that monopolistic big tech companies forcing certain payment methods on their platforms puts content creators at risk of losing fair compensation and jobs, and they have been vocal in their calls for measures to prevent this from happening.

Starting in July 2020, ruling and opposition party members of the Science, ICT, Broadcasting and Communications Committee at the National Assembly proposed by majority an amendment to the Telecommunications Business Act regulating the app market. The Committee collected opinions from stakeholders and discussed with relevant ministries over the course of a year, and today approved the amendment to the Act.

The key points of the amendment to the Telecommunications Business Act which was approved today by the National Assembly plenary session are as follows.

First, a rule was inserted which mandates app market operators protect consumer rights and prevent harm, such as requiring app market operators to stipulate the terms regarding payment and refunds in the terms and conditions of mobile content (Article 22-9, Paragraph 1 inserted).

Second, the amendment provides legal basis for the Korea Communications Commission and the Ministry of Science and ICT to conduct investigations on the operations of app markets (Article 22-9, Paragraph 2 inserted).

Third, “disputes regarding usage fee payment, payment cancellation or refunds in the app market” are now subject to mediation by the Telecommunications Dispute Mediation Committee of the Korea Communications Commission (Article 45-2, Paragraph 1, Subparagraph 6 inserted).

Fourth, Article 50 Paragraph 1 was amended to prohibit app market operators from the following: unfairly use their status in the transaction to force certain payment methods (Subparagraph 9); unfairly delay review of mobile content (Subparagraph 10); unfairly delete mobile content from the app market (Subparagraph 11).

Regarding the Amendment, KCC Chairman Han Sang-hyuk commented, “It is truly meaningful that Korea is the first country to clearly regulate the obligations of app market operators through legislation, thereby raising legal predictability for those subject to the law. While alleviating infringement on the rights of consumers and developers, the amendment also contributes to forming a fair and open mobile ecosystem.”

He added, “considering how similar laws (The Open App Markets Act*, etc.) are being proposed in the US and Europe, I believe Korea’s law will become a touchstone for legislating future rules and policies on platforms and app markets across the world.”

* The Open App Markets Act was introduced in the US Senate on August 11. In part, it prohibits app stores with more than 50 million US users from forcing in-app payment systems.

Additionally, Chairman Han emphasized, “this amendment was drawn up in coordination with relevant ministries considering its urgency and need. As such, regarding any aspects in which it may be lacking, we will ensure no blind spots arise as it is enforced by continuing to work with other ministries.”

The KCC will prepare the Enforcement Decree and other sub-decrees according to the amendment, ensuring that app market operators implement consumer protection and social responsibility befitting the scope of their expanded influence. The Commission will also

execute the law in a swift and strict manner in response to any violations.

Following today's approval by the National Assembly, the Amendment to the Telecommunications Business Act will be transferred to the Government. After resolution by the State Council, it will be promulgated and go into effect within 15 days.

*Article 22-9 will go into effect six months after the date of promulgation.

###