

KOREA  
COMMUNICATIONS  
COMMISSION

# ANNUAL REPORT 2016



Korea Communications  
Commission





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This annual report is a summary of the main activities and achievements of the Korea Communications Commission during the year 2016, pursuant to Article 16 of the 「Act on the Establishment and Operation of Korea Communications Commission」.

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## Message from the Chairman



In 2016, the Korea Communications Commission devoted the best efforts to enhance the public responsibilities of broadcasting and develop the broadcasting and communication industry. In this annual report, we have summarized the major policy achievements delivered by the third-term Korea Communications Commission, which was launched with the vision of 'Providing happiness to the public and ensuring reliable communications'.

The global broadcasting and communications industry saw a big change and innovation last year. The spread of the Internet and mobile devices has blurred the distinction between broadcasting and communications, thus accelerating convergence among different industries. New personalized services based on new ICT such as Big Data, Internet of Things and Artificial Intelligence have appeared.

In order to respond to such environmental changes, the Commission has revised laws and regulations across the broadcasting and communications ecosystem and strived to realize high quality broadcasting and communication services.

First, we raised the public responsibility of broadcasting. We have stabilized our financial resources so that public broadcasters can fulfill the role, expanded broadcasting access rights for vulnerable groups, and strengthened media literacy to cultivate the ability to use media properly. We reinforced education programs aimed at creating sound media environment for users. We also strived to establish a rapid and accurate disaster broadcasting system to protect the lives and property of the people.

While promoting the market autonomy for fair competition in broadcasting and communications market, we tightened sanctions on illegal acts. Voluntary compliance program has been introduced to encourage legal compliance. The 「Mobile Device Distribution Improvement Act」 has been established, enhancing transparency in the mobile communications market. Competition conditions based on fees and services have been created.

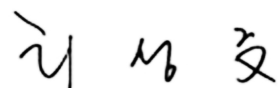
In addition, we reinforced content competitiveness. The Commission eased regulations on outsourcing companies, addressing unfair outsourcing production practices and creating a win-win environment of content production.

Lastly, we made efforts to vitalize the new broadcasting communication service. For example, we awarded licenses to new broadcasting service providers in the Seoul metropolitan area and set up EBS's multi-channel broadcasting infrastructure to reduce private education expenses. At the same time, in order to vitalize new ICT services such as Big Data and Artificial Intelligence, we brought balance between the use and protection of personal data.

In the future, the Korea Communications Commission will make every effort to improve the quality of broadcasting and communication services and to protect users.

Your continued support and encouragement would be greatly appreciated.

March 2017

A handwritten signature in black ink, consisting of stylized Korean characters, likely '최성준' (Choi Sung-joon).

Choi Sung-joon

Chairman



# **Broadcasting and Communications Policy Accomplishments in Graphs**

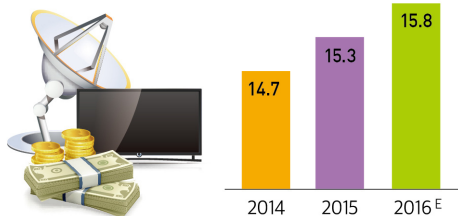


## The broadcasting and communications industry is making continuous contributions to the growth of the national economy.

- ▶ The sales of the domestic broadcasting services and communications services in 2016 recorded KRW 15.8 trillion and KRW 45 trillion respectively.
- ▶ Korea has ranked at the top on the International Telecommunication Union (ITU)'s ICT Development Index (IDI) for two consecutive years.

### Sales of broadcasting service market

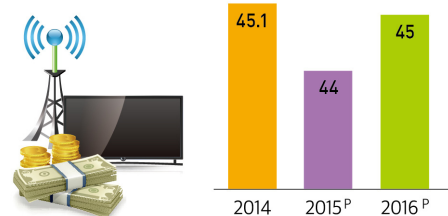
(Unit: KRW 1 trillion)



Note) E : Estimate, Korea Communications Commission

### Sales of communications service market

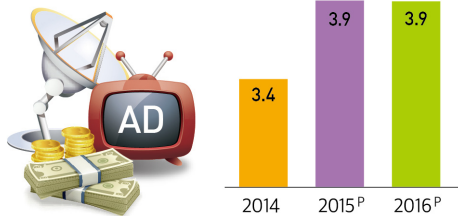
(Unit: KRW 1 trillion)



Note) P : Preliminary, Ministry of Science, ICT and Future Planning, Korea Communications Commission

### Sales of Domestic broadcasting advertisement

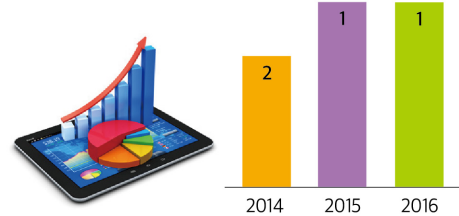
(Unit: KRW 1 trillion)



Note) P : Preliminary, Korea Association for ICT Promotion (2016)

### ITU IDI evaluation ranking

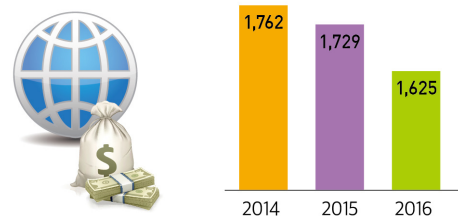
(Unit: Rank)



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

### ICT industry export

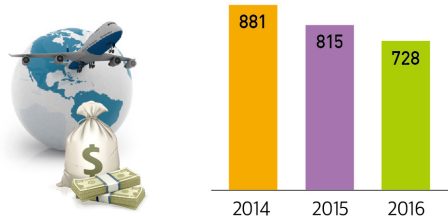
(Unit : USD 100 million)



Note) Ministry of Trade, Industry and Energy, Ministry of Science, ICT and Future Planning (2017)

### ICT trade balance

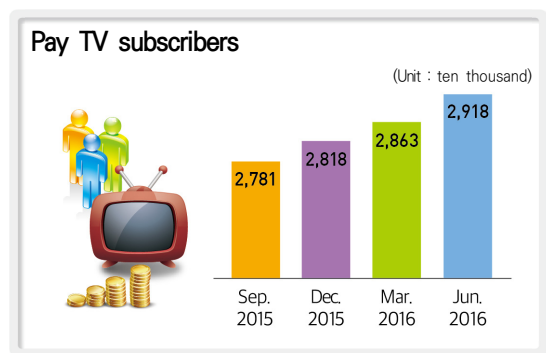
(Unit : USD 100 million)



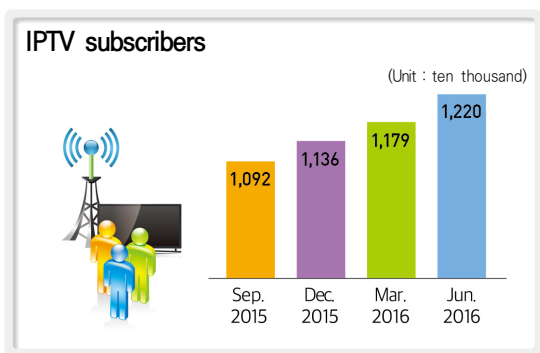
Note) Ministry of Trade, Industry and Energy, Ministry of Science, ICT and Future Planning (2017)

The foundation for the fourth industrial revolution has been created by expanding new broadcasting and communications services.

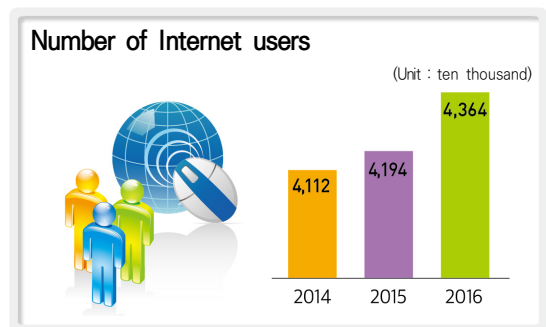
- ▶ The Commission supported the establishment for new broadcasting and communications services by laying the foundation for UHD and EBS multi-channel broadcasting.
- ▶ Broadcasting and communications convergence services have been revitalized with the continued increase in subscriptions to paid IPTV and broadband Internet.



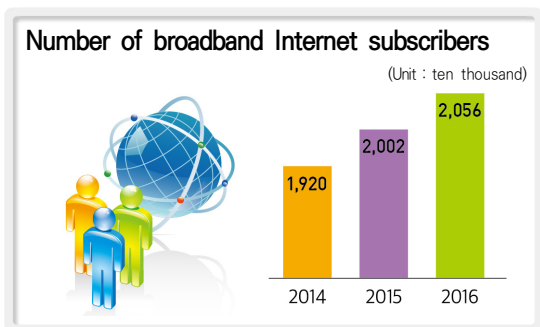
Note) based on CATV, satellite, IPTV subscribers, Ministry of Science, ICT and Future Planning (2016)



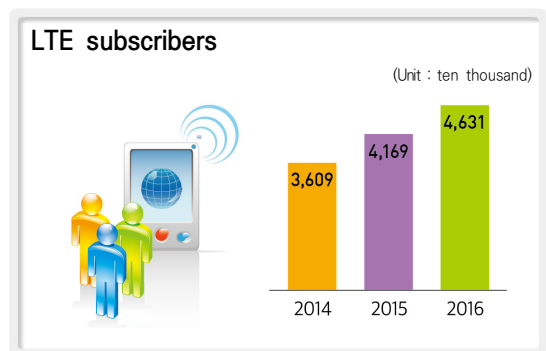
Note) Ministry of Science, ICT and Future Planning (2016)



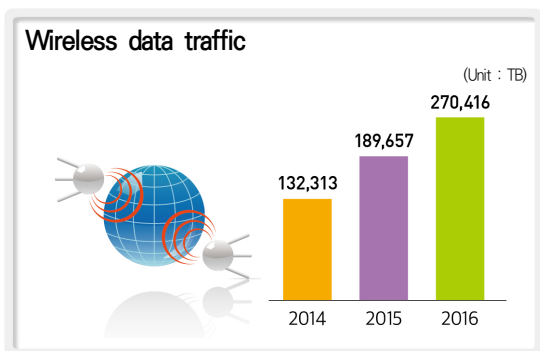
Note) Korea Association for ICT Promotion (2016)



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



Note) Ministry of Science, ICT and Future Planning (2017)

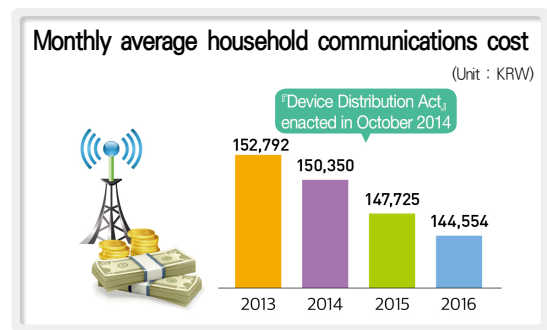


Note) Traffic by wireless technologies(2G, 3G, 4G, WiBro, Wi-Fi) as of December each year (one month), Ministry of Science, ICT and Future Planning(2017)

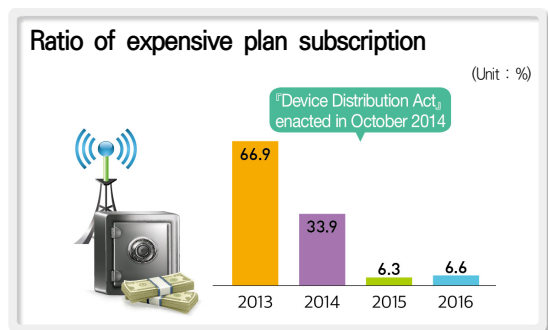


## User benefits have been promoted by establishing fair competition in the communications market.

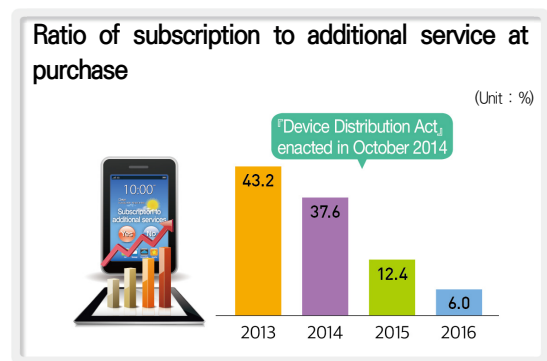
- ▶ 「Mobile Device Distribution Improvement Act」 (hereinafter referred to as 「Mobile Device Distribution Act」) has promoted competition over plans and service and created fair distribution environment.
- ▶ The number of subscribers to the Mobile Virtual Network Operator (MVNO) surpassed 6 million and the ratio of subscription to additional services and expensive plans fell, helping to relieve households of communication costs burden.



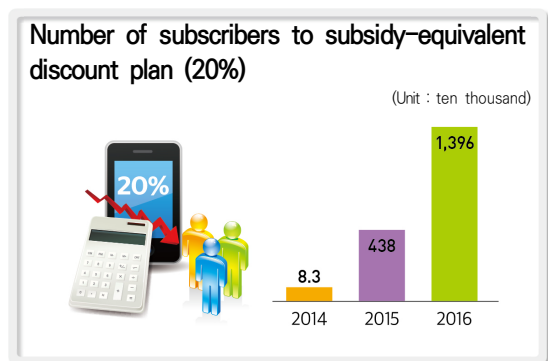
Note) 1<sup>st</sup> to 3<sup>rd</sup> quarter for 2016



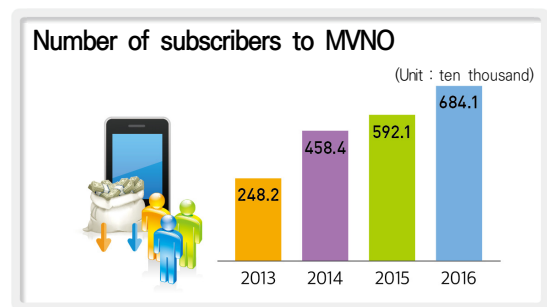
Note) Net charge of KRW 60,000 or higher / 1<sup>st</sup> to 3<sup>rd</sup> quarter for 2016



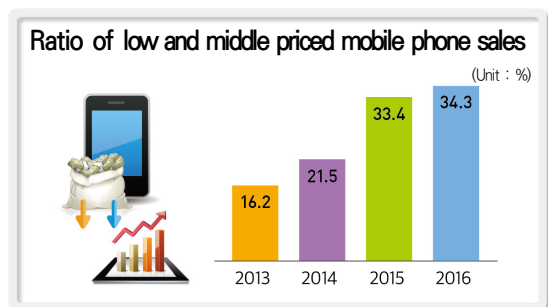
Note) 1<sup>st</sup> to 3<sup>rd</sup> quarter for 2016



Note) 1<sup>st</sup> to 3<sup>rd</sup> quarter for 2016



Note) Ministry of Science, ICT and Future Planning (2017)



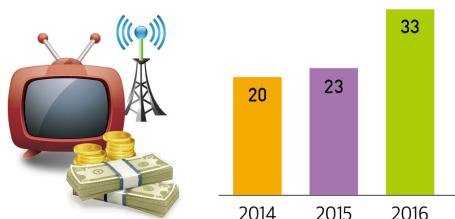
Note) Handsets priced KRW 500 thousand or lower / 3<sup>rd</sup> quarter for 2014 and 1<sup>st</sup> to 3<sup>rd</sup> quarter for 2016

## Content competitiveness of regional and small broadcasting has been enhanced to promote media diversification.

- ▶ The Commission has strengthened the quality of local broadcasting services through policy support for regional, small and medium broadcasting providers while expanding production support for regional and small broadcasting providers, helping to enhance their content competitiveness.
- ▶ The Commission has raised viewers and listeners' satisfaction by providing regional audience with various and high-quality programs and increasing subsidies for regional terrestrial broadcast which produces programs for persons with disabilities.

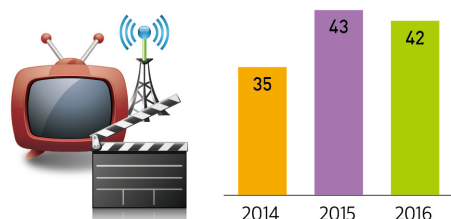
**Grants provided for regional, small and medium broadcasting**

(Unit : KRW 100 million)



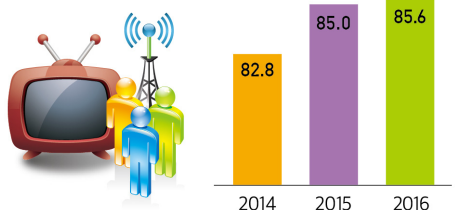
**Number of shows received grants**

(Unit : program)



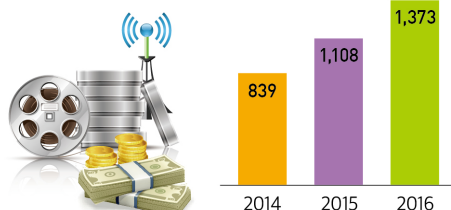
**Viewers' satisfaction with shows which received subsidy**

(Unit : point)



**Grants provided to regional terrestrial broadcasting to produce shows for the disabled**

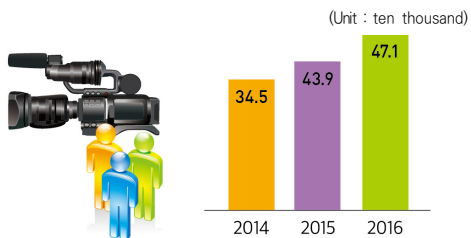
(Unit : KRW 1 million)



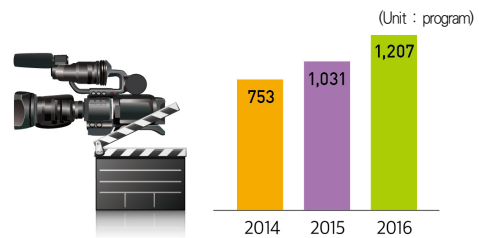
## Viewers and listeners' rights have been promoted by expanding user access to broadcasting.

- ▶ The Commission has expanded public access to the Community Media Centers to boost viewers' participation and offered media education for young students to nurture their creativity and self-directed learning.
- ▶ By providing broadcast receivers for the visually or hearing impaired and supporting broadcast programs for disabled people, the Commission has committed itself to improving access to broadcast service for marginalized groups.

Number of users of the Viewers' Media Centers

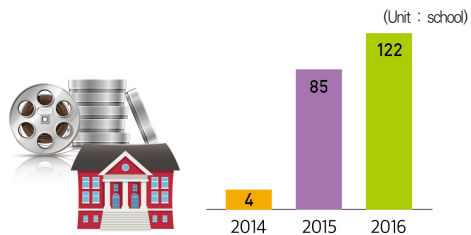


Number of PAs using the Viewers' Media Center facilities

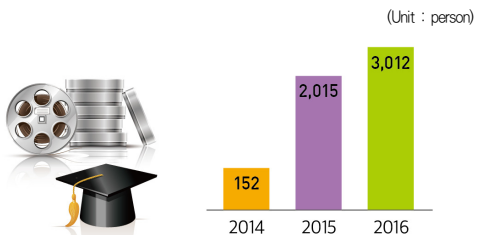


Note) PA (Public Access) : Broadcasting contents such as TV or radio shows created by the general public

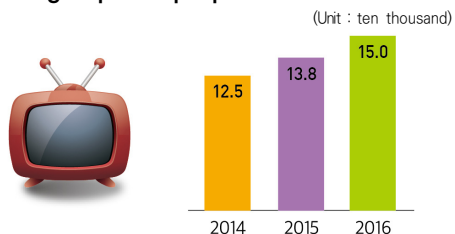
Number of schools to participate in free semester media education



Number of students to participate in free semester media education

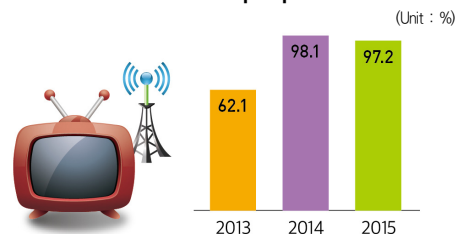


Provision of broadcasting receivers for visually or hearing impaired people



Note) Number of receivers cumulative

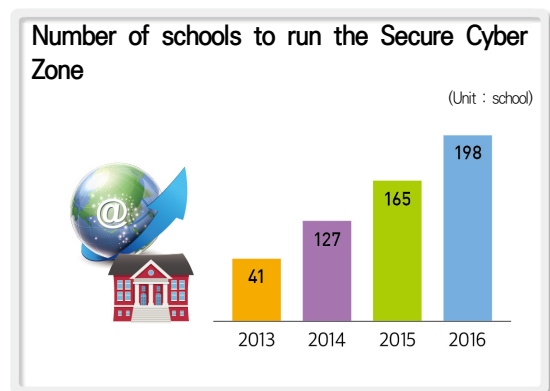
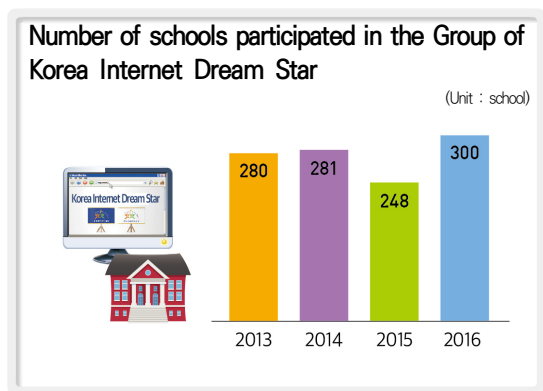
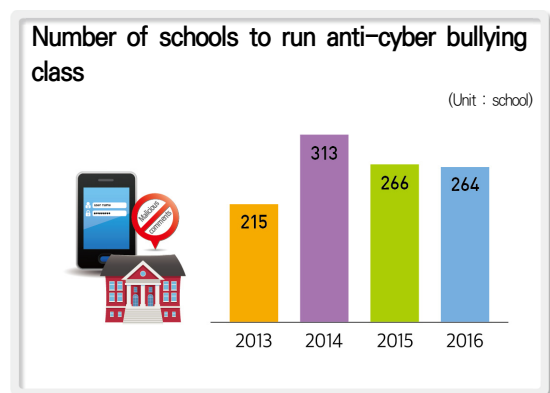
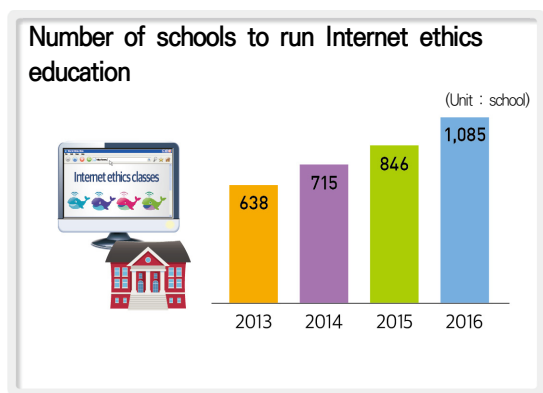
Ratio of operators to meet programming requirements for disabled people



Note) Ratio for 2016 to be evaluated in 2017

## Sound Internet user environment has been created by carrying out a variety of activities.

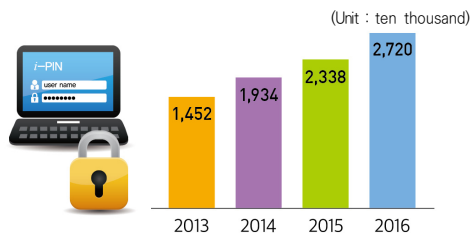
- ▶ The Commission has offered anti-cyber bullying education and attracted more schools to the Secure Cyber Zone program, establishing a sound Internet culture.
- ▶ The Commission continued to implement Internet ethics activities, operating Internet ethics classes and the Group of Korea Internet Dream Star.



## The Commission has strengthened privacy protection and improved broadcasting and communications service environment for users.

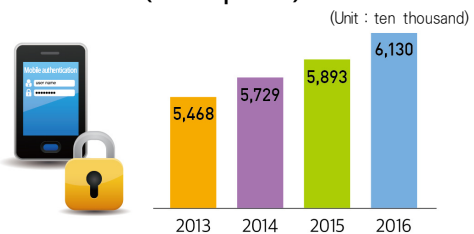
- ▶ The Commission has enhanced transparency in personal information usage by issuing 27.2 million *i*-PINs and processing 61.3 million of mobile phone ID authentication requests.
- ▶ The deletion rate of citizen's registration number by local and overseas websites was 98.9%. The number of spam mails and mobile messages received by an average user recorded 0.51 and 0.17, respectively, as a result of the Commission's work to protect users.

Cumulative number of *i*-PINs issued



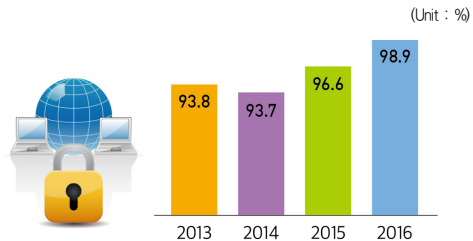
Note) Number of *i*-PINs accumulative. Number of deletion not reflected  
 Note) *i*-PIN : An alternative to resident registration number on the Internet that requests personal ID and password for user authentication.

Cumulative number of mobile phone ID authentications (3 companies)



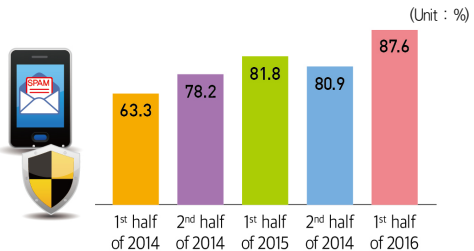
Note) Number of mobile ID authentication accumulative

Deletion rate of citizen's registration number by local and overseas websites

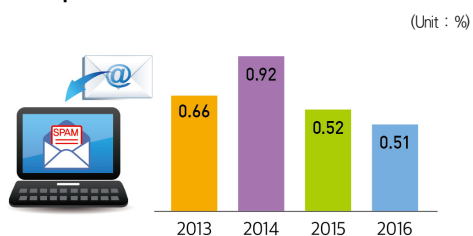


Note) Ratio of the number of websites that deleted registration number to those where numbers are exposed

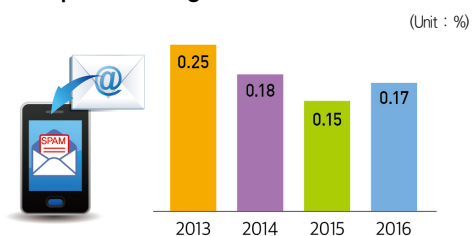
Spam message blocking rate of three mobile communications carriers



E-mail spams received



Mobile spam messages received





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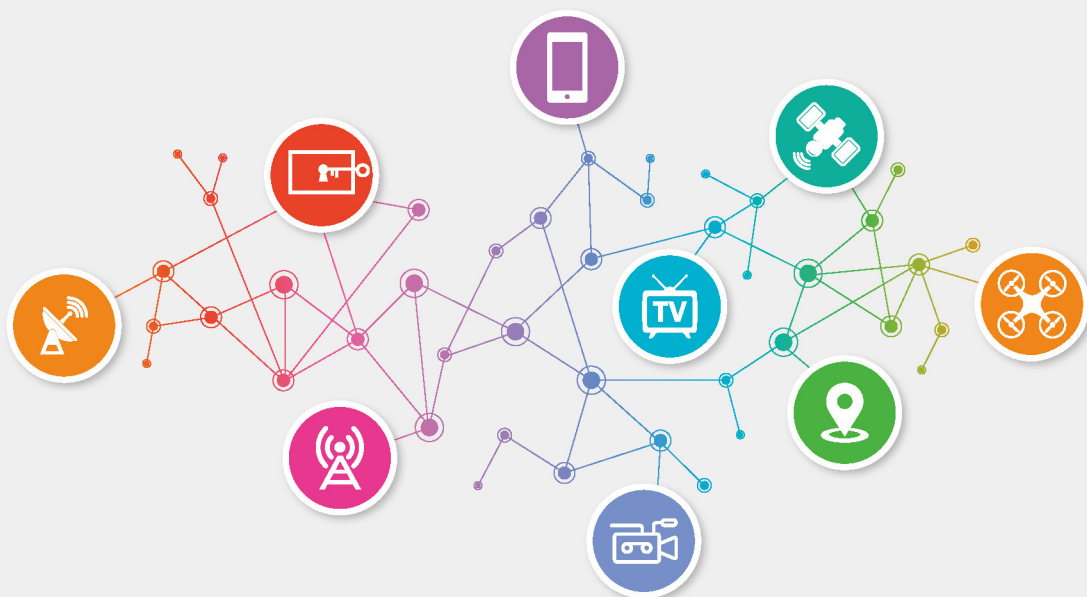
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# Broadcasting and Communications Policy Environment

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



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

## a. Trends in the Global Macro Economy<sup>1)</sup>

The global economy in 2016 dwindled compared to 2015. This is attributable to not just the US interest rate hike and drop in raw commodity prices but also the anemic recovery in Japan and EU and the slowing performance of emerging resources countries. The IMF (2017) estimates the growth rate of the global economy of 2016 at 3.1%, down by 0.1% from the previous year. This forecast appears to reflect unexpected issues such as Brexit and the slowing US economy.

Breaking the forecast down to major economies, the US growth rate fell by 1.0% from 2015 due to drop in oil prices, stronger dollar, and weak investment by businesses. Eurozone also saw growth rate go down by 0.3% compared with 2015 as the uncertainty of Brexit discouraged local demand and business investment.

Despite several risk factors such as suppressed investment, the global economy of 2017 is likely to record a modest recovery thanks to fiscal expansion of the US and major economies, and price stability of raw materials. However, the rising protectionism and trends of interest rate hikes will likely serve as a downward risk.

OECD (2017) expects that the global economy in 2017 will record a growth rate of 3.3%, up 0.3%p from 2016. The US growth rate is also forecast to climb by 0.8%p as negative factors decrease. Meanwhile, Eurozon's economy will likely continue to slow down amid the impact from Brexit.

1) Compiled based on estimates by IMF (2017), OECD (2017), Ministry of Strategy and Finance (2016), and Bank of Korea (2016)

Table I-1 Trends and forecasts of worldwide economic growth

(Unit : %)

Classification		IMF			OECD		
		2015	2016	2017	2015	2016	2017
World		3.2	3.1	3.4	3.1	3.0	3.3
Advanced countries	Average	2.1	1.6	1.9	–	–	–
	US	2.6	1.6	2.3	2.6	1.6	2.4
	Eurozone	2.0	1.7	1.6	1.5	1.7	1.6
	Japan	1.2	0.9	0.8	0.6	1.0	1.2
	Korea	2.6	2.6	2.6	2.6	2.7	2.6
Emerging countries	Average	4.1	4.1	4.5	–	–	–
	China	6.9	6.7	6.5	6.9	6.7	6.5
	India	7.6	6.6	7.2	7.6	7.0	7.3
	Russia	△3.7	△0.6	1.1	△3.7	△0.8	0.8
	Brazil	△3.8	△3.5	0.2	△3.9	△3.5	0.0

Note) △ : Reduction

Sources) IMF (2017), World Economic Outlook / OECD (2016, 2017), OECD Economic Outlook

In 2016, the Korean economy remained stagnant due to strikes, restructuring, and manufacturing delays brought on by termination of premium smartphones. However, Korea posted a economic growth rate of 2.7% in 2016, up by 0.1%p over the previous year, thanks to the increase in construction investment and the ‘supplementary budget and the 4<sup>th</sup> quarter economic boosting measures (KRW 10 trillion)’.

In 2017, while business investment will pick up driven by increasing global trade, investment into housing sector is likely to slow following the restrictions on mortgage loan. Given the high dependence on export, chances are Korean mobile phone industry face temporary risks. Political uncertainty, on the other hand, may prove a temporary risk, having negative impact on the nation’s economy. Accordingly, spending increase will fall without additional measures to boost the economy.

OECD (2017) estimates that Korea’s economy will grow by 2.6% in 2017, down 0.1%p from 2016. IMF (2017) and Ministry of Strategy and Finance estimated Korea’s economic growth at 2.6% amid worsening global conditions while the Bank of Korea came forward with 2.5%, down 0.2%p from 2016. Additionally, the Korea Development Institute expects that the Korean economy will grow by 2.4%, down by 0.2%p from 2016.

Table I-2 | Forecast of domestic economic growth

(Unit : %)

Classification	Ministry of Strategy and Finance		Bank of Korea		Korea Development Institute	
	2016	2017	2016	2017	2016	2017
Economic growth rate	2.6	2.6	2.7	2.5	2.6	2.4

Sources) Ministry of Strategy and Finance (2016), Bank of Korea (2017), Korea Development Institute (2016)

## b. Trends in the Global Broadcasting and Communications Markets

In 2016, the global ICT industry posted negative growth due to stagnant global economy, broadcasting service market saturation, slowing IT investment, and shrinking market of mobile phone and tablet. According to Gartner (2016), the global ICT market of 2016 was estimated at USD 3.375 trillion, down 0.6% from 2015. Sluggish industry were devices ( $\Delta$ 9.0%), data center system ( $\Delta$ 0.6%), and communications service ( $\Delta$ 1.1%) while SW and IT service grew by 6.1% and 3.9%, respectively.

It is anticipated that IT market will be valued at USD 3.465 trillion, up 2.7% from 2016 with the global economy posting a modest recovery. SW and IT service industry will drive the growth. Data center system, device, and communications service are likely to decrease in 2016 compared to 2015, picking up again starting from 2017.

Table I-3 | Size of the global IT market

(Unit : USD 1 billion, %)

Classification	2015	2016	2017	Growth rate		
				2014~2015	2015~2016	2016~2017
Appliances & devices	646	588	589	$\Delta$ 0.6	$\Delta$ 9.0	0.2
Data center systems	171	170	175	2.9	$\Delta$ 0.6	2.9
SW	314	333	355	1.1	6.1	6.6
IT services	866	900	938	$\Delta$ 3.4	3.9	4.2
Communications services	1,399	1,384	1,408	$\Delta$ 9.3	$\Delta$ 1.1	1.7
Total	3,396	3,375	3,465	$\Delta$ 4.7	$\Delta$ 0.6	2.7

Note) Based on consumption,  $\Delta$  : Reduction

Source) Gartner (2016), Gartner Market Databook

Gartner (2016) estimates that the wired service market in 2017 will be down by 1.4% in the face of drop in service prices and intensifying competition. Wireless market will see both business and individual category expand.

**Table I-4 | Forecast of the global communications market**

(Unit : USD 1 billion, %)

Classification		2015	2016	2017	Growth rate		
					2014~2015	2015~2016	2016~2017
Wired service	Business	258	251	245	△10.3	△2.7	△2.4
	Individual	259	252	251	△12.7	△2.7	△0.4
	Sub total	517	503	496	△11.5	△2.7	△1.4
Wireless service	Business	264	265	270	△5.7	0.4	1.9
	Individual	618	617	642	△8.8	△0.2	4.1
	Sub total	882	882	912	△7.9	0	3.4
Total		1,399	1,385	1,408	△9.3	△1.0	1.7

Note) Based on consumption, △ : Reduction

Source) Gartner (2016), Gartner Market Databook

Meanwhile, the number of global wireless service subscribers and data traffic have risen by a great margin in 2016. According to Ericsson (2016), the number of mobile broadband subscribers in 2016 increased by 22.9% from 2015, resulting in a 60.4% jump in monthly wireless data traffic. This upward trend will continue, recording an annual growth of 10.9% in the number of wireless broadband subscribers and 41.8% in wireless data traffic from 2016 to 2022. Furthermore, along with the rapid growth in demand for wireless data communications, high-speed wireless networks, such as LTE and 5G, will likely also spread quickly. The number of LTE subscribers in 2016 is estimated at 1.7 billion globally, a 54.5% increase over 2015, and is expected to keep rising by 2022. Meanwhile, subscribers to 5G services around the world is expected to be around 550 million by 2022, 12% compared to the number of subscribers to LTE.

**Table I-5 | Forecast of subscribers to mobile communications services and global data traffic** (Unit : 1 million, GB, EB, %)

Classification		2015	2016	2022	2015~2016 Growth rate*	2016~2022 CAGR*
Mobile communications service	Mobile users	7,300	7,500	8,900	2.7	2.9
	Smartphone users	3,300	3,900	6,800	18.2	9.7
	Mobile PC, tablet, and router users	240	250	320	4.2	4.2
	Wireless broadband subscribers	3,500	4,300	8,000	22.9	10.9
	Mobile service subscribers (GSM/EDGE only)	3,600	3,100	900	△13.9	△18.6
	Mobile service subscribers (WCDMA/HSPA)	2,100	2,300	2,800	9.5	3.3
	Mobile service subscribers (LTE)	1,100	1,700	4,600	54.5	18.0
	Mobile service subscribers (5G)	-	-	550	-	-
Data traffic	Monthly smartphone data (GB/month)	1.4	1.9	11	35.7	34.0
	Monthly mobile PC data (GB/month)	5.7	7.7	23	35.1	20.0
	Monthly tablet data (GB/month)	2.5	3.5	11	40.0	21.0
	Total monthly wireless data traffic (EB/month)	5.3	8.5	69	60.4	41.8
	Total monthly wired data traffic (EB/month)	60	70	170	16.7	15.9

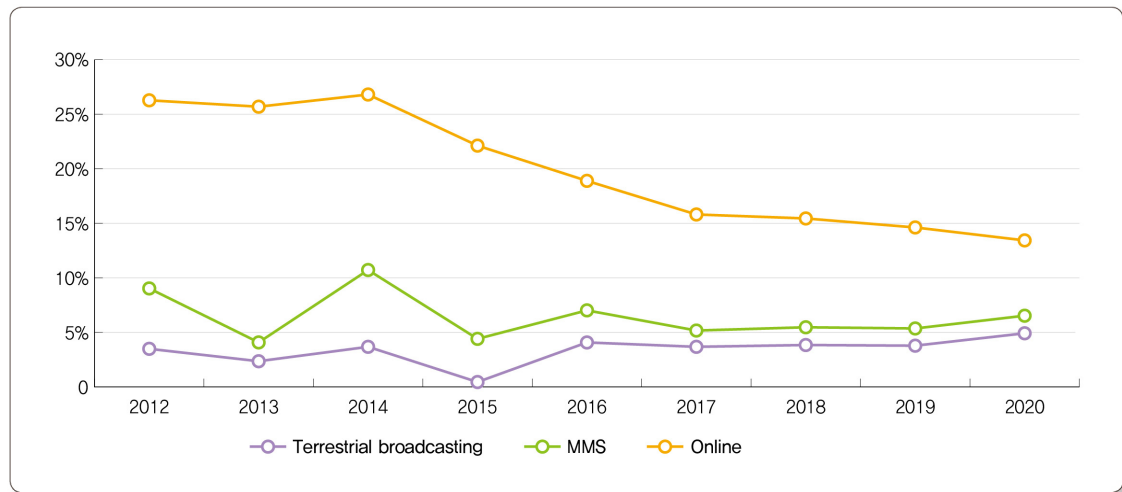
Note) \* Estimate, △ : Reduction

Source) Ericsson (2016)

According to PWC (2016), the growth of the global broadcasting market appears to be slowing down. The global TV subscription fees grew by an average of 4.6% every year from 2011 to 2014 but is expected to grow to 2.5% from 2015 to 2020.

Meanwhile, terrestrial broadcasting advertisement and MMS TV advertisement in the TV advertisement market are forecast to record lower growth than online advertisement. As a result, the share of MMS TV advertisement and terrestrial broadcasting advertisement in the entire TV advertisement sector will fall from 97.0% in 2015 to 95.2% in 2020. On the other hand, online advertisement will see its growth slow to 10% to 15% starting from 2018 after having kept growing by more than 20% as Netflix and Amazon increasingly introduce ad-free subscription services.

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



Source) PWC (2016), Global Entertainment and Media Outlook 2016-2020

## 2. Korea Broadcasting and Communications Policy Environment

### a. Trends in the Domestic Broadcasting and Communications Market<sup>2)</sup>

Korea's broadcasting and communications market shrank in 2016 due to the protracted global economic recession. The sales volume of broadcasting service market expanded thanks to the increase in the sales generated by paid broadcasting and broadcasting operators (PP). However, broadcasting market in general is in slump due to the slowing growth of broadcasting business sales and the number of workers and stagnant production cost. The sales volume of communications service market rose across the board from wired and wireless communications service, lease and resale of line equipment, communication service acquisition, relay service to additional communications services. The market, however, appears to have reached saturation.

The broadcasting service market will likely to be in recession in 2017 but is expected to start growing again boosted by sales increase and the revitalizing broadcasting program circulation market. Amid the slowing broadcasting advertisement market and the

2) Compiled based on production and export data by Korea Information Society Development Institute (2016) and KAIT (2016)



saturation of paid broadcasting market, the growth of subscription fees will lose momentum. The growth of program circulation market, however, is forecast to continue thanks to improved content competitiveness. The introduction of UHD broadcasting, in particular, is expected to have positive impact on promoting production of quality content and improvement of viewing environment.

Communications markets can be broken down into wired, broadband, and mobile. Firstly, wired communications market will likely see both subscribers and call traffic decrease with the introduction of unlimited plan and data-oriented plan. Although the number of broadband subscribers is estimated to have risen slightly compared to 2015, the growth appears to be limited because the subscription increase is slowing down with the saturation in the broadband market and the competition among operators intensifies over contract and combined discount. The number of subscribers to mobile communications market is steadily increasing but estimated to have entered the saturation phase. However, thanks to MVNO, data plans, and the increase of smartphone and tablet PC users, the number of subscribers will continue to rise.

In the meantime, the production volume of the domestic broadcasting and communications equipment has been steadily decreasing since 2014. In 2015, the production volume stood fell by 0.1% to KRW 85.5 trillion from 2014. It was down by 9.3% to KRW 77.6 trillion in 2016 compared to 2015, so the decrease rate was greater in 2016 over 2015. The declining domestic demand in 2016 dealt a blow to the production volume of both communications and broadcasting equipment. Meanwhile, the export volume of local broadcasting and communications equipment in 2016 is estimated at USD 36.71 billion, down by 10.1% from the previous year. This significant decrease is attributable to the drop in the export volume of communications equipment. The total export volume of communications equipment fell by 14.4% from 2015 due to the recalled portable terminal which accounts for nearly 90% of the communications equipment export. On the other hand, the export volume of broadcasting equipment was up 6.1% from the previous year thanks to the base effect of export decrease in 2015 and the booming export of TV parts.

**Table I - 6 | Trends in amount of production and export volume of the domestic broadcasting and communications equipment** (Unit : KRW 1 trillion, USD 1 billion, %)

Classification	2014		2015		2016	
	Production	Export	Production <sup>P</sup>	Export	Production <sup>P</sup>	Export <sup>P</sup>
Broadcasting and communications devices	85.7	39.88	85.5	40.85	77.6	36.71
Communications devices	70.4	30.00	71.1	32.30	63.9	27.63
Broadcasting devices	15.3	9.89	14.4	8.55	13.7	9.07

Note) P : Preliminary

Source) Korea Association for ICT Promotion (2016), Monthly survey of information & communication technology statistics

The domestic broadcasting service market sales of 2016 is estimated to have grown by 3.0% to KRW 15.8 trillion. Breaking the figure down into services, terrestrial broadcasting experienced modest decline in advertisement sales due to the persistently underperforming economy. Its advertisement sales is likely to continue to fall but will hover around KRW 4 trillion as the sales of broadcasting programs rise. The growth trend of paid broadcasting has weakened amid the intensifying competition among paid media. Their decreasing width in subscription charge collection will ease as cable TVs will lose viewers but is expected to see sales in paid broadcasting rise by 5.0% to KRW 5.6 trillion thanks to the growth of IPTV. CATV business is forecast to go stronger for the time being as advertisement sales and programs sales are promoted powered by enhanced content competitiveness.

**Table I - 7 | Forecast of the domestic broadcasting service market sales** (Unit : KRW 1 trillion, %)

Classification	2014	2015	2016 <sup>E</sup>	2017 <sup>E</sup>	2018 <sup>E</sup>	2019 <sup>E</sup>
Broadcasting services	14.7	15.3	15.8	16.2	16.7	17.2
(growth rate over the previous year)	5.3	3.7	3.0	2.9	3.0	2.8
Terrestrial	4.0	4.1	4.0	4.0	4.1	4.1
Paid broadcasting	4.4	5.0	5.3	5.6	5.8	6.1
CATV business	6.3	6.2	6.5	6.6	6.8	7.0

Note) E : Estimate, growth rate over the previous year was rounded off the numbers to the nearest hundredths after calculating in KRW 1 billion

Sources) Ministry of Science, ICT and Future Planning·Korea Communications Commission (2016), Survey on broadcasting Industry until 2015 / forecast by Korea Information Society Development Institute from 2016 and thereafter

Meanwhile, the domestic advertisement market in 2016 declined by 0.7% from 2015 to KRW 11.296 trillion. Breaking down the figures into media types, all types but online advertisement (broadcasting, printed, outdoor, and others) suffered decrease. While

Internet advertisement took up KRW 1.9433 trillion of the online advertisement sales, down by 5.4% from 2015, mobile advertisement accounted for KRW 1.8042 trillion, up by 31.3% from 2015. Given this, mobile is taking over the Internet when it comes to advertisement market. The total advertisement market of 2016 dwindled to KRW 4.1325 trillion, down by 7.4% from the previous year. Terrestrial TV recorded fell by 14.0% from 2015 to KRW 1.6628 trillion, representing 40.2% of the total advertisement market, down by 6.7%p from 2014. Cable PP, which takes up the largest share in the advertisement market, recorded a 15% increase in sales in 2015 but posted a modest decline in 2016.

**Table I - 8 | Trends of the domestic advertisement market**

(Unit : KRW 100 million, %)

Classification		2014	2015	2016	Growth rate	
					2014~2015	2015~2016
Broadcasting	Terrestrial TV	19,647	19,324	16,628	△1.6	△14.0
	Radio	2,541	2,568	2,497	1.1	△2.8
	Terrestrial DMB	115	103	97	△10.4	△5.8
	Cable PP	17,432	20,049	19,459	15.0	△2.9
	Cable SO	1,275	1,452	1,564	13.9	7.7
	IPTV	630	870	830	38.1	△4.6
	Satellite broadcasting	212	240	250	13.2	4.2
	Sub total	41,852	44,606	41,325	6.6	△7.4
Online	Internet	21,410	20,534	19,433	△4.1	△5.4
	Mobile	9,099	13,744	18,042	51.0	31.3
	Sub total	30,509	34,278	37,475	12.4	9.3
Printed	Newspaper	15,612	15,613	15,395	0.0	△1.4
	Magazine	4,905	4,741	4,564	△3.3	△3.7
	Sub total	20,517	20,354	19,959	△0.8	△1.9
Others	Outdoor	8,578	11,140	10,911	29.9	△2.1
	DM	819	1,122	1,124	37.0	0.2
	Life information	4,433	1,795	1,745	△59.5	△2.8
	Job information	539	450	421	△16.5	△6.4
Total		107,247	113,745	112,960	6.1	△0.7

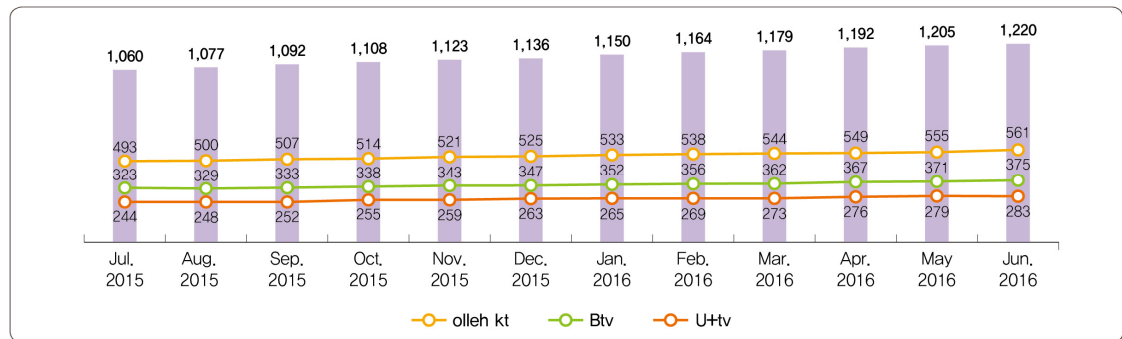
Note) △ : Reduction

Sources) Ministry of Science, ICT and Future Planning, Korea Broadcast Advertising Corporation (2017)

Both the number of subscribers and sales are on increase for IPTV services. IPTV enjoyed a rapid growth since its launch in October 2008, attracting 10 million subscribers in late March 2015. It then recorded 12.05 million members in May 2016, surpassing 12 million mark. Furthermore, as the increase in the number of subscribers led to the rising demand for VOD, IPTV posted service sales volume of KRW 2.5431 trillion.

Figure I - 2 Trends of domestic IPTV subscribers

(Unit : ten thousand)



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

The total sales volume of the domestic communications service in 2016 grew by 2.4% compared to 2015 to KRW 45.04 trillion. The sales increased in every sector, particularly driven by additional communications service which was up by 8.0%.

Table I - 9 Trends of the domestic communications service market sales volume

(Unit : KRW 100 billion, %)

Classification	2014	2015 <sup>P</sup>	2016 <sup>P</sup>	Growth rate	
				2014~2015	2015~2016
Communications services	451.2	439.8	450.4	△2.5	2.4
Wired communications service	119.4	111.6	113.3	△6.5	1.5
Wireless communications service	249.1	241.4	244.4	△3.1	1.2
Lease and resale of line equipment*	19.3	19.8	20.2	2.6	2.0
Additional communications services	63.3	67.1	72.5	6.0	8.0

Note) P : Preliminary, △ : Reduction, Lease and resale of line equipment : Lease and resale of line equipment, communication service acquisition, relay service

Source) Korea Association for ICT Promotion (2016), Monthly survey of information & communication technology statistics

Wireless communications service market appears to have reached saturation with the penetration rate standing at 113.5% as of September 2014. However, while the sales volume of wireless communications service in 2015 fell by 3.1% compared to 2014 due to increase in the number of subscribers to 4G LTE flat rate and data traffic, it rose by 1.2% compared to 2015 in 2016. Meanwhile, the number of smartphone subscribers out of the total mobile phone service subscribers in 2016 was 75.7%, or 46.42 million.

Table I - 10 Number of subscribers to mobile phones and smartphones

(Unit : ten thousand, %)

Classification	2013	2014	2015	2016
Mobile phone subscribers (A)	5,468	5,729	5,894	6,130
Smartphone subscribers (B)	3,752	4,070	4,367	4,642
Ratio (B/A)	68.6	71.0	74.1	75.7

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 in the number of subscribers out of CDMA, WCDMA, and LTE from 2015 due to intensified race toward securing more users and widening their coverage as well as the introduction of data-oriented plans. The number of LTE subscribers as of the end of 2016 was around 46.31 million, surpassing 75.5% of the total mobile phone users (61.3 million).

Table I - 11 Trends of mobile phone subscribers by technology

(Unit : ten thousand, %)

Classification	2014		2015		2016		2015~2016 Growth rate
	Subscribers	Ratio	Subscribers	Ratio	Subscribers	Ratio	
CDMA	633	11.0	471	8.0	355	5.8	△24.6
WCDMA	1,487	26.0	1,254	21.3	1,144	18.7	△8.8
LTE	3,609	63.0	4,169	70.7	4,631	75.5	11.1
Total	5,729	100.0	5,894	100.0	6,130	100.0	4.0

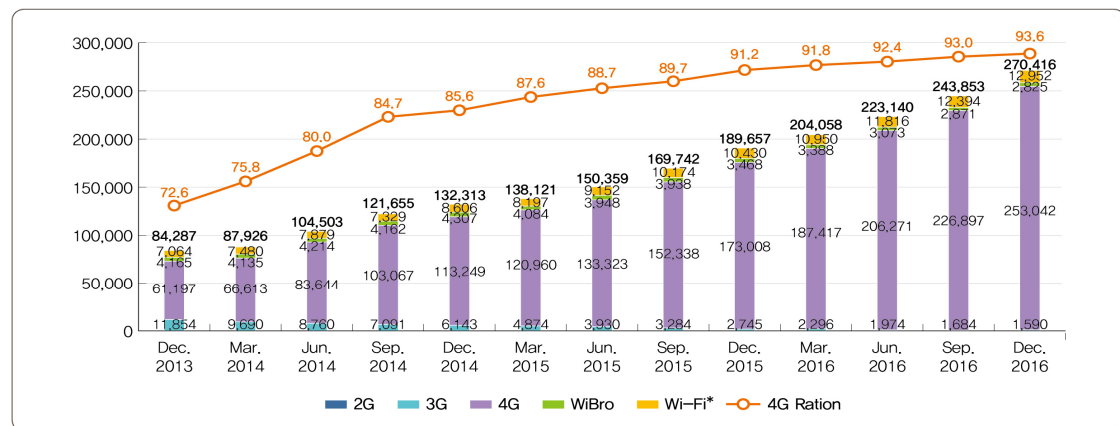
Note) △ : Reduction

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 270,416 TeraBytes (TB) as of December 2016, a 42.6% increase from a year earlier. In terms of wireless technologies including 2G, 3G, 4G, WiBro, and Wi-Fi, only 4G grew by 46.3% from 2015 while 3G and WiBro fell by 42.1% and 18.5%, respectively. 4G traffic had accounted for a mere 9.5% of the total wireless data as of January 2012, but rose to 72.6%, in December 2013, 85.6% in December 2014, 91.2%, in December 2015, and 93.6% in December 2016, taking up most of the wireless data traffic.

Figure I - 3 Status of monthly traffic by wireless technology

(Unit : TB, %)



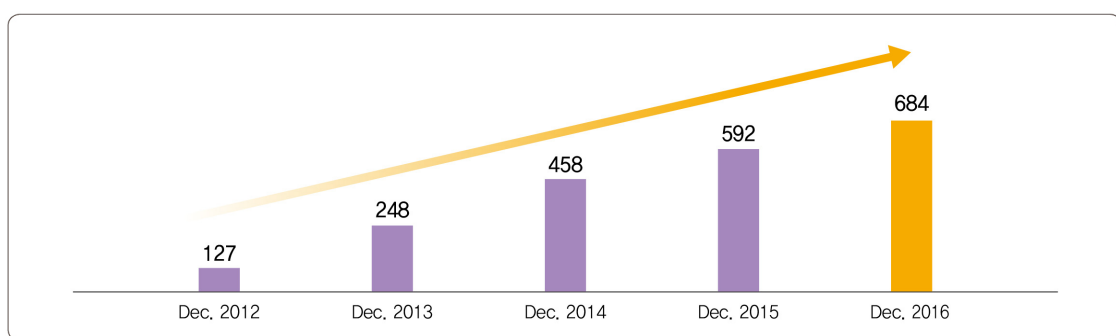
Note) Wi-Fi traffic is limited to traffic coming in through the network of communications service operators (traffic on personal Wi-Fi devices may not be calculated)

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

The MVNO market grew rapidly in 2016 thanks to the promotional efforts by the government and operators, securing 5.92 million users in December 2015, which grew to 6.84 million a year later since its launch in July 2011. It now takes up more than 10% of the mobile subscribers. Since July 2016, MVNO operators have offered about 150 plans which are 25% to 36% lower compared to those designed by existing three mobile carriers thanks to measures such as reduction in wholesale price and period extension of the frequency charge. With improved price competitiveness, MVNO will likely continue to attract more subscribers, leading to intensifying voluntary competitions over plans among the three mobile carriers.

Figure I-4 Trends of MVNO service subscribers

(Unit : ten thousand)



Source) Ministry of Science, ICT and Future Planning (2016), 'MVNO Launches New Affordable Plans'

## b. Changes in the Broadcasting and Communications Policy Environment

While general PPs and paid broadcasting are expanding, broadcasting market in general is experiencing a slowing growth as viewers increasingly opt for mobile device. Competition to secure users between Cable TV, IPTV, satellite operators is intensifying while issues keep rising over unfair business practices such as combined products involving paid broadcasting TV, mobile communications, and broadband Internet. As the increasing popularity of mobile device, launch of UHD broadcasting, broadcasting service operators' entry into OTT market, and the rise of one-person broadcasting lead to changes in the broadcasting environment, it is necessary to overhaul systems and regulations to live up to the era of convergence between broadcasting and communications.

As broadcasting relies most heavily on advertisement for revenue, online (Internet and mobile), IPTV and new media are growing in influence. On the other hand, its share in the total advertisement market of terrestrial broadcasting is decreasing. Therefore, it is necessary to establish measures aimed at revitalizing the broadcasting industry, improving advertisement policy, promoting fair competition and collaboration, and introducing new broadcasting services such as UHD and MMS. It is also needed to boost dynamism of broadcasting market by supporting international cooperation, and production of Korean wave broadcasting content.

In the case of the communications market, wire phone services are experiencing drop in both revenue and the number of subscribers due to the transition to mobile phone services, while broadband Internet and mobile communications are stagnant as they have reached a saturation phase. With competition in broadcasting market growing fiercer, it is feared that consumers may be unfairly charged for wireless data when subscribing to combined products or new services. Therefore, it is necessary to stop unfair changes in market dominance and false advertisement and prevent damages from incurring to users. What's more, given the worsening user damage resulting from new services, illegal and harmful information, and sophisticated spam, measures must be created to create safe environment for users.

New services based on personal information are on the rise as Big Data, IoT, AI, and customized marketing become increasingly widespread. While encouraging services tapping into personal information through measures such as de-identification, sector-specific guidelines are needed to be established to ensure that personal data is utilized in a safe manner.





# Status and Policy Objectives of the Korea Communications Commission

1. Overview
2. Organization and Functions
3. Key Policy Achievements in 2015
4. Key Policy Objectives in 2016



## 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 contribute to promoting the freedom, public nature and public interest of broadcasting by actively responding to the convergence between broadcasting and communications sectors.

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 Chairman. 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 President<sup>3)</sup>. 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 :

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3) 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

**Table II-1 | Laws under jurisdiction of the Commission**

Law	Description	Dates enacted and amended
Act on the Establishment and Operation of Korea Communications Commission	<ul style="list-style-type: none"> <li>• Legal basis for the foundation, organization, and administrative structure of the Commission</li> <li>• Duties and operational methods of the Commission and organization of review committees</li> </ul>	Enacted on Feb. 29, 2008 Amended on Dec. 22, 2015
Framework Act on Broadcasting Communications Development	<ul style="list-style-type: none"> <li>• Establishment of basic policy directions and plans for broadcasting and communications</li> <li>• Disaster management in broadcasting and communications and establishment of the Broadcasting Communications Development Fund</li> </ul>	Enacted on Mar. 22, 2010 Amended on Dec. 22, 2015
Broadcasting Act	<ul style="list-style-type: none"> <li>• Freedom and independence of broadcasting programming and public responsibility of broadcasting services</li> <li>• Licensing, re-licensing, approval/permission or re-approval of broadcasting service businesses</li> </ul>	Enacted on Jan. 12, 2000 Amended on Feb. 3, 2016
Korea Educational Broadcasting System Act	<ul style="list-style-type: none"> <li>• Capital and investments of the Korea Educational Broadcasting System</li> <li>• Appointment of officers and composition of the board of directors</li> </ul>	Enacted on Jan. 12, 2000 Amended on Dec. 22, 2015
Foundation for Broadcast Culture Act	<ul style="list-style-type: none"> <li>• Organization of officers for the Foundation of Broadcasting Culture</li> <li>• Legal basis for Culture Promotion Fund</li> </ul>	Enacted on Dec. 26, 1988 Amended on Jun. 3, 2014
Special Act on Support for Regional Broadcasting Development	<ul style="list-style-type: none"> <li>• Establishment of Plans for Regional Broadcasting Development and Support</li> <li>• Organization of Regional Broadcasting Development Committee</li> </ul>	Enacted on Jun. 3, 2014
Act on Broadcast Advertising Sales Agencies, etc.	<ul style="list-style-type: none"> <li>• Licensing of broadcast advertising sales agencies and restrictions on their ownership</li> <li>• Balanced development of broadcasting advertisement</li> </ul>	Enacted on Feb. 22, 2012 Amended on Jan. 27, 2016
Internet Multimedia Broadcast Services Act	<ul style="list-style-type: none"> <li>• Licensing of Internet multimedia broadcast services</li> <li>• Guarantee of fair competition</li> </ul>	Enacted on Jan. 18, 2008 Amended on Dec. Jan. 6, 2016

Law	Description	Dates enacted and amended
Act on the Protection, Use, etc. of Location Information	<ul style="list-style-type: none"> <li>• Classification of business operators and system for market entry</li> <li>• Use of personal location data by emergency aid agencies</li> </ul>	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"> <li>• Restriction of collection and use of personal data</li> <li>• Guarantee of information network security</li> </ul>	Enacted on May 12, 1986 Amended on Mar. 22, 2016
Mobile Device Distribution Improvement Act	<ul style="list-style-type: none"> <li>• Prohibition on discriminative subsidization and announcement of subsidies</li> <li>• Restriction on making independent contracts related to subsidies</li> </ul>	Enacted on May 28, 2014
Telecommunications Business Act	<ul style="list-style-type: none"> <li>• Classification of services and business operators, promotion of competition, and systems for fair competition</li> <li>• System for protecting network users</li> </ul>	Enacted on Dec. 30, 1983 Amended on Jan. 27, 2016
Radio Waves Act	<ul style="list-style-type: none"> <li>• Procedure for distribution, allocation, recollection and reallocation of frequency bands</li> <li>• Procedure for use of radio stations, including their licensing and inspection</li> </ul>	Enacted on Dec. 30, 1961 Amended on Jan. 27, 2016

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

## 2. Organization and Functions

### a. Organizational Status

| Figure II-1 | The 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 Chairman**

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 17<sup>th</sup> 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).

**Kim Seok-jin, Commissioner**

Kim majored in Political Science & International Relations at Kookmin University (1984) and completed Advanced Program at the Graduate School of Journalism & Mass Communication, Yonsei University. Having started his career as a reporter at Munhwa Broadcasting Corporation (1984), his posts include politics reporter and editorial writer, director general of news reporting office of OBS TV (2007), head of news reporting bureau (2009~2011), director and head of news reporting bureau of Yonhapnews TV (2011), auditor of Construction Workers Mutual Aid Association(2013) and more.

**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 25<sup>th</sup> 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), in the Korea Communications Commission, 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).

Following the amendment of 「Organizational System of the Korea Communications Commission」 (Presidential Decree No. 27494, enforced on September 13, 2016), the Commission, previously composed of one office, three bureaus and eighteen divisions, has been reorganized with the current structure of one secretariat, three bureaus, one director general, and eighteen divisions, as shown in <Figure II-2>.

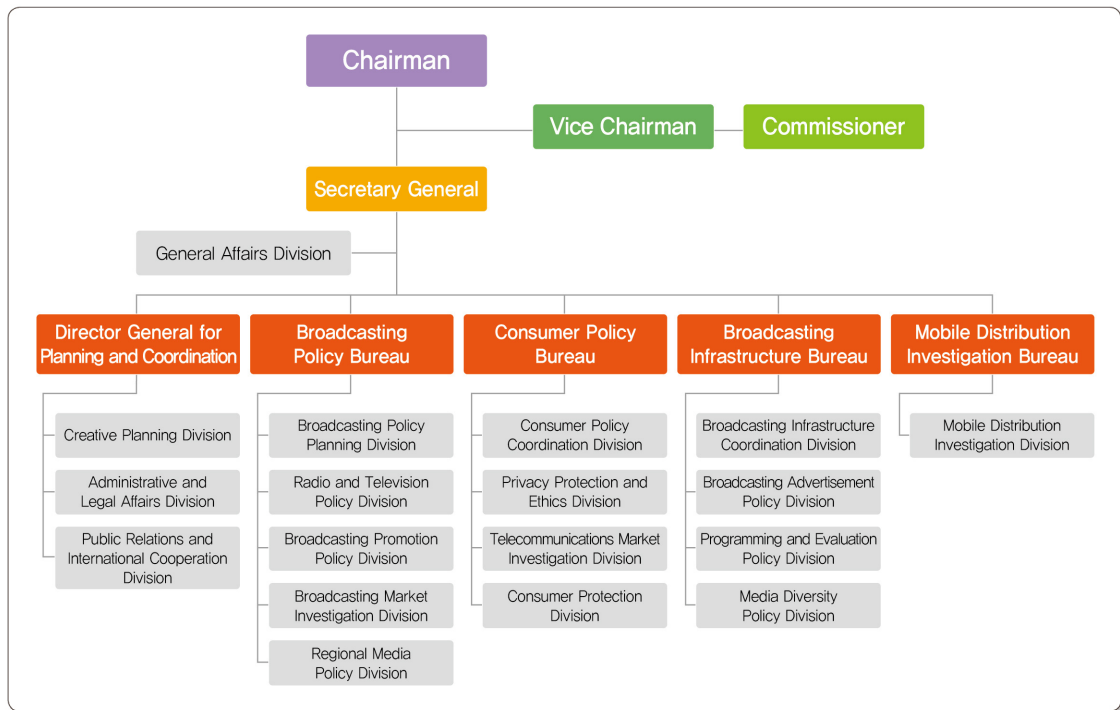
Major amendments are as follows:

Regional Media Policy Division has been temporarily organized to operate until April 30, 2016. The Team's duties include administrative affairs related to development of regional broadcasting and viewers' rights protection. To this end, one new member (one Grade 4 civil servant) was added on a temporary basis, while another Grade 5 civil servant was appointed to support global marketing of broadcasting content and international relations. Also one Grade 6 civil servant took the charged of investigating and taking measures on unfair programming and production by home-shopping business operators.

The temporary operation of Mobile Device Distribution Investigation Team has been extended until May 31, 2018 to ensure fair distribution of mobile communications terminal and user protection of mobile communications service. Instead of abolishing Planning and Coordination Office, Secretariat was newly formed to process administrative affairs of the Commission. Director General for Planning and Coordination was established as an aide to Secretary General and one high ranking official was appointed.



Figure II-2 | Organizational Chart of the Korea Communications Commission



## 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 department of the Commission**

Departments		Key Duties
Director General for Planning and Coordination	Creative Planning Division	<ul style="list-style-type: none"> <li>• Establishment and coordination of policies and major plans</li> <li>• General management of the Commission's organization, personnel quota, and other committees</li> <li>• Establishment of mid-term budget and planning, allocation and execution of budget</li> <li>• Budge arrangement, expenditure, operation cost expenditure and closing</li> <li>• Coordination of Government 3.0 duties and services for cooperation with the National Assembly and other external agencies</li> <li>• Management of office services, office automation, and the establishment and operation of knowledge information systems</li> <li>• Emergency, security-related services, and disaster management</li> </ul>
	Administrative and Legal Affairs Division	<ul style="list-style-type: none"> <li>• Basic planning for performance management and administrative systems and trend analysis</li> <li>• Services or duties related to the drafting or review of law bills, administrative decisions and regulations, and regulation reforms</li> <li>• Appointment of officers for the Korean Broadcasting System, the Korea Educational Broadcasting System, and the Foundation for Broadcast Culture</li> <li>• Coordination of agenda items for cabinet meetings and Vice-Minister meetings</li> <li>• Meeting of the Commission, compilation and preservation of agenda</li> </ul>

Departments		Key Duties
		<ul style="list-style-type: none"> <li>• Reception of review of meeting agenda of the Commission</li> <li>• Coordination of tasks related to the National Assembly</li> </ul>
	Public Relations and International Cooperation Division	<ul style="list-style-type: none"> <li>• Policies on international cooperation by region, including inter-governmental cooperation</li> <li>• Negotiations related to broadcasting and communications, including those for the WTO and FTA</li> <li>• Policies concerning international organizations</li> <li>• Operation of international organizations related to broadcasting and communications, and their policy development</li> <li>• Support for public relations or press briefings on key policies</li> <li>• Analysis, evaluation of, and response to press reports</li> </ul>
Broadcasting Policy Bureau	Policy Planning Division	<ul style="list-style-type: none"> <li>• Coordination of broadcasting service policies</li> <li>• Development of mid-and long-term broadcasting basic policies and public broadcasting policies</li> <li>• Enactment of and amendment to broadcasting business law</li> </ul>
	Radio and Television Policy Division	<ul style="list-style-type: none"> <li>• Policies and license of terrestrial broadcasting</li> <li>• Policy establishment and implementation for new and additional services of terrestrial broadcasting</li> <li>• Policy establishment and implementation for terrestrial broadcasting technology</li> </ul>
	Broadcasting Promotion Policy Division	<ul style="list-style-type: none"> <li>• Policy establishment for general service and news-specialized PPs</li> <li>• Policy establishment for welfare channels for public interest and the disabled</li> <li>• Planning of broadcasting frequency operation by broadcasting media</li> </ul>
	Broadcasting Market Investigation Division	<ul style="list-style-type: none"> <li>• Investigation and measures on regulation violators</li> <li>• Policy improvement for fair competition in broadcasting market</li> <li>• Announcement and management analysis of broadcasting business operators' profit and loss status</li> <li>• Mediation of broadcasting conflicts</li> </ul>
	Regional Media Policy Division	<ul style="list-style-type: none"> <li>• Policy and license for regional broadcasting and terrestrial DMB</li> <li>• Management of Community Media Foundation and media education</li> <li>• Policy establishment and support for promotion of viewers' broadcasting participation</li> </ul>
Consumer Policy Bureau	Consumer Policy Coordination Division	<ul style="list-style-type: none"> <li>• Policies concerning the protection of broadcasting and communications service users</li> <li>• Analysis, enactment or amendment of policies or statutes related to the protection of broadcasting and communications service users</li> <li>• Arbitration and mediation of disputes regarding communications services</li> </ul>
	Privacy Protection and Ethics Division	<ul style="list-style-type: none"> <li>• Enactment or amendment of policies or statutes related to the protection of personal information on IT networks</li> <li>• Measures for protection of personal information by Internet Service Providers</li> <li>• Licensing and approval of location information services operators</li> <li>• Enactment or amendment of statutes related to the prevention of the distribution of unhealthy information on the Internet</li> <li>• Research, education, and publicity of cyber ethics and illegal information prevention</li> </ul>

Departments		Key Duties
	Telecommunications Market Investigation Division	<ul style="list-style-type: none"> <li>• Analysis of communications market trends and market monitoring</li> <li>• Regulation improvement for fair competition in the communications market</li> <li>• Investigation or imposition of corrective actions against violation of statutes by communications business operators</li> </ul>
	Consumer Protection Division	<ul style="list-style-type: none"> <li>• Policy improvement concerning the protection of broadcasting and communications service consumers</li> <li>• Education and promotions concerning broadcasting and communications service usage and damage prevention</li> <li>• Fact-finding investigations and correctional measures concerning interest violations of broadcasting and communications service users</li> </ul>
Broadcasting Infrastructure Bureau	Broadcasting Infrastructure Coordination Division	<ul style="list-style-type: none"> <li>• Establishment of systems for protecting the universal viewing rights and enactment or amendment of the statutes</li> <li>• Establishment and enforcement of policies concerning broadcasting language and support for establishment of broadcasting review policies</li> <li>• Signing of international agreement on joint production and international cooperation on broadcasting content</li> </ul>
	Broadcast Advertisement Policy Division	<ul style="list-style-type: none"> <li>• Improvement of policies or statutes concerning broadcasting advertisement and sponsorship</li> <li>• Matters concerning competition policies for broadcasting advertisement sales agencies</li> <li>• Support for SME broadcasting advertisement, establishment and enforcement of public advertisement promotion policies</li> <li>• Monitoring violations of broadcasting advertisement and sponsorship announcement</li> </ul>
	Programming and Evaluation Policy Division	<ul style="list-style-type: none"> <li>• Matters concerning enactment and amendment of laws on outsourcing production and policy establishment and implementation</li> <li>• Establishment of the basic planning for broadcasting assessment and implementation of broadcasting evaluation, enactment and amendment of laws on broadcasting assessment</li> <li>• Notice of broadcasting programming ratios and development of mid- or long-term policies related to broadcasting programming</li> <li>• Survey of receiver assessment and establishment and implementation of related policies</li> </ul>
	Diversity Policy Division	<ul style="list-style-type: none"> <li>• Establishment and implementation of basic plans concerning opinion diversity of broadcasting</li> <li>• Establishment and implementation of basic plans concerning the status of competition in the broadcasting market</li> <li>• Establishment and implementation of policies for the disabled and groups with limited access to broadcasting</li> </ul>
Mobile Distribution Investigation Bureau	Mobile Distribution Investigation Division	<ul style="list-style-type: none"> <li>• Monitoring of the mobile device distribution market and establishment of investigation plans</li> <li>• Implementation of an emergency suspension order system concerning mobile device subsidies</li> <li>• Investigation and sanctions against unfair practices of mobile operators or distributors concerning 「Mobile Device Distribution Improvement Act」</li> </ul>

Departments	Key Duties
Operation Support Division	<ul style="list-style-type: none"> <li>• Personnel affairs, prizes, punishment, education and training, employment management</li> <li>• Protocol, management and defense of complex</li> <li>• Audit of the Commission and relevant organizations under jurisdiction of the Commission</li> </ul>

### c. Public and Relevant Organizations under Jurisdiction of the Commission

The Korea Broadcast Advertising Corporation and Community Media Foundation are 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 Commission**

Name of agency	CEO	Name	Basis of foundation	Key mission and functions
Korea Broadcast Advertising Corporation (KOBACO)	President	Koak Sung-moon	Article 24 under the 「Act on Broadcast Advertising Sales Agencies, etc.」	A brokerage and sales agency for advertisements sales and implementation of supporting projects for balanced development of broadcasting advertisement
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 February 3, 2016

**Table II-4 | Relevant organizations to the Commission**

Name of agency	CEO	Name	Basis of foundation	Key mission and functions
Korean Broadcasting System (KBS)	President	Ko Dae-young	Article 43 of the Broadcasting Act	Efficient operation of broadcasting services at home and abroad as the government-owned backbone broadcasting service, and relevant projects promote broadcasting culture
Korea Educational Broadcasting System (EBS)	President	Woo Jong-bum	Article 7 of the Korea Educational Broadcasting System Act	Supply broadcasting content on education, knowledge, information, and culture, and R&D related to educational broadcasting
Foundation for Broadcast Culture (FBC)	Chairman	Ko Young-joo	Article 1 of the Foundation for Broadcast Culture Act	Research and academic projects to advance broadcasting culture

#### d. Expenditure Budget in 2016

The expenditure budget of the Commission in 2016 was KRW 227.3 billion, which can be broken down into either the general budget account of KRW 55.6 billion and the Broadcasting and Communications Development Fund account of KRW 171.7 billion, or into the communication account of KRW 59.5 billion and the broadcasting account (including culture and tourism) of KRW 167.8 billion. Alternatively, the expenditure budget can be broken down into payroll expenses of KRW 16.7 billion, basic expenses of KRW 4.2 billion, and key service expenses of KRW 200.64 billion. The details are shown in <Table II-5> below:

**Table II-5 | Details of the 2016 expenditure budget of the Commission**

(Unit : KRW 100 million)

Classification			2015(A)	2016(B)	Fluctuation (B-A)	%
Total expenditure <I+II>			2,204	2,273	69	3.1
(Total = total expenditure + internal transactions + surplus funds)			(12,029)	(11,771)	(△258)	(△2.1)
By fund source	I. General budget account		556	556	0	0.0
	II. Broadcasting and Communications Development Fund		1,648	1,717	69	4.2
	(Total = expenditure + internal transactions + surplus funds)		(11,473)	(11,215)	(△258)	(△2.2)
	① Expenditure	Sub-total (a+b)	7,857	7,686	△171	△2.2
		② Korea Communications Commission (KCC)	1,648	1,717	69	4.2
		③ Ministry of Science, ICT and Future Planning (MSIP)	6,209	5,969	△240	△3.9
	④ Internal transactions (Commission funds deposited)		1,800	2,000	200	11.1
	⑤ Compensatory expenditure (Fund surplus operated)		1,816	1,529	△287	△15.8
By area	□ Communications		582	595	13	2.2
	□ Broadcasting (culture and tourism)		1,622	1,678	56	3.5



Classification		2015(A)	2016(B)	Fluctuation (B-A)	%
By function	<input type="checkbox"/> Payroll	155	167	12	7.7
	<input type="checkbox"/> Basic expenses	41	42	1	2.4
	<input type="checkbox"/> Key service expenses	2,008	2,064	56	2.8
	① Broadcasting infrastructure improvement and media diversity promotion	1,028	1,080	52	5.1
	② Establishment of conditions for fair competition and secure information use	240	234	△6	△2.5
	③ Deployment of broadcasting service base and enhancement of user rights	690	701	11	1.6
	④ Support for the operation of broadcasting and communications	50	49	△1	△2.0

Note) △ : Reduction

## e. Status of the Government Initiated Legislation in 2016

The amendment the Commission submitted to the National Assembly in 2016 are: amendment to the 「Broadcasting Act」 to promote fair competition based on ‘equal regulation for equal service’ among paid broadcasting business operators; amendment to 「Act on the Promotion of Information and Communications Network Utilization and Information Protection, etc.」 to resolve conflicts over privacy and defamation in a swift and effective manner; amendment to the 「Broadcasting Act」 to endow terrestrial MMS with legal status by defining the category of additional channels; and amendment to the 「Telecommunications Business Act」 for the introduction of consent resolution (June, November, and December 2016).

### 3. Key Policy Achievements in 2015

Faced with the rapidly changing broadcasting and communications environment precipitated by the emergence of IT-based new industry and convergence service between broadcasting and communications, the Commission committed itself to fulfilling the vision of delivering broadcasting and communications services trusted by people. The Commission implemented projects under the policy direction of: enhancing the public responsibility, public role, and fairness of broadcasting; promoting broadcasting services; fair competition in the broadcasting and communications market; and user protection. The major policy achievements of the Commission in 2015 are as follows:

#### a. Enhancing Public Responsibility, the Role and Fairness of Broadcasting

The Commission 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 examined the implementation performance of the year 2014 under the relicensing conditions for general PPs, striving to enhance the public reliability of broadcasting.

What’s more, the Commission endeavored to revitalize regional broadcasting by establishing and implementing the ‘Regional Broadcasting Development Support Plan’ while calculating broadcasting business operators’ Share of Audience and integrated share of audience in order to guarantee media diversity and viewing rights.

The Commission established Community Media Foundation and offered media education linked with the free semester system to a greater number of schools and regions via six community media centers. In addition, the Commission paid fees when programs which were produced by viewers were broadcast while enhancing viewers’ rights by launching trial broadcast of sign language broadcasting after setting the service standard.

The Commission amended the 「Framework Act on Broadcasting Communications Development」, expanding expand the scope of mandatory business operators of disaster

broadcasting and designating main broadcasting operator. The trial service of ‘Support for installation of repeaters for disaster broadcasting reception’ was also launched.

## b. Invigoration of Broadcasting and Communications Services

The Commission launched the trial service of EBS2 (MMS) in February 2015 via terrestrial broadcasting and IPTV channels. Finalizing the ‘700MHz bandwidth allocation plan’ in July 2015, the Commission laid the foundation for the terrestrial UHD along with new broadcasting services.

In April 2015, the Commission made an amendment to the ‘Enforcement Decree of the Broadcasting Act’ to deregulate broadcasting advertisement. In 2015, supporting project for SME broadcasting advertisement was carried out for the first time to create a foundation for the development of broadcasting advertisement.

Additionally, 16 media hub schools were designated to train talented juveniles in producing broadcasting content. 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 to create a win-win content outsourcing environment.

For the purpose of creating a safe and convenient environment for the use of location information, the Commission inspects compliance of the Act on the Protection, Use, etc, of Location Information by location information business operators and held education and seminar on location information protection. Also, 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.

Meanwhile, by revising the ‘Enforcement Decree of the Broadcasting Act’ highlighting the introduction of the Gross Cap Regulation of Advertising Time<sup>4)</sup> and expansion of

4) The Gross Cap Regulation of Advertising Time : A system to allow broadcasting business operators to freely choose advertisement formats, hours, times, and methods but impose cap on advertise-

virtual advertisement and indirect advertisement in July 2015, the Commission addressed barrier regulations on broadcasting advertisement. The Commission also abolished cap on outsourcing production to special interest groups by terrestrial broadcasting business operators, permitted terrestrial EBS MMS, and revised law systems to improve restrictions on paid broadcasting.

The Commission extended support for encryption of personal information to innovative small businesses and offered educational program for marginalized groups to prevent broadcast service damage. The Commission also strived to promote the Government 3.0 by promoting one-person broadcasting with video conference system on PC.

By signing an MOU with the city of Wenzhou in China and Communications Regulatory Commission of Mongolia, the Commission strengthened international cooperations in broadcasting and communications. The Commission visited regulatory organizations in the UK, and Spain while holding the International Conference on Inter-Korean Broadcasting and Communications to facilitate exchange between North and South Korea.

### **c. Fair Competition in the broadcasting and communications Market and Protection of Users**

The Commission investigated unfair practices in broadcasting and communications market to protect interests of viewers, taking correctional measures on violations. It made public profit and loss status of broadcasters to assess competition conditions. The Commission established the fair competition order in broadcasting and communications market by streamlining regulations of broadcasting market and running relay council on terrestrial broadcasting.

By introducing 'Prior Approval of Dealership of Wired Communications Service' and creating 'Multi-level Mobile Phone Marketing Guidelines', the Commission established fair competition order in broadcasting market. It strived to protect users by investigating violations of prior compensation for used phones, misleading telemarketing advertise-

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ment hours within broadcasting organization schedule

ment, illegal telemarketing of MVNO, and rejection of subscription to 20% discount plan, taking correctional measures or imposing fines.

The Commission took correctional measures on false advertisement by mobile communications service operators and broadcasting and communications service operators. By setting forth the ‘Policy Improvement for Broadcasting and Communications Combined Products (proposal)’ and ‘Types of Prohibited Actions for Combined Sales and Examinations Guidelines’, the Commission contributed to ensuring fair competition for combined products.

The Commission investigated whether the top 27 business operators either deleted or separately manage users’ personal information who haven’t accessed their ICT service for one year or longer as the personal information validity period was implemented. It also revised the ‘Personal Information Protection Act」 and held educational and promotional campaigns designed to enhance awareness of privacy protection online.

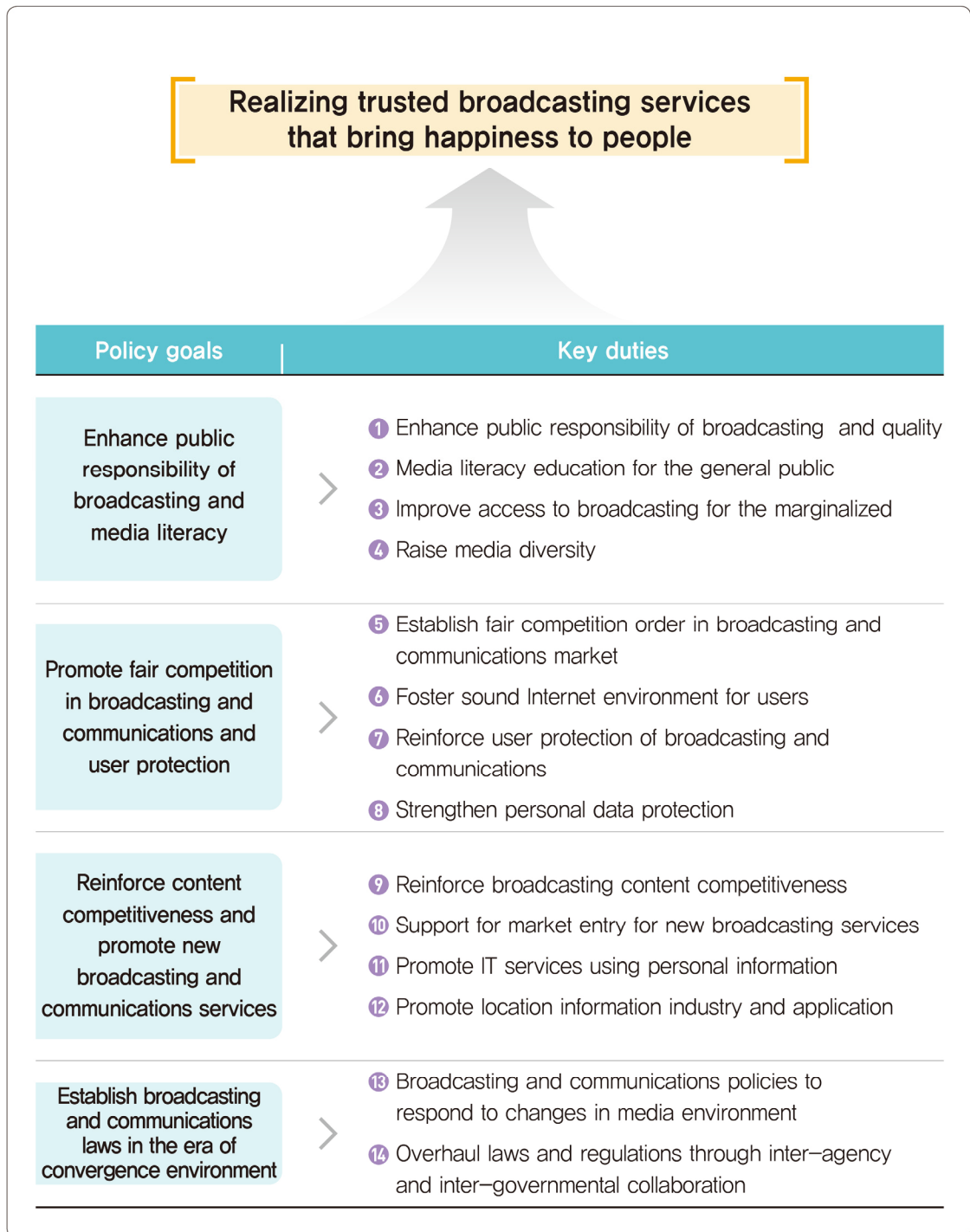
To raise Internet ethics and foster a sound Internet culture, the Commission devised ‘Measures to Promote Internet Ethics’ in April 2015 and conducted diverse programs for personalized Internet ethics including 9 courses for children and elementary students. It conducted national campaigns and a series of promotional activities including the operation of Internet Ethics Experience Hall to improve Internet culture. In addition, the Commission made a partial amendment to the ‘Enforcement Decree of the Telecommunications Business Act」 to make it mandatory to ensure that youths are not exposed to obscene materials on smartphone and to prevent the circulation of pornography. It introduced a system to block new illegal image spam and made public assessment result on local spam circulation status, encouraging business operators to make voluntary efforts to reduce spams and promoting people’s rights to know.

## 4. Key Policy Objectives in 2016

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’.

For four specific objectives, the Commission sought to achieve: first, ‘enhance public responsibility of broadcasting and media literacy’ by offering media literacy education to the general public; second, ‘promote fair competition in broadcasting and communications and user protection’ based on fair competition order and sound Internet culture; third, ‘reinforce content competitiveness and promote new broadcasting and communications services’ through new broadcasting services and market entry support; and fourth, ‘establish laws in the era of convergence environment’ through broadcasting and communications policies to respond to changes in media environment and privacy protection laws.

Figure II-3 | Vision and policy objectives







# Broadcasting and Communications Policy Outcomes of the Year 2016

Chapter 1 Enhancing Public Responsibility of  
Broadcasting

Chapter 2 Promoting Fair Competition in the  
Broadcasting and Communications and  
Protecting Users

Chapter 3 Enhancing Content Competitiveness and  
Promoting New Broadcasting and  
Communications Services



# Chapter 1 Enhancing Public Responsibility of Broadcasting

## 1. Enhancing Public Responsibility and Quality of Broadcasting

### a. Stabilizing Resources of Public Broadcasting

Establishing the ‘Research Group on Public Broadcasting Resource’ in May 2016, the Korea Communications Commission (hereinafter referred to as ‘the Commission’) has examined the subscription fee system of public broadcasting across the board. The purpose was, when the KBS has frozen subscription fees for 35 years, to analyze the revenue structure of public broadcasting and come up with measures to improve the fee system as their fiscal soundness was worsening due to drop in revenue in advertisement sales, rise in production cost, and increase in UHD investment.

Composed of a total of eight outside experts including four in media, one in legal affairs, and one in management and accounting, the Group looked into and compared subscription charge processes and systems of major countries. Based on the result, the Group plans to draft improvement measures by reviewing the necessity to set up an independent and professional subscription fee estimation body, operation and organization, and separate accounting of subscription charge and revenue.

### b. Enhancing Social Responsibility of Broadcasting

#### 1) Enhancing Broadcasting Disaster and Disaster Broadcasting

With natural disasters and social disasters on the rise recently, it is increasingly important to set up a disaster broadcasting management system to respond to emergencies. Accordingly, the Commission has established the basic plan for broadcasting disaster management to ensure uninterrupted reception of disaster broadcasting and civil defense alerts in tunnels and underground facilities via radio and DMB equipment.

Following the amendment to the 「Framework Act on Broadcasting Communications

Development」 in December 2015, the Commission amended the 「Enforcement Decree of the Framework Act on Broadcasting Communications Development」 in June 2016 to enhance the nation's anti-disaster capabilities. Under the amended law, implementation instruction and inspection of the broadcasting and communications disaster management plan are carried out more than twice a year and either head of employees of major business operators or head of relevant department must be appointed as a broadcasting and communications disaster manager. Also, subtitle of disaster broadcasting must not overlay with other information such as warning agency, type, affected area, and time. The Commission set forth obligations for the host broadcasting operator regarding cooperation with central administrative agency, other broadcasting operators, and mock drills. In December 2016, the implementation standard for disaster broadcasting and civil defense force alert (notification) was amended.

The Commission conducted safety investigation (prevention, preparation, response, and recovery) on facilities (main control room, news reporting facilities, relay station) of major broadcasting business operators<sup>1)</sup> to prevent broadcasting disaster in thawing season, and summer and winter months.

|Table III-1 | Safety investigation of major broadcasting facilities

Classification	Inspection period	Inspection subjects	Description
Thawing season	March 14~28, 2016	19 broadcasting facilities	<ul style="list-style-type: none"> <li>Investigate broadcasting business operators' compliance with broadcasting disaster management plan</li> <li>Investigate disaster broadcasting management status such as online system and subtitle system</li> </ul>
Summer months	June 13~27, 2016	23 broadcasting facilities	
Winter months	November 29~December 14, 2016	18 broadcasting facilities	

Following the earthquake in the city of Gyeongju, emergency earthquake response broadcasting manual was created where the Commission's Chairman visits major broadcasting business operators to check the status of the disaster response system, ensuring swift subtitle broadcasting in case of another earthquake.

1) KBS, MBC, SBS, EBS, MBN, JTBC, TV Chosun, Channel A, Yonhap News TV, and YTN

| Figure III-1 | Investigation of disaster broadcasting response system of major broadcasting operators



| Table III-2 | Manual for emergency disaster broadcasting of earthquake response

Subtitle type	Stage 1 (M 3.0~3.9)	Stage 2 (M 4.0~4.9)	Stage 3 (M 5.0 or higher)
Epicenter and magnitude	–	Still subtitle on the bottom display	Still subtitle on the bottom display
Size	–	full horizontal length, 170 pixels (one sixth) or larger in vertical	full horizontal length, 216 pixels (one fifth) or larger in vertical
Background and color	(for subtitle) white background, black bold	blue background and white bold	red background and white bold
Position	bottom	bottom	bottom
Emphasis	voluntary (picture, edge, etc.)	voluntary (picture, edge, etc.)	voluntary (picture, edge, etc.)
Sample	subtitle scroll or CG(subtitle)	<div>Time OODO OO area, M 4.0 EARTHQUAKE</div> <div>Time OODO OOSI, M4.0 EARTHQUAKE</div>	<div>Time OODO OOarea, M 5.0 EARTHQUAKE</div> <div>Time OODO OOSI, M5.0 EARTHQUAKE</div>

Subtitle type	Stage 1 (M 3.0~3.9)	Stage 2 (M 4.0~4.9)	Stage 3 (M 5.0 or higher)
Time(5 min)	(for subtitle) Korean subtitle for 10 seconds longer, more than 5 times (English subtitle included more than once)	Korean subtitle for 10 seconds or longer, more than 5 times (English subtitle included more than once)	Korean subtitle for 10 seconds or longer, more than 5 times (English subtitle included more than once)
Sliding subtitle	Korea Meteorological Administration's earthquake information	Voluntary	Voluntary
Earthquake alert broadcasting	Earthquake, damage, evacuation information, and more	Earthquake, damage, evacuation information, and more	Earthquake, damage, evacuation information, and more

Note 1) Earthquakes of magnitude 2.9 or lower are broadcast during regular news show

2) Mixed subtitle of Korean and English voluntarily run according to system

3) Position of subtitle placed voluntarily not to block scroll on bottom display

The Commission supported the installation of broadcasting relay facilities to receive disaster broadcasting in roads, railroad tunnels, and underground spaces. The commission selected a total of 35 tunnels and set up 72 relay stations including Wonjeoksan Tunnel after reviewing disaster risk, installation plan rationality, and financial status of facility management organization.

The Commission plans to closely cooperate with facility maintenance organizations and complete the installation of disaster broadcasting relay facilities on the earliest possible date to ensure people's property and life are protected in case of disaster.

## 2) 'Advertisement Support for Innovative SMEs'

Joining hands with Korea Broadcasting Advertising Corporation, the Commission launched 'Advertisement Support for Innovative SMEs' support small and medium-size enterprises with excellent technological prowess but low marketing capability and brand awareness. Innovative SMEs included certified businesses such as venture firms, innobiz (technological innovation), mainbiz (management innovation), outstanding green management and green certification SMEs, and global IP (knowledge property) star business.

Below is the 2<sup>nd</sup> year-status of 2016 Advertisement Support for Innovative SMEs.

| Table III-3 | 2016 Advertisement Support for Innovative SMEs




Classification	TV ad	Radio ad
Production subsidy	50% of the total production cost (up to KRW 50 million)	50% of the total production cost (up to KRW 4 million)
Number of supported businesses (first/second half)	45 businesses (29 / 16)	40 businesses (18 / 22)

The businesses which received subsidy in 2016 saw sales increase by an average of 10.7%<sup>2)</sup> (10.7% for TV advertisement, 10.6% for Radio advertisement, respectively) after advertisement, along with improved brand awareness, and product reliability.

After receiving the subsidy, those businesses, which had not run broadcasting advertisement, spent KRW 12.88 billion in broadcasting advertisement, 5.9 times the subsidy of KRW 2.18 billion. This result demonstrates that the support project is contributing to revitalizing broadcasting advertisement market.

The overall satisfaction with the broadcasting advertisement support was 4.39 points out of the full 5, or 87.8 points out of the full 100. 'Brand awareness improvement' received 4.10 points, or 81.9 while 'business friendliness improvement' scored 4.03 points, or 80.6, showing that the project contributed to raising business reputation.

| Table III-4 | 2016 Success Cases of Advertisement Support for Innovative SMEs

Advertised product	Broadcasting period	Amount of subsidy	Sales		Sales growth rate
			2015	2016	
Cosmetic (mask pack) 	September~December 2016	KRW 50 million	KRW 18.8 billion	KRW 188.2 billion	901%
Megagen Implant (implant) 	May~July 2016	KRW 50 million	KRW 54.3 billion	KRW 76 billion	40%
K Weather (air improvement service) 	June~August, November 2016	KRW 50 million	KRW 8.2 billion	KRW 9.9 billion	21%

2) When businesses whose sales grew by 900% after TV commercial are included, the increase rate is 27.8% (31.8% for TV commercial) on average

The Commission increased the amount of subsidy in 2016 by around KRW 500 million to KRW 2.54 billion. At SMEs' requests to increase beneficiaries, the Commission expanded the slot from 32 businesses in 2015 to 45 in 2016. What's more, education was offered to all of the benefitting businesses without professional knowledge in advertising. The Commission provided 24 companies with consulting services to help achieve systematic business expansion through broadcasting advertisement.

If SMEs receive transmission cost discount which saves 70% in broadcasting advertisement cost (or 200% bonus), it is expected that they will be able to run even more broadcasting advertisement as they can cut both advertisement production cost and transmission fee.

In the meantime, the Commission held the 'SME Broadcasting Advertisement Fair' to share the success cases of 'Advertisement Support for Innovative SMEs' in September 2016. The fair was attended by around 70 executives from SME beneficiaries, members from the supporting council for SME broadcasting promotion, consultants, and advertisement production experts, who presented outstanding cases, consulting services, and improvement tasks.

| Figure III-2 | SME Broadcasting Advertisement Fair



The Commission also held two meetings to hear what SMEs which received the subsidy had to say in 2016 and organized citizens' design board as part of the Government 3.0 initiative to ensure that the subsidy project is beneficiary-oriented.

To that end, while enhancing the efficiency of the project system by easing regulations on successive support, creating production company pool, and providing customized consulting, the Commission opened a separate website and held seminars.



### 3) Joint public advertisement campaign with CCTV

The Commission produced public advertisement on ‘Hyo, or filial piety’ in cooperation with KOBACO and CCTV, which was aired simultaneously before Lunar New Year’s Day (Spring Festival in China) on 15 major channels of local terrestrial broadcasting stations, cable TV, and CCTV.

The Korea-China public interest advertisement campaign was designed for the purpose of producing advertisement to which people in both countries can relate and grow Korean Wave beyond soap opera and entertainment to advertisement.

In September 2015, KOBACO visited CCTV to sign an MOU on cooperation for public interest advertisement and advertisement sales before producing the advertisement on ‘Hyo’, the value shared among Asian countries.

Featuring Korean actor Lee Gwang-soo, popular with Chinese fans, the Korean advertisement titled ‘Hyo is a word’ indirectly reflected the meaning of filial piety by comparing parent’s love of their children with children’s daily life.

The Chinese version ‘A Reticent Father’ tells a story of a mid-aged father who is strict at work and home but tries to please his old mother.

This Korea-China public advertisement campaign was a chance to improve advertisement cooperation while deepening social and cultural understanding between the two countries. What’s more, it is expected that the campaign will develop into an Asia Pacific-wide initiative as Korea’ public advertisement is introduced to 1.4 billion Chinese viewers.

| Figure III-3 | Still pictures of public advertisement of Korea (left) and China (right)



### c. Creating Environment of Producing Excellent Programs

Korea Communications Commission Broadcasting Awards 2016 was held in May 2016, where an audience of 300, including National Assembly members, government officials, and CEOs of broadcasting stations recognized those who dedicate themselves to the development of broadcasting and communications. Taking place every year to boost broadcasting professionals' morale and improve quality of programs, Korea Communications Commission Broadcasting Awards gives prizes to outstanding programs either produced or broadcast for the year and individuals and organizations who made contributions to promoting broadcasting culture. In 2016, the Awards received a total of 320 entries.

| Figure III-4 | 2016 Korea Communications Commission Broadcasting Awards



The grand prize went to KBS tetralogy documentary <Next Human> (produced by Lim Se-hyung, directed by Lee Jae-hyuk and Lee Ji-yoon). The documentary received the prize for exploring the course of human evolution from the age of walking erect to modern science which dreams of eternal life and presenting the story in UHD format in an original manner.

The winner of the 'Program of the Year', newly created in 2016, was <Respond 1988> of CJ E&M (produced by Kim Seok-hyun, directed by Shin Won-ho). This TV soap opera, set in the 1980s, depicted the lives of a small neighborhood to arouse viewers' nostalgia.

The excellence award in the 'creative development' category went to <King of Mask Singer (MBC)> and <Docu Prime - Numbers (EBS)>. <Running Men (SBS)> and <Kill Me, Heal Me (MBC)> won excellence award in 'Korean Wave' category along with 12 other programs.

Aside from awards to broadcasting programs, the Commission gave ‘special awards’ in six categories to people for their contribution to the development of broadcasting. Director General Park Chi-hyun of Content Programming at Ulsan MBC won the ‘Achievement Award’ for dedicating 30 years in his life to exploring the Amnokgang River and Siberian basin. KP Communications received the ‘Outsourcing Production of the Year’, newly created in 2016, for culture documentaries titled <Korean’s Dining Table (KBS)> and <Extreme Jobs (EBS)>.

Celebrating the 8<sup>th</sup> anniversary in 2016, Korea Communications Commission Broadcasting Awards has contributed to boosting producers’ motivation and raising the quality of broadcasting by recognizing excellent programs produced the previous year.

#### d. Evaluation of 2015 Broadcasting and Policy Improvement

For the purpose of enhancing quality and public responsibility of broadcasting, the Commission conducts broadcasting evaluation as prescribed by Article 17.3 of the ‘Broadcasting Act」 on a yearly basis. The results are announced on the Commission’s website and are reflected on broadcasting business operators’ re-licensing and approval.

| Table III-5 | Article 17.3 and Article 31.1 of the ‘Broadcasting Act」

Article 17.3 and Article 31.1 of the ‘Broadcasting Act」
<p><b>Article 17 (Re-licensing, etc.)</b> 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.</p> <p><b>Article 31 (Broadcast Evaluation Committee)</b> ① The Korea Communications Commission may comprehensively evaluate the contents, programming, operation, etc. of broadcast programs of a broadcasting business operator.</p>

The 2015 broadcasting assessment was conducted in 2016 of 153 broadcasting business operators (351 broadcasting stations). From 2016, in particular, 2 business operators (KT Hitel Co., Ltd, and i-Digital Homeshopping) out of 10 interactive data home shopping broadcasting operators with broadcasting record in 2015 were included as subject of assessment.

| Table III-6 | Broadcasting business operators subject to 2015 assessment

(Unit : operator)

Classification	Terrestrial broadcasting			SO	Satellite	PP				Total
	TV	Radio	DMB			General Service	News Specialized	Home shopping	Data home shopping	
Number of operators (No. of channels)	45+3(DMB only) (TV 64, Radio 163, DMB 19)			90	1	4	2	6	2	153 (351)

The assessment items consist of content, programming, and operation in accordance with Article 31.1 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

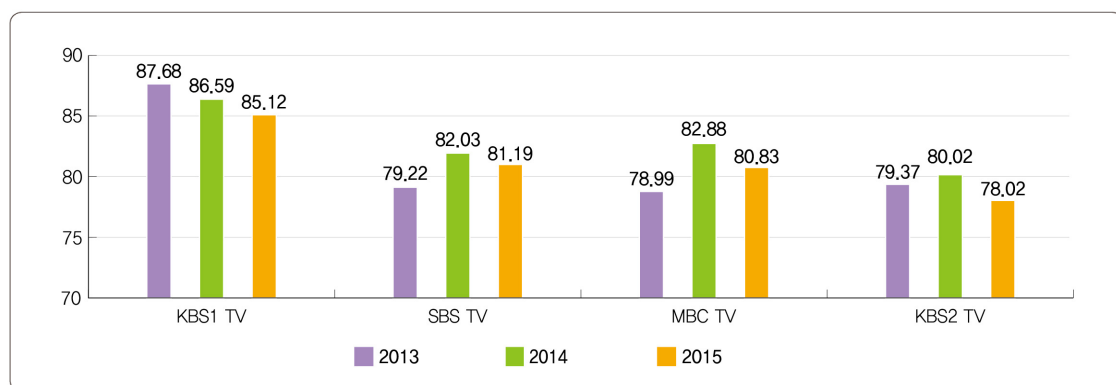
Assessment domain	Assessment items
Content	Quality of programs, compliance with the regulations concerning broadcasting review, and efforts to secure viewer sovereignty, etc.
Programming	Compliance with the regulations concerning programming, programs contributing to society, etc.
Operation	Financial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

The Commission resolved the basic plan for broadcasting assessment, confirming business operators to be subject to review and assessment standards. Then the Commission collected and reviewed broadcasting performance and data of 2015 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.

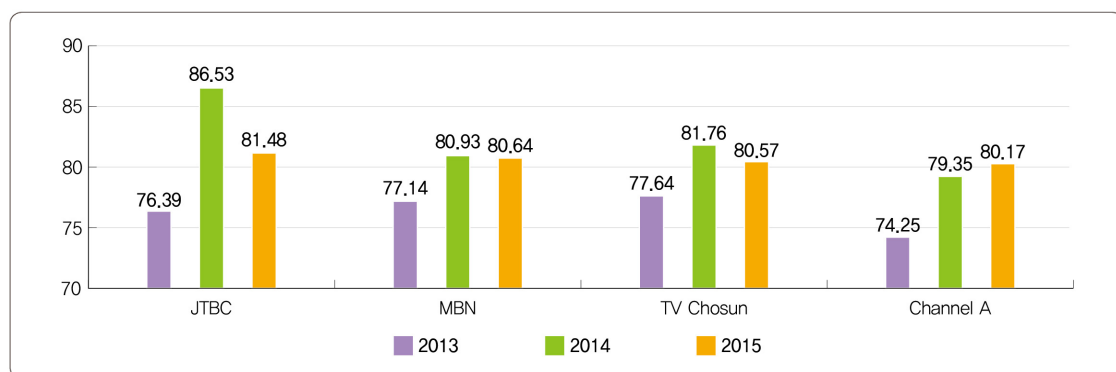
Broadcasting assessment allocates different points depending on the nature of media: 900 points for terrestrial broadcasting; 500 for radio and DMB; 700 for general service; 550 for SO·satellite; and 500 for home shopping·news specialized PP, and others. The assessment results of major media are as follows. Points on assessment items for broadcasting business operators in general can be found at the Commission's website.

Below is the trend of broadcasting assessment of terrestrial TVs and general service PPs for the last three years.

| Figure III-5 | 3-year broadcasting evaluation results of terrestrial TV operators (in 100 full score) (Unit : Point)



| Figure III-6 | 3-year broadcasting evaluation results of general PPs (in 100 full score) (Unit : Point)



Meanwhile, the Commission prepared an ‘amendment to the rules of broadcasting assessment and specific criteria in order to reflect the changing broadcasting environment and accommodate viewers’ demand for quality broadcasting. In response, the Commission amended the rules of broadcasting assessment and set forth specific standards, which were resolved by the Commission before being announced on the website. What’s more, considering the revised point of time of the criteria, the Commission created additional rules to reflect broadcasting performance of July 2016 instead of February 2016. The Commission held seminar to help business operators subject to assessment better understand the revised rules and specific standards.

Key amendments to rules on the assessment of broadcasting and detailed criteria are as follows:

**Table III-8 | Key amendments to rules on the assessment of broadcasting and detailed criteria**

Classification	Key measures
Penalty increase for violations of broadcasting related laws	<ul style="list-style-type: none"> <li>• 1.5~2 times the existing penalty points for violations of laws relevant to broadcasting review and programming to raise broadcasting's fairness and social responsibility               <ul style="list-style-type: none"> <li>- (rules) violations categorized into 13 types, double the penalty for repeated violations of a type three times or more, and 1.5 times the penalty for others</li> <li>- (detailed criteria) deduction standard, fine, criteria to set order of date of sanctions, etc.</li> </ul> </li> <li>• Strengthen penalty points by 1.5 times and increase allocated points for violations of regulations as prescribed by Article 69 of the 「Broadcasting Act」</li> </ul>
Assessment of efforts to prevent false reporting (new)	<ul style="list-style-type: none"> <li>• Reflect rulings by the Press Arbitration Commission or court on assessment               <ul style="list-style-type: none"> <li>- (rules) 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</li> <li>- (detailed criteria) Definition of public opinion survey experts</li> </ul> </li> </ul>
Strengthened assessment of disaster broadcasting	<ul style="list-style-type: none"> <li>• Strengthen assessment of disaster broadcasting in consideration of social roles and importance of terrestrial TV               <ul style="list-style-type: none"> <li>- (rules) Increase scale of points from 60 to 80 for terrestrial TV</li> <li>- (detailed criteria) Increase points for programming appropriateness (15), create correctional measures of safety investigation (5)</li> </ul> </li> </ul>
Expanded assessment of prime-time programming	<ul style="list-style-type: none"> <li>• Expand assessment subjects and revise assessment items in consideration of roles of general PPs               <ul style="list-style-type: none"> <li>- (rules) Include general service PPs as assessment subject, include reporting as assessment item in addition to entertainment</li> <li>- (detailed criteria) Set assessment criteria (Full score : 60% for entertainment, 42% or lower for reporting)</li> </ul> </li> </ul>
Assessment programming of non-commercial public interest advertisement	<ul style="list-style-type: none"> <li>• Create assessment items to encourage public advertisement programming               <ul style="list-style-type: none"> <li>- (rules) Create assessment item of terrestrial TV and general service PPs</li> <li>- (detailed criteria) Define assessment method for ratio of mandatory programming to programming performance, and programming performance by time slot</li> </ul> </li> </ul>
Assessment of efforts at win-win cooperation (new)	<ul style="list-style-type: none"> <li>• Create assessment items of terrestrial broadcasting and general service PPs to establish fair trade environment of broadcasting market               <ul style="list-style-type: none"> <li>- (rules) Create assessment items of win-win efforts between broadcasting operators and outsourcing companies</li> <li>- (detailed criteria) Define assessment methods of adoption of standard contract</li> </ul> </li> </ul>
Area of common operation	<ul style="list-style-type: none"> <li>• 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</li> </ul>
Reflection of media characteristics	<ul style="list-style-type: none"> <li>• 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</li> </ul>

## e. Improving Sponsorship System

Having amended the 「Enforcement Decree of the Broadcasting Act」 in 2015 to expand the scope of allowed sponsorship notice, the Commission revised the rules regarding sponsorship notice in 2016. The purpose of the revision was to create a foundation for quality program production and secure consistency in regulations by integrating regulation types concerning noticed information, hours, and time.

**| Table III-9 | Expanding permitted scope of sponsorship notice (amendment to the 「Enforcement Decree of the Broadcasting Act」 reflected)**

Classification	Allowed notice scope	Noticed information
Public organizations which produce or sell items not allowed for broadcasting	Public good campaign + public good event	Name of sponsor
Those who produce or sell items not allowed for broadcasting + items allowed	<p>〈Allowed items〉</p> <p>Public good campaign + public good campaign event + program production + prize or giveaway, venue·prop and more</p>	<p>name of product·</p> <p>name of service</p>

By improving regulations on the format of sponsorship notice, the Commission has allowed for broadcasting business operators to choose sponsor's name (logo included), company slogan, product name, brand, or position. The revised regulations allow combined notice of two or more information. However, video or rolling type is not allowed while subtitle notice is permitted.

Notice of campaign sponsor is only allowed between broadcasting programs. Commercial break in broadcasting programs which come with break, preparation, or commercial break such as sport match, cultural and art event are exempted. In case where local government sponsored venue and the name of the government is noticed, notice of sponsor's name is allowed.



**| Table III-10 | Improving regulations on forms of terrestrial TV**

Broadcasting business operator	Type of sponsorship notification	Point of notification	Notification method	Time per notification	Number of notification	Position and size
Terrestrial TV Central broadcasting	Campaign	At end	Subtitle + Voice	20 seconds or shorter → 30 seconds or shorter	-	Bottom display, 25% of the entire display
	Event		Subtitle		-	
	Program production		Subtitle		-	
	Preview		Subtitle + Voice		once per hour	
	Venue, clothes, prop, etc.		Subtitle		-	
	Prize, giveaway		Subtitle + Voice		-	
Terrestrial TV Regional broadcasting	Campaign	At end	Subtitle + Voice	20 seconds or shorter → 30 seconds or shorter	-	Bottom display, 25% of the entire display
	Event		Subtitle		-	
	Program production		Subtitle		-	
	Preview		Subtitle + Voice		twice per hour	
	Venue, clothes, prop, etc.		Subtitle		-	
	Prize, giveaway		Subtitle + Voice		-	

**| Table III-11 | Improving regulations on forms of terrestrial radio and paid broadcasting**

Broadcasting business operator	Type of sponsorship notification	Point of notification	Notification method	Time per notification	Number of notification	Position and size
Terrestrial Radio Central broadcasting	Campaign	At start, at end	-	-	-	-
	Event	At start and end			-	
	Program production	At start, at end			-	
		At start, break, at end			-	
	Preview	At start, at end			Twice→4 times per hour	
	Venue, clothes, prop, etc.	up to twice→at introduction			-	
SO·Satellite·PP operator	Campaign	At end	Subtitle + Voice	30 seconds or shorter → 45 seconds or shorter	-	Bottom display, 25% of the entire display
	Event		Subtitle		-	
	Program production		Subtitle		-	
	Preview		Subtitle + Voice		Twice→3 times per hour	
	Venue, clothes, prop, etc.		Subtitle		-	
	Prize, giveaway		Subtitle + Voice		-	



As the 「Enforcement Decree of the Broadcasting Act」 has been revised to expand the scope of sponsorship notification and the 「Rules on Sponsoring Notification」 eased, the Commission had monitored sponsorship notification for seven months from June to December 2016.

Of the Korea Communications Standards Commission's digital recording system and the channels recorded by in-house recording system of the foundation, 201 TV channels were initially monitored. KBS1 and regional channels (34 terrestrial and 8 SOs), which were not the subject of broadcasting commercial monitoring, were excluded.

Monitored were broadcasting program (production sponsorship, prize and giveaway, venue and prop sponsorship), program and event notice, campaign, and sponsorship notification exposed during event introduction. The Commission monitored compliance with Article 74 of the 「Broadcasting Act」, Article 60 of the 「Enforcement Decree of the Broadcasting Act」, and the 「Rules on Sponsoring Notification」, including regulations on types such as method, hour, time, position, and size. Based on the monitoring result, the Commission established cooperation system by referring suspicious cases to the Korea Communications Standards Commission.

The Commission established monitoring system and, at the same time, collected inputs from the Korea Communications Standards Commission, Community Media Foundation, other relevant agencies, and business operators to set up reasonable and detailed monitoring standards. What's more, before launching monitoring, the Commission held seminar for business operators in the capital area on sponsorship notification and standards on non-commercial public interest advertisement monitoring for 200 officials from broadcasting operators, broadcasting advertisement sales agencies, and associations. Regional seminars were held in Daegu, Daejeon, Busan, Gwangju, and Jeju to encourage business operators' compliance.

The Commission conducted trial monitoring for one month in May 2016, followed by official monitoring from June, imposing 33 fines by December. As a result, the fines imposed in December 2016 on violations committed in August fell to 10, down by about 80% compared to 48 cases in May.

The Commission, meanwhile, inserted Article 7.2 to the 「Rules on Sponsoring Notification」 to raise transparency in sponsorship operation. The article stipulates that when broadcasting business operator receives sponsoring and makes sponsorship notification, they are required to do so in a transparent manner according to review procedure. Article 7.3 requires that sponsor neither exert influence on program content or structure nor affect programming independence. Compiling the ‘Guidelines on Enhancing Transparency in Sponsorship Operation’, for broadcasting business operators in August, the Commission laid the basis for transparent sponsoring trade.

**| Table III-12 | Guidelines on enhancing transparency of sponsorship operation**

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Broadcasting business operators shall comply with the guidelines below in order to enhance transparency in sponsorship operation pursuant to Article 7.2 of the 「Rules on Sponsoring Notification」.

– Guidelines –

1. Broadcasting business operators shall not receive sponsorship for programs on current affairs and reporting, commentation or current affairs debate which are banned for sponsorship notification. However, sponsorship of venue, clothes, props, and information which are inevitably necessary for program are allowed.
  2. Broadcasting business operators shall not receive sponsorship from political parties or organizations representing political interest or those who produce or sell goods or services which are prohibited from being advertised in broadcasting.
  3. Broadcasting business operators shall not produce or plan programs which may bring sponsors commercial impact.
  4. Broadcasting business operators shall not use expressions which may recommend purchase of goods or services of sponsors or a 3<sup>rd</sup> party when producing broadcasting programs.
  5. Broadcasting business operators shall offer educational programs for employees to be familiar with relevant laws necessary to raise transparency in sponsorship operation.
- 

## **f. License Renewal for Terrestrial Broadcasting Operators**

The Commission conducted license renewal assessment on 34 terrestrial broadcasting business operators and 133 broadcasting stations whose license expires in December 2016. In 2016, 34 regional operators including regional MBC, regional private operators, and radio stations were assessed for license renewal. Central terrestrial broadcasting operators such as KBS, MBC, and SBS were excluded.

At the 29<sup>th</sup> meeting held in May 2016, the Commission resolved the basic plan for license renewal for 34 business operators and 133 broadcasting stations including 13 regional MBC, 7 regional private operators, and radio stations. In the 2016 license

renewal, the possibility of realizing broadcasting's public responsibility as prescribed by Article 10 and 17 of the 「Broadcasting Act」 was given a 40% weight. Site inspection was carried out while collecting representative's opinions in order to ensure practical assessment. As a result of license renewal assessment, the Commission resolved to grant license renewal to business operators who scored 650 points or more out of the total 1,000. For those who received 650 points or less were given either 'conditional renewal' or 'renewal rejection'.

Before the license renewal assessment, the Commission received applications until June 2016 while collecting viewers' feedback via websites of the Commission, broadcasting business operators, and metropolitan governments. The Commission visited all of the broadcasting business operators subject to license renewal. In November 2016, the renewal review committee was formed consisting of 11 experts in broadcasting and media, law, management, accounting, and technology. The committee intensively examined measures on management stability of regional broadcasting, ensuring public interest for new investment in non-broadcasting business, establishing professional management system independent of large shareholders and securing autonomy, effective operation of public-funded English radio broadcasting, and viewer's right protection, etc.

The result of 2016 license renewal review of terrestrial broadcasting business operators is as below:

**Table III-13 | License renewal results of 2016 terrestrial broadcasting business operators**

Point	Broadcasting operators	License validity period
700 points or higher (1 operator)	<ul style="list-style-type: none"> <li>KoROAD (Pohang Traffic FM)</li> </ul>	2 years (Jan. 1, 2017~Dec. 31, 2018)
650~700 points (32 operators)	<ul style="list-style-type: none"> <li>MBC Gangwon Youngdong, Gwangju MBC, Daegu MBC, Mokpo MBC, Andong MBC, Yeosu MBC, Ulsan MBC, Wonju MBC, Jeonju MBC, Jeju MBC, Chuncheon MBC, MBC Choongbuk, Pohang MBC</li> <li>TBC, KBC, UBC, JTV, KCTV, CJB, G1</li> <li>FEBC, CBS, BBS, WBS, CPBC</li> <li>KFM, YTN Radio, iTV, KIBF(Jeju FM), GFN, BeFM, Gugak FM (GwangjuFM)</li> </ul>	3 years (Jan. 1, 2017~Dec. 31, 2019)
650 or less (1 operator)	<ul style="list-style-type: none"> <li>OBS</li> </ul>	conditional 3 years (Jan. 1, 2017~Dec. 31, 2019)

In the 2013 relicensing review, the Commission considered graded evaluation to assess implementation of conditions and recommendations imposed for relicensing and ease investment ratio of regional private content. In 2013, the relicensing condition for regional MBC and regional private operator was to spend 10% and 14% of sales revenue on program production, respectively. The operators met the condition in general except for KCTV which recorded 13.7% of investment ratio in 2015 and was issued correctional order. In addition, it was pointed out that disadvantage be imposed on TBC, JTV, and G1 whose investment ratio was larger than the average for two years in a row from 2014 to 2015 despite the recommendation against excessive dividend, and on Mokpo MBC and Wonju MBC which offered dividend despite net loss. In the meantime, while regional private operators, facing reduction in advertisement sales, demanded that mandatory ratio of investment into in-house production to sales be abolished, the Commission decided to maintain the ratio to ensure that regionally produced programs contribute to the development of regional broadcasting. However, it took into consideration easing the ratio of content investment for certain broadcasting operators such as KBC, UBC, and CJB (except for G1.)

Holding a hearing of OBS whose relicensing resolution was suspended on December 23, 2016, the Commission judged that it lacked will of the largest shareholder to come up with specific implementation plan to improve financial structure. However, after reflecting petitions from the National Assembly, heads of local governments, and civic organizations and viewers' rights in the Seoul-Incheon area, the Commission resolved conditional licensing renewal on December 26, 2016 and imposed conditions of securing capital and compliance with program production investment ratio. In particular, the Commission resolved to revoke broadcasting license by such measures as correctional order, business suspension, fine, or hearing if they fail to secure the capital they committed to raise at the license renewal in 2013 by December 2017.

Those measures intend to create a virtuous circle for the broadcasting industry by improving the financial structure of OBS, ensuring stable management of broadcasting and quality programs. The Commission will monitor whether OBS implements the conditions and plans it submitted and regional private operators comply with relicensing conditions

and recommendations. What's more, the Commission said that it will improve assessment index as presented by the review committee in 2016 while collecting ideas from diverse parties and carrying out research for improvement.

### g. Inspecting Criteria of License Renewal and Reapproval

The Commission announced the result of compliance performance monitoring of 2015 regarding the reapproval conditions of general PPs. This review was conducted to monitor whether TV Chosun, JTBC, and Channel A complied with the correctional order issued in 2015 based on the 'public responsibility and measures to secure fairness of broadcasting'.

In July 2015, the Commission issued correctional order to TV Chosun and Channel A for failing to implement content investment plan, and JTBC for not living up to content investment plan and rerun ratio. However, as all of the three operators were found to have failed to comply with the correctional order in August 2016, the Commission imposed a fine of KRW 30 million for failure to comply with the order under Article 70 of the 「Enforcement Decree of the Broadcasting Act」. The Commission then raised the amount by 50% to finally impose KRW 45 million in fine after considering their compliance with content investment plan, invested amount, and rerun ratio as a whole.

| Table III-14 | Correctional orders on three general service PPs (July 2015) and implementation (Unit : KRW 1 million)

Classification	TV Chosun		JTBC		Channel A	
	Planned	Implementation	Planned	Implementation	Planned	Implementation
Investment in contents	58,064	47,602 (implementation rate 82.0%)	242,497	130,660 (implementation rate 53.9%)	82,062	60,072 (implementation rate 73.2%)
Rerun ratio	-	-	47.2%	48.0%	-	-

The implementation performance of the 'public responsibility and measures to secure fairness of broadcasting' found that all of the four general PPs were complying with the conditions for relicensing. However, the number of measures taken for false reports, coarse language, and biased broadcasting in 2015 rose sharply despite the advance monitoring system set up at the demand by the Commission and sanctions on guests (TV

Chosun 95 cases in 2014 → 127 in 2015, Channel A 54 in 2014 → 67 in 2015). The Commission, therefore, urged TV Chosun and Channel A to come up with measures to prevent such cases and submit implementation plan.

| Table III-15 | Review results of false reports, coarse language, and biased broadcasting by general service PPs 2014~2015

(Unit : case)

Classification	TV Chosun				JTBC				Channel A				MBN			
	2014	2015			2014	2015			2014	2015			2014	2015		
		1 <sup>st</sup> half	2 <sup>nd</sup> half	Total		1 <sup>st</sup> half	2 <sup>nd</sup> half	Total		1 <sup>st</sup> half	2 <sup>nd</sup> half	Total		1 <sup>st</sup> half	2 <sup>nd</sup> half	Total
Number of total reviewed cases	10	55	52	107	24	12	12	24	71	43	28	71	27	25	8	33
Measures on false reports, coarse language, and biased broadcasting	<b>95</b>	77	50	<b>127</b>	<b>16</b>	4	3	<b>7</b>	<b>54</b>	50	17	<b>67</b>	<b>18</b>	8	5	<b>13</b>
Legal sanctions	18	11	10	21	8	3	1	4	10	8	5	13	4	2	-	2
Administrative direction	77	66	40	106	8	1	2	3	44	42	12	54	14	6	5	11

Note) Repeated false reports, coarse language, and biased broadcasting counted separately

Source) Korea Communications Standards Commission

As MBN failed to comply with the Commission's demand to execute the outstanding amount for the content investment according to the plan it submitted for 2014 relicensing in June 2016 and to implement the content investment plan of 2015 while observing the rerun ratio of 2015, the Commission issued correctional order in August 2016 pursuant to Article 99.1.2 of the 「Broadcasting Act」. MBN had committed KRW 63,474 million for content investment but executed KRW 49,995 million, or implementation rate of 78.8%. Its rerun ratio in 2015 reached 52.0%, exceeding the planned ratio of 49.5%.

## h. Selection of Public Interest Channels and Welfare Channels for Disabled People

The Commission deliberated and resolved the ‘2017 basic plan for the certification of public benefit channels and welfare channels for disabled people’ pursuant to Article 70.3 and Article 70.8 of the 「Broadcasting Act」. 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 highest-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 disabled people by the end of September 2016. As a result, 12 PPs applied for the public interest channel, and one PP for the welfare channel for disabled people.

After reviewing applications for public interest and welfare channels for disabled people, three channels for each of the three broadcasting areas of social welfare, science and cultural promotion, and educational support were selected and one channel (WBC) for the disabled people.

Meanwhile, the Commission certified Welfare TV as a welfare channel for disabled people but with condition that it increase description broadcasting ratio from 2015 submit to the Commission the programming plan for audio description and quality enhancement plans for subtitles, sign language, and audio description by 2016 and faith.

**Table III-16 | Selection of public benefit channels and certification of welfare channels for disabled people in 2017**

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
	Educational support	EBS Plus 1, EBS Plus 2, EBS English
welfare channel for disabled people		Welfare TV

The license for public interest channel and welfare channel designated in 2016 is valid for one year from January 1, to December 31, 2017. Paid broadcasting business operators are required to transmit programs related to public interest on one or more channels. The welfare channel for disabled people is also required to transmit relevant programs on one channel.

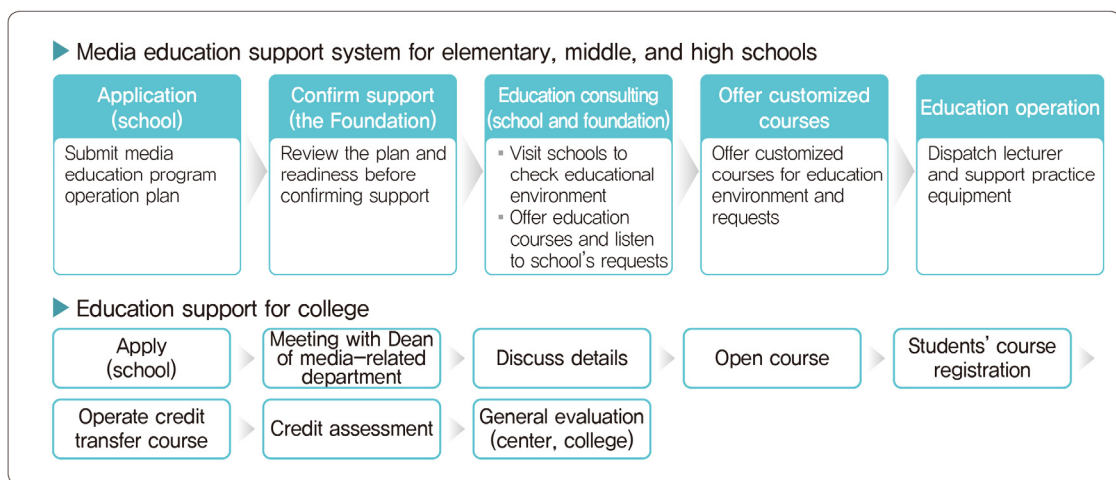
## 2. Promotion of Viewers' Rights and Interests

### a. Expanding Education on Media Literacy

With the fast-changing media environment with the rise of smart media and one-person media, importance of media is growing while media gap between generations and classes is widening. The importance of education on media literacy is increasingly expanding as free semester system is introduced in middle schools across the board.

The Commission, in response, created the customized media education support system to nurture creative talents in elementary, middle, high schools, and college.

| Figure III-7 | Customized media education support system by schools





For specific measures, the number of schools to participate in free semester media education has been increased to 122 from 85 schools in 2015. A wide variety of media and career education was offered on movie, documentary, and news production. Courses on broadcasting program production were offered to 54 media hub schools (16 schools in 2015) in cooperation with broadcasting business operators to nurture young students with talents in media. Outstanding outcomes were exhibited in fairs and career experience center managed by the Ministry of Education and regional office of education. Graduates from the free semester system and media hub education won awards at Korea Youth Film Festival and Youth Broadcasting Contents Competition. Credit transfer course on media education has been offered in 25 colleges (8 colleges in 2015).

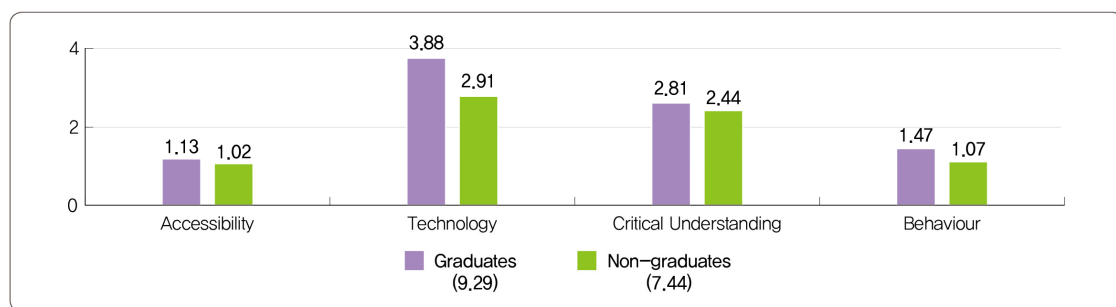
**Table III-17 | Key programs of media career experience**

Experience courses by regional centers		Hours	Enrollment	Description
Busan center	Happiness News	2 Hours	15~30	Experience program to produce TV news about what's happening in our daily life
	Radio Star	2 Hours	15~30	Role play program to become radio DJ, writer, and reporter to understand the process of news production
Gwangju center	Talk Talk TV News Production	2 Hours	15~30	Compose news script as writer, camera staff, and PD and produce TV programs
	Radio Talk Talk	2 Hours	15~30	Experience program to become radio DJ, writer, and reporter and understand radio broadcasting production
Gangwon center	Kkomjirak News	2 Hours	15~30	Experience program to become writer, camera staff and PD and understand radio broadcasting production
Daejeon center	Dream Comes True! We Are Broadcasters!	2 Hours	15~30	Experience program to become writer, camera staff and PD and understand radio broadcasting production
	I am DJ	2 Hours	15~30	Experience program to become DJ, guest, and voice actors, and PD and understand radio broadcasting production and music show production
Incheon center	On Air	2 Hours	15~30	Experience program of radio and TV news production

The media literacy scores obtained by graduates of media education are as follows:

| Figure III-8 | Indicators to evaluate media literacy between participants and non-participants of school media education

(Unit : Point)



Source) 'Effect of School Media Education', Media and Future Institute (2016)

The Commission also provided budget support for producing media education material and group activities while training media instructors (28 instructors in Gwangju and 26 in Seoul). The instructors had qualification examination to assess expertise after registering as 'media education instructor' in November 2016.

## b. Promoting Viewers' Participation in Broadcasting

In order to upgrade equipment and facilities of community media centers to stay abreast of the changing broadcasting environment, the Commission encourage viewers' participation in broadcasting by installing VR equipment, supporting program production of viewers' production group, and viewers' participation programs.

While 2,998 programs at 89 different broadcasting operators received support in 2015, 3,277 programs at 89 broadcasting operators received broadcasting adoption subsidy in 2016, about 9% increase. 1,207 programs created by users in the Viewers' Media Center were broadcast either main and local TV and radio stations, a 17% increase compared to 2015 when 1,031.

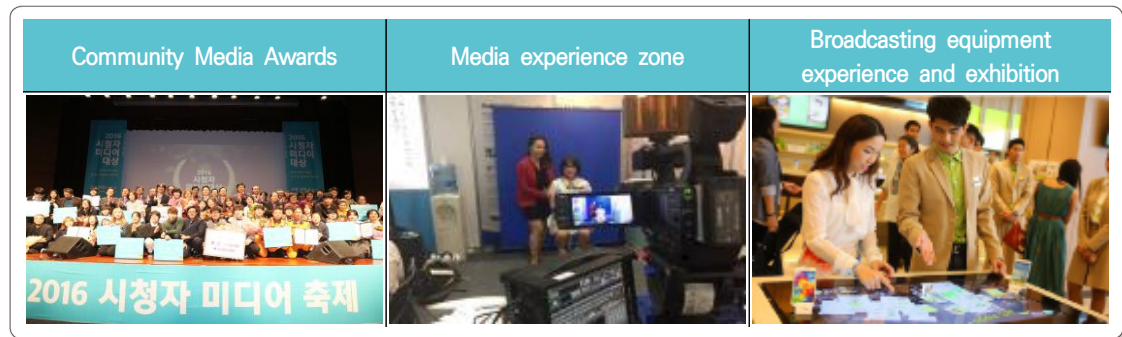
| Table III-18 | Broadcasting of programs created by users in the Viewers' Media Center

(Unit : program)

Classification	2009	2010	2011	2012	2013	2014	2015	2016
Programs	314	385	480	539	595	753	1,031	1,207

The Commission held the ‘2016 Viewers Media Festival’. At the festival, 636 video and radio programs were submitted to the ‘Community Media Awards’ and 24 of them won Minister’s Award (grand award). The ‘National Viewers’ Production Workshop’ was also held to share outstanding cases of network and success. ‘Viewers Square’ was set up as an experience center where VR, drones, broadcasting equipment were exhibited.

| Figure III-9 | 2016 Community Media Festival



### c. Enhancing Access to Broadcasting Services for Marginalized Groups

The Commission has increased the ratio of mandatory broadcasting for the disabled and made public the performance assessment of broadcasting for the disabled of the year 2015 in order to enhance access to broadcasting for the marginalized. It also developed TVs designed for low-income visually and hearing impaired people. The Commission contributed to enhancing access to broadcasting for disabled people by launching trial service of smart sign language broadcasting.

The Commission has increased the ratio of mandatory broadcasting for the disabled on a gradual basis from 2012 to 2016. The mandatory ratio for main and local terrestrial broadcasting operators and general service and news specialized PPs is: subtitled broadcasting 100%; description broadcasting 10%, and sign language 5%. The ratio is on par with that of the UK.

As part of its effort to enhance accessibility of broadcasting for marginalized groups, the Commission spent KRW 4.1 billion for 109 broadcasting business operators in fund

matching according to financial status and production capabilities. The Commission made public the assessment results on the performance of broadcast services for disabled people of 145 broadcasting operators in terms of subtitle, description broadcasting, and sign language. The system for mandatory broadcasting for the disabled was found to be taking root as 141 out of 145 broadcasting business operators met the ratio in 2015.

**Table III-19** | Assessment results on the performance of broadcast services for disabled people in 2015 (unit : operator, %)

Classification		Required operators	Met	Unmet	Achievement rate
Operators designated for mandatory service	Main terrestrial	4	4	–	100.0
	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	SO	66	65	1	98.5
	PP	22	21	1	95.5
	Sub-total	88	86	2	97.7
Total		145	141	4	97.2

The Commission developed TV sets for specific disabilities and donated them preferably to disabled people from low-income families. In particular, it signed business agreement with local governments and donated 12,247 TV sets through diverse promotional activities for visually and hearing disabled people. Over 90% of the sets were given to low-income families. Following business agreement with 8 local governments in 2015, the Commission entered into agreement with 4 more local governments including Incheon, Busan, Ulsan, and Gangwon, enhancing access to broadcasting for disabled people from needy families.

The display size of the TV sets for disabled people in 2016 has been enlarged from the existing 24 inches (59.9 cm) to 28 inches (69.5 cm). Coming with remote controller featuring shortcut buttons for the first time, the TV sets have been enhanced with voice instruction for those with visual disabilities. For hearing disabled people, subtitle can be moved to any of nine different positions with color, font, and size adjustable.

[Figure III-10] MOU signing to donate TV sets for the disabled



The Commission is developing smart sign language broadcasting where users can change the size and position of sign language to improve access to broadcasting for disabled people. After the trial broadcasting in 2015, the Commission launched demonstration broadcasting in 2016, improving the quality of sign language broadcasting and completing consistency verification. The Commission received broadcasting and sign language images from PPs, which then were relayed to the TVs via platform. YTN, JTBC, KT Skylife, and SK Broadband joined the program in September 2016. A total of 6 broadcasting operators are currently in the program as KBS and CJ HelloVision jumped on the bandwagon in November.

[Figure III-11] Improved picture of trial smart sign language broadcasting service



Smart sign language service transmits broadcasting picture and sign language picture via the broadcasting network and the Internet network. The receiver then displays the two pictures at the same time on the monitor. Users can adjust, generate, and hide sign language's size and position. Smart sign language is user-oriented service as it accommodated the request from Korea Association of the Deaf for picture enlargement and adjustment. The Commission also adjusted the position of sign language at the request of general viewers so that picture is not covered by sign language.

### 3. Enhancing Media Diversity

#### a. Conducting Multi Perspective Surveys on Share of Audience

##### 1) 2015 Share of Audience Evaluation Result

The Commission resolved and announced 'media exchange ratio of 2015' pursuant to Article 69.2 of the 「Broadcasting Act」 and the 'result of the audience ratings of broadcasting service providers of 2015' pursuant to Article 35.4 thereof through the deliberation by the Media Diversity Committee. 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% as prescribed by the 「Broadcasting Act」. 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 setting 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 2015 was 1 to 0.39.

Evaluation results of audience share of major broadcasting operators in 2015 are as follows:

[Table III-20] Evaluation results of audience share of major broadcasting operators in 2015

(Unit : %)

Classification	Broadcasting business operators	Share of audience	Remarks
Terrestrial broadcasting	Korea Broadcasting System (KBS)	27.777	Terrestrial broadcasting and PP
	Munhwa Broadcasting Corporation (MBC)	16.573	
	Seoul Broadcasting System(SBS)	9.099	
	Educational Broadcasting System(EBS)	2.073	
General service and news-specialized PP	TV Chosun (The Chosun Ilbo family)	9.940	General service PP and daily newspaper
	JTBC (Joongang Ilbo family)	7.267	
	Channel A (Dong-A Ilbo family)	6.678	
	MBN (Maeil Business Newspaper family)	5.520	News-specialized PP
	YTN	1.739	
	Yonhap News Television	1.352	
Major CATV broadcasting business operator PP and satellite	CJ E&M (CJ family)	10.605	PP and SO
	T cast (T-Broad family)	2.608	
	IHQ(C&M familiy)	1.768	
	Hyundai Media (HCN family)	0.678	
	CMB Holdings (CMB family)	0.230	
	KT Skylife	1.039	Satellite

The survey found that no business operators had an audience share ratio exceeding 30% under Article 69.2.1 of the 「Broadcasting Act」. The 2014 audience share ratio was conducted by TNMS, a commercial survey agency entrusted by the Commission. The result of audience share by TV channels in 2015, the equity share ownership status submitted by the broadcasting business operators, the advertisement 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 of 209 broadcasting business operators (legal entities) which run TV channels were tallied and reflected in the final calculation.

## 2) Evaluation Results of 2015 Viewing Records of Fixed TV VOD

The Commission conducted survey of viewing records on smartphone as well as fixed TV VOD in 2015 and announced the results in 2016. 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 evaluate the pattern of watching TV on a wide variety of platforms to measure how many hours viewers are actually spending.



To begin with, the Commission announced the preliminary survey results of viewing records of fixed TV VOD in June 2016. The survey was conducted on about 8,000 people aged 4 or older in 2,600 households across the nation from July to December 2015. The viewing record of VOD provided via paid platform out of programs aired real time was surveyed based on people-meter method.

The time spent on watching VOD over the survey period was a monthly average of 158 minutes per household (5.15 minutes per day) and 97 minutes per person (3.15 minutes per day). 65% of the households (13,435,852 households) with access to VOD watched VOD, with 8,727,549 of them spending at least one minute on VOD every day. VOD was most watched on the following day of first run at 28.2%. Watching hours increased in winter months. Out of the 9,473 VODs aired real time and provided via paid platform on 37 channels, 6,594 were sought, recoding 69.6% of viewing rate against VOD provision.

**Table III-21 | Viewing status by gender and age (six months, individual)**

(Unit : minute)

Classification		Age						
Male	Female	4-9	10s	20s	30s	40s	50s	60s or older
487.117	673.592	107.683	384.463	377.906	602.914	937.439	722.577	521.362
42.0%	58.0%	2.9%	10.5%	10.3%	16.5%	25.7%	19.8%	14.3%

By business operator groups, terrestrial broadcasting VOD was most watched at 63.6%, followed by CJ family PP at 17.8%, general service at 17.5%, and terrestrial family PP at 0.7%. Most popular content of terrestrial broadcasting was soap opera while that of general service and CJ family PPs was entertainment. Terrestrial broadcasting and CJ's PP were most popular with those in their 40s, while general service was most sought by viewers in their 50s.

In terms of genre, entertainment was replayed most often (54.2%), followed by soap opera (38.9%), information and reporting (6.4%), and kids (0.3%). Soap opera and entertainment was most viewed by those in their 40s and information and reporting was most popular with viewers in their 60s. kids contents were most loved by viewers in their 30s.



[Table III-22] VOD viewing status in capital area and non-capital area (six months, households) (Unit : minute)

Classification	Time spent on VOD by households with access to VOD	Time spent on VOD by households which watched VOD	Number of household VOD watchers	VOD reaching rate
Capital area	856.172	1,422.61	4,658,261	60.4
Non-capital area	1,070.31	1,534.71	4,070,356	71.1
Nationwide	947.471	1,476.383	8,727,549	65.0

Non-capital area was found to watch more VOD than capital area except for number of household VOD watchers. Viewers in capital area most preferred terrestrial broadcasting, followed by CJ family PPs, and general service. Non-capital area watched terrestrial broadcasting most often, followed by general service, and CJ family PPs. Both capital and non-capital area most enjoyed entertainment, followed by soap opera, and information and reporting.

Meanwhile, the Commission increased the number of surveyed households from 2,600 to 3,000 in 2016 and the survey period from 6 months to 12 months, raising the reliability of the survey result.

### 3) 2015 Survey Result of Broadcasting Viewing Records via smartphone

The Commission announced the preliminary survey results of real time and non-real time broadcasting viewing records via smartphone. The survey was conducted on about 5,000 people aged 13 or older from September to December 2015 across the nation. Measuring application was used to assess viewing records of broadcasting serviced on app, web, and DMB.

The preliminary survey found that the viewing time via smartphone was 98.5 minutes (24.6 minutes per month, real-time) per valid panel, and 74.5 minutes (18.6 minutes per month, non-real time). Women spent more time watching VOD (124 minutes real time, 95.8 minutes non-real time) than men (74.1 minutes real time, 54.3 minutes non-real time). Viewers in their 40s and 50s were enjoying VOD more in real time than non-real time while those in their 20s and 30s watched more non-real time VOD over real time.

As for platforms, real time viewing was 63.0 minutes on DMB and 35.4 minutes on

apps. Non-real time viewing on app was 46.9 minutes and 27.6 minutes on web. Women viewed more VOD than men in all platforms including DMB, app, and web. In particular, real time watching via DMB was about twice as long as non-real time viewing via app. Viewers in their 40s and 50s watched VOD for the longest hours real time via DMB while those in their 20s to 40s used apps to watch VOD non-real time.

Breaking the watching hours into broadcasting operator groups, both real time and non-real time watching hours was most spent on terrestrial broadcasting. General service was most replayed non-real time while reporting and MMS channel operators were played relatively more often in real time. Male viewers most watched real time broadcasting programs on all platforms except for terrestrial broadcasting while female viewers most enjoyed non-real time programs across all platforms. Viewers in their 40s and 50s liked terrestrial broadcasting and reporting channels the most in real time while those in their 20s and 30s tuned relatively more into non-real time terrestrial broadcasting and general service.

For genres, entertainment was most popular both in real time and non-real time. Most popular real-time VOD was information and reporting, and soap opera, while soap opera was the most popular non-real time VOD, and then information and reporting. Female viewers spent more time than male counterparts in all genres except for several categories, especially watching soap opera more than three times as long as male counterparts. Viewers in their 40s and 50s most enjoyed soap opera, entertainment, and kids genre in real time. Those in their 30s and 40s watched soap opera more than any other genre in non-real time. Those in their 20s and 30s liked non-real time entertainment the most.

In order to address the technological limitations identified during the 2015 preliminary survey, the '2016 survey of viewing record of broadcasting programs via smartphone and PC' adopted a new technology (video matching method) which is not affected by external noise. Also, while investigating and evaluating the representativeness of survey panels on a regular basis, the Commission organized 'real time verification team of viewing record survey' consisting of outside experts, securing the accuracy and reliability of the survey result.

## b. Creating Foundation for Media Diversity

### 1) Launching the 4<sup>th</sup>-term Media Diversity Committee

The Commission appointed members of the 4<sup>th</sup>-term Media Diversity Committee in May 2016. Media Diversity Committee has been organized to ensure diversity in broadcasting opinions pursuant to Article 35.4 of the 「Broadcasting Act」. The Committee members are appointed by the Chair after being resolved by the Committee. Members have a two-year term and can be re-appointed once more.

The 4<sup>th</sup>-term Media Diversity Committee consists of Chair and Professor Youn, Sugmin of Seoul National University Department of Communication and 9 experts in media, management, and law. 5 members from the 3<sup>rd</sup>-term Committee were re-appointed to ensure consistency in operation.

Members of the Media Diversity Committee deliberate matters concerning survey of share of audience, and research for opinion diversity. The Committee started its term in June 2016 when the first meeting was held.

### 2) Implementation of Long-term Measures to Promote Media Diversity

Media Diversity Committee implements measure to promote media diversity amid the changing environment for media users.

The measures include effectiveness verification of the share of audience standard, enhancement of media diversity survey and research activities, basis of introducing integrated share of audience, support for media diversity programs, and media diversity education, etc.

Also included in the measures are deregulation of share of audience which is currently set at 30% to make the policy more practical and creation of basis to insert integrated share of audience into the 「Broadcasting Act」 in reflection of the changing viewing practices. The Committee is reviewing developing new indicators to measure media diversity in addition to the existing viewer rating and share of audience. The Committee is also drafting media diversity support program for regions and minority groups while enhancing media diversity education for the general viewers and broadcasting operators.

What's more, the measures to divide roles and strengthen cooperation network of relevant agencies such as the Commission, Media Diversity Committee, and KOBACO will be created.

### **3) Conducting Media Diversity Survey**

The Commission conducted survey to measure the status of media diversity of broadcasting business operators. The policy research for the development of indicators in 2015 has confirmed 20 indicators including ratio of independent platform, ratio of genre programs, and ratio of figures in programs, and more. The first preliminary survey was carried out in 2016. The Commission measured diversity in terms of supply and usage by platform business operators such as cable TV, IPTV, and satellite, individual broadcasting channels, and broadcasting programs. It also analyzed broadcasting contents to assess the ratio of figures in soap opera.

Survey of media diversity is being carried out not just in Korea but also the EU, the UK, and France to measure diversity in broadcasting market and contents. International relations on media diversity projects are undertaken. The Commission collected ideas from broadcasting business operators, academia, and civil organizations on the results of 2016 media diversity survey and reflected them in the survey policy.

## **c. Strengthening Quality of Regional Broadcasting**

With financial and human conditions deteriorating amid emergence of new media and changes in advertisement market, the Commission has reinforced support for regionality and diversity of regional broadcasting according to the 'support plant for regional broadcasting development'.

### **1) Program Production Support for Regional and Small Broadcasting**

For the purpose of enhancing program production capabilities of regional and small broadcasting business operators and supporting quality content production to improve regional viewers' welfare, the Commission implemented the '2016 content production capability enhancement support project for regional and small broadcasting'. Around 40 regional and small broadcasting business operators have applied and the Commission

selected 42 programs of 30 broadcasting business operators, supporting a total of KRW 3.3 billion. For 2016 support project, ‘production support for regionality and diversity program’, ‘support for format development’, and ‘production support regional competitiveness enhancement program’ have been newly introduced to intensively support competitive programs.

[Table III-23] Support for regional and small broadcasting program production in 2016

Supported program	Supporting amount	Support maximum	Production period	Conditions
Competitiveness enhancement for regional broadcasting	• TV : KRW 900 million	KRW 300 million per program	Up to 2 years	One year contract Self-funding ratio more than 10%
Regionality and diversity program for regional and small broadcasting business operator	• TV : KRW 1.29 billion • Radio : KRW 630 million • DMB : KRW 420 million	KRW 100 million per program	Up to 1 year	Self-funding ratio more than 10%
Format development	• TV : KRW 60 million	–	Up to 1 year	–

In the regionality and small broadcasting program support category, TJB’s <Miracle of 100 People><sup>3)</sup>, Andong MBC’s <Sesame Salt><sup>4)</sup>, MBC Gangwon Youngdong’s <Tell Youth Where to Go> Season 3<sup>5)</sup> and other eight programs won a variety of awards for their excellence. The audience satisfaction with the 42 supported programs was a average of 85.6 points, according to the 2016 survey.

## 2) Promotion and Marketing Support for Excellent Contents of Regional Broadcasting

The Commission set up Local Broadcast Pavilion at Busan Contents Market, Broadcast World Wide, and Asia Television Forum, introducing excellent local contents to buyers and visitors from home and abroad. As KNN’s <TOP10 Pops Show> secured purchase contract with CMC’s <Family Entertainment TV>, local broadcasting business operators signed for content exports worth of KRW 217.2 million (KRW 80 million at BCM, KRW 137.2 million at BCWW).

3) April 2016, Excellence Award, Korea Private Broadcasting Awards

4) September 2016, Production of the Year, regional entertainment category, Korea Broadcasting Prizes, hosted by Korean Broadcasting Association

5) October 2016, Grand Prize, Entrepreneurship category, the 4<sup>th</sup> Korea Marketing Awards 2016

[Table III-24] Support for marketing and promotion of excellent content of regional broadcasting in 2016

	<b>BCM participation support for local broadcasting business operators</b> <ul style="list-style-type: none"> <li>• Date : May. 11~13, 2016</li> <li>• Venue : BEXCO, Busan</li> <li>• Program : Promoted excellent regional broadcasting programs in Local Broadcast Pavilion (25 programs from 15 operators exhibited)</li> </ul>
	<b>BCWW participation support for local broadcasting business operators</b> <ul style="list-style-type: none"> <li>• Date : Aug. 31~Sep. 2, 2016</li> <li>• Venue : KOEX, Seoul</li> <li>• Program : Promoted excellent regional broadcasting programs in Local Broadcast Pavilion (25 programs from 15 operators exhibited)</li> </ul>
	<b>ATF participation support for local broadcasting business operators</b> <ul style="list-style-type: none"> <li>• Date : Dec. 7~9, 2016</li> <li>• Venue : Marina Bay Sands, Singapore</li> <li>• Program : Promoted excellent regional broadcasting programs in Local Broadcast Pavilion (30 programs from 16 operators exhibited)</li> </ul>

### 3) Educational Program for Local Broadcasting Staff

The Commission developed and offered ‘customized educational program for local broadcasting staff’ based on the survey result of local demands for education conducted in February 2016. ‘Customized education development team’ consisting of experts in broadcasting education developed courses on PD education, special effects shooting, and next-generation broadcasting technology. A total of 153 people (58 for PD education, 34 for special effects shooting, and 61 for next-generation broadcasting technology) attended the class which was offered 11 times at Community Media Centers in Gangwon, Chungcheong, Yeongnam, and Honam area. The satisfaction score was at an average score of 90.9. The courses run in Tokyo from November 14 to 18, 2016 attracted 11 trainees from 11 different regional broadcasting operators, with satisfaction rate at of 96.4 on average.

# Chapter 2 Promoting Fair Competition in the Broadcasting and Communications and Protecting Users

## 1. Establishing Fair Competition Order in Broadcasting and Communications Market

### 1.1. Establishing Fair Competition Order in Communications Market and User Protection

#### a. Creating Self-Regulatory Environment

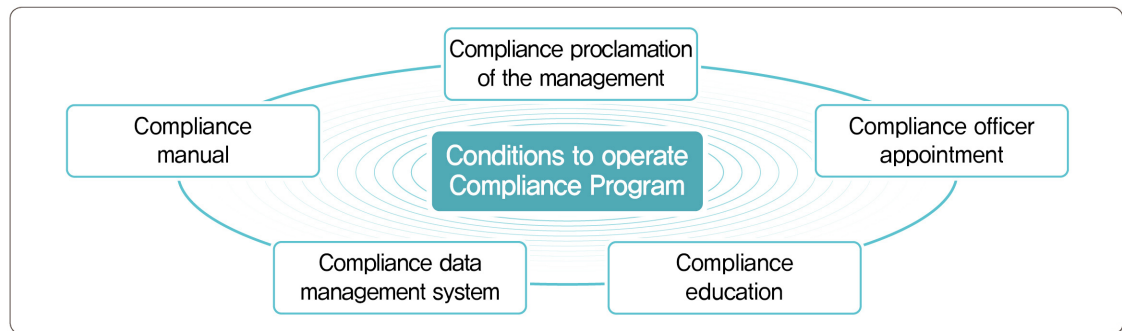
##### 1) Creating voluntary compliance program

While imposing strict measures on violations, the Commission has introduced ‘voluntary compliance program’ after collecting opinion from communications service operators and stakeholders in order to shift the regulatory framework from unilateral investigation and sanctions to voluntary regulations by market.

The ‘voluntary compliance program’ is internal control system describing work procedure, code of ethics, investigation and education regarding violations for employees. Countries around the world are introducing such system to establish fair competition order and ensure user protection by complementing unilateral regulations including correctional order and fines. Korea has also introduced the compliance control standard and compliance officer on the 「Commercial Act」 (Article 542.13) and the internal control standard (Article 24) advertisement compliance officer (Article 25) of the 「Act on Corporate Governance of Financial Companies」.

The standard guidelines on voluntary compliance program prescribes the management willingness and policy for compliance, appointment of compliance officer and operation of advisory body, creation of compliance manual, compliance education, and establishment of data management system regarding compliance activities.

|Figure III-12| Standard structure of voluntary compliance programs operation



As compliance system requires additional human resources and budget to operate, large businesses have relative advantage in introducing the system over SMEs. Therefore, the Commission created and distributed standard guidelines to ensure businesses can operate the system according to their circumstances. Also, in order to ease the burden of introducing compliance program for SMEs, it is recommended that SMEs as prescribed by the 「Framework Act of Small and Medium Enterprises」 and mid-standing enterprises according to the 「Special Act on the Promotion of Growth and the Strengthening of Competitiveness of Middle-Standing Enterprises」, appoint compliance office and operate advisory body.

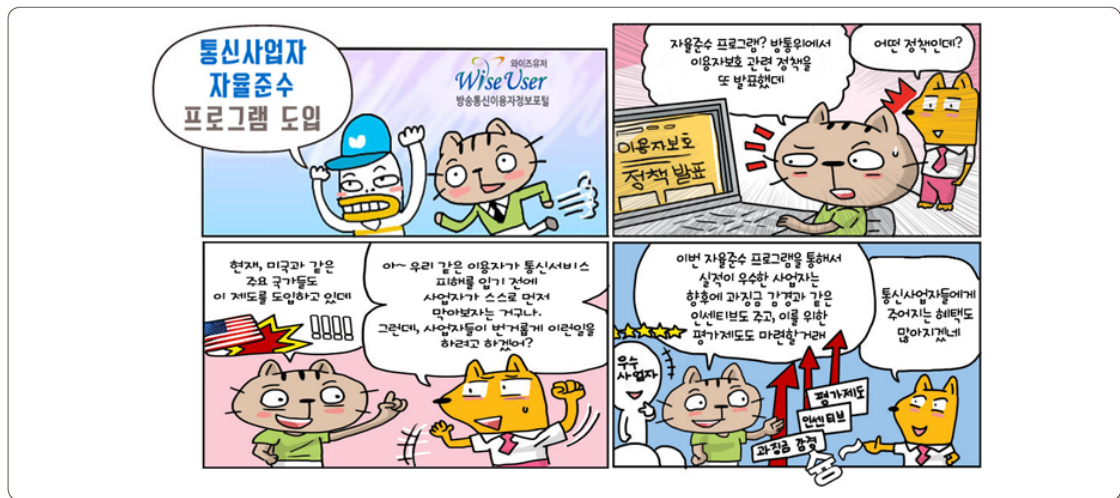
The Commission held three seminars for communications business operators for 90 key telecommunications business operator and 24 MVNO business operators while conducting online promotion activities such as press release, webtoon, and quiz events to raise business operators' awareness of the system.

|Figure III-13| Seminar on voluntary compliance programs





[Figure III-14] Smart webtoon on voluntary compliance programs



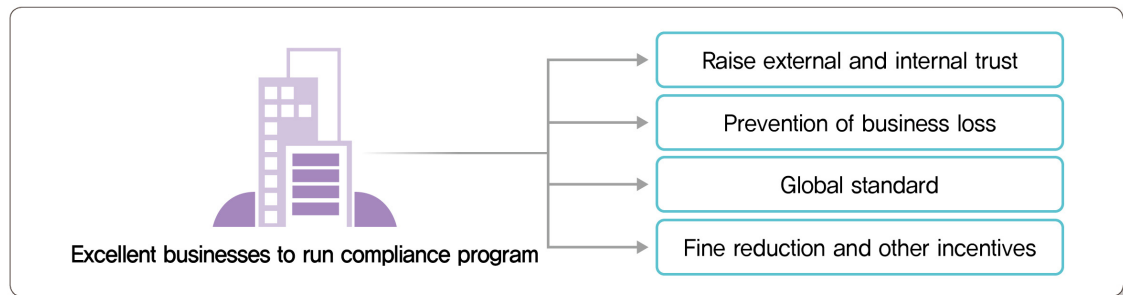
Additionally, the Commission submitted to the National Assembly an amendment to relevant laws in order to reduce fines when business operators who have excellent performance of introducing compliance program violate the 「Telecommunications Business Act」. It plans to establish performance evaluation system to offer incentives.

For the purpose of raising business operators' predictability of the performance evaluation system, the Commission made an early notification of the status investigation plan and checked operation performance by examining introduction status.

As a result, SKT, KT, LG U+, SKB, and SK Telink introduced compliance program. They offered intensive education on compliance to a total of 1,781 employees who committed most violations (SKT 312 employees, KT 645, LG U+ 474, SKB 290, and SK Telink 60).

The establishment of the system will contribute to enhancing business operators external reliability, creating fair competition in communications market, and user protection by saving business operators time and cost spent in taking follow-up response.

|Figure III-15| Operation outcome of voluntary compliance programs

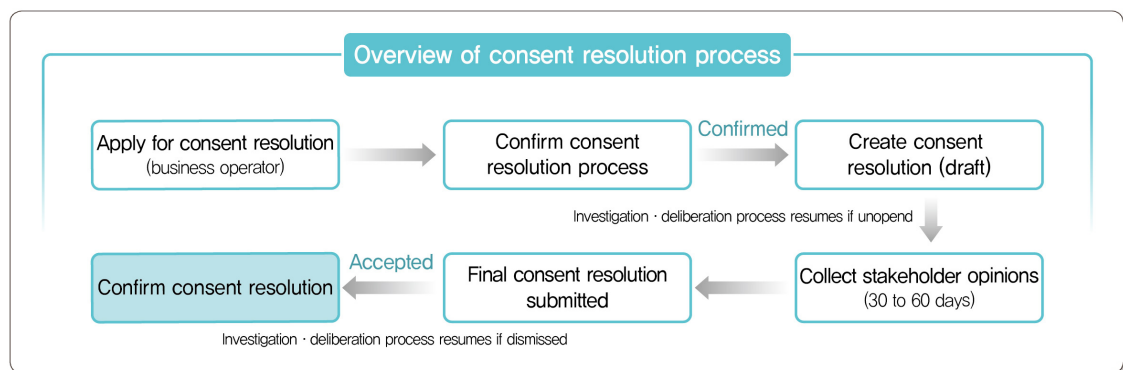


## 2) Introducing Consent Resolution

Given that it takes a long time to check facts and decide on illegality of telecommunications business operators while the market is changing fast and the government's correctional measures do not ensure direct remedy for victims, the Commission has introduced 'consent resolution'<sup>6)</sup>.

Under the consent resolution, if a business operator submits correctional plan such as compensation for damages regarding a case being either investigated or deliberated by the Commission, it terminates the case after reviewing the validity of the measures.

|Figure III-16| Process of consent resolution



The Commission analyzed overseas cases of consent resolution, reflecting introducing the system in the Commission's 2016 work plan in order to raise the effectiveness of damage relief such as compensation for user damages. What's more, the Commission

<sup>6)</sup> Users are required to file civil lawsuit separately to claim compensation for damages.

held meetings with communications business operators and civil organizations regarding amendment to the 「Telecommunications Business Act」, submitting the amendment to the National Assembly after legislation notification, opinion collection from relevant agencies, resolution of the Committee, regulations deliberation, and review by Ministry of Government Legislation.

The Commission held three times seminars for business operators and stakeholders to introduce consent resolution.

The Commission discussed specific implementation measures to ensure that the system translates into user-oriented practical compensation for damages and created amendment following the system overhaul. In the meantime, The Commission posted webtoon explaining the system on its blog, user's website (www.wiseuser.go.kr) and held online quiz and events to promote the idea of the system and its implications.

[Figure III-17] Promotional video on introduction of consent resolution



Accommodating idea from civil organization and the National Assembly that consent resolution may serve as an exoneration for law violators, the Commission collected opinions from civil groups. The Commission also created user protection rules to ensure that consent resolution is not managed in a way that exclusively benefits business oper-

ators by prescribing that consent resolution is opened in consideration of the necessity to directly compensate user damage, stakeholders' opinion shall be collected for more than 30 days before consent resolution, and consent resolution shall be revoked when the applicant fails to comply with consent resolution.

| Table III-25 | User protection for the operation of consent resolution

- **(Confirm opening)** The Commission shall review the validity of opening consent resolution by considering the necessity of swift measures and direct compensation for user damage to ensure that consent resolution is not operated in a way that exclusively benefits business operators
- **(Collect stakeholder opinion)** The Commission shall collect opinions of users, consumer groups, and stakeholders for more than 30 days before consent resolution
- **(Confirm consent resolution)** The Commission shall take equivalent measures if the correctional plan submitted by applicant is considered to have violated laws and confirm consent resolution if the plan is appropriate to compensate user damage.
- **(Revoke consent resolution)** In case where consent resolution was confirmed based on altered facts such as market condition, or false information provided by business operator, or applicant fails to comply with consent resolution, consent resolution can be revoked even after confirmation.

If the National Assembly passes the amendment to the 「Telecommunications Business Act」 and consent resolution is introduced, users can claim compensation in the form of compensation for damage included in the correction measures of the consent resolution submitted by business operators without having to file a separate law suit.

Law suits of mobile carriers for the last 4 years are as follows:

| Table III-26 | Law suits of mobile carriers from 2013 to 2016

(Unit : Law suit)

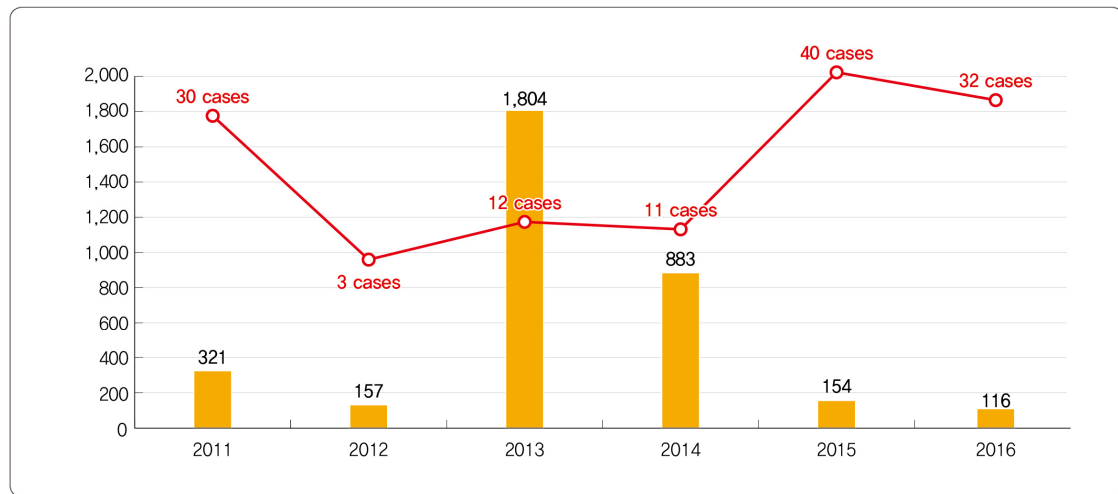
Classification	SKT	KT	LG U+	SK Telink
Number of law suits	311	94	363	9

Sources) Data provided by mobile carriers

What's more, considering that the Commission has imposed fines of KRW 57.2 billion for the last 6 years, user will likely be able to receive either total or certain amount of the fine once consent resolution is introduced because the fine will be spent to compensate damage instead of being reverted to the government.

Figure III-18 | Status of fines by year

(Unit : KRW 100 million)



### 3) Evaluating User Protection

The Commission conducts evaluation of user protection by telecommunications business operators on a yearly basis to encourage voluntary efforts to protect users. In 2016, the Commission expanded the number of business operators subject to evaluation of user protection, improving the quality of user protection of telecommunications services.

For 2016 user protection evaluation, 4 portals and 1 MVNO were added as subjects on top of the existing 3 mobile carriers, 9 broadband service providers, 3 Internet telephone companies, and 5 MVNOs. The Commission then crafted basic plan for evaluation by introducing 95 sub-indicators in 5 areas, conducting the evaluation from July to November 2016.

Table III-27 | Broadcasting business operators subject to user protection assessment

Classification	Business operators	Classification	Business operators
Mobile carriers (3 companies)	SKT, KT, LG U+	Broadband Internet (9 companies)	KT, LG U+, SKB, SKT, T-Broad, CJ HelloVision, D'LIVE, HCN, CMB
MVNOs (6 companies)	CJ HelloVision, SK Telink, Annex telecom, KCT, S1, mediaLog		
Internet telephone (3 companies)	LG U+, KT, SKB	Portal (4 companies)	Naver, Kakao, Google, SK Communications

Note) Subjects selected based on number of subscribers and complaints received via e-People (4 portals are subject to trial evaluation. Main evaluation is slated for 2017)

As prescribed by Article 37.2 of the 「Enforcement of Decree of the Telecommunications Business Act」, evaluation criteria consist of five main classifications: appropriateness of user protection work management system; compliance performance of laws related to user protection; user damage prevention activities; handling of user opinion or complaints; and other matters concerning user protection. Evaluation grades are ‘highly excellent (95 points or higher)’, ‘excellent (90~94)’, ‘good (85~89)’, ‘average (80~84)’, and ‘poor (79 points or lower)’.

As a result of 2016 user protection evaluation, policy, guidelines, and sub-guidelines were created according to Article 3 of the notification of technological and operational protection of personal information. The evaluation found that personal information was appropriately managed by appointing independent team and officer and setting up clear standards on personal data protection such as policy to protect personal data, dedicated team and workforce, education and contract management of direct shop.

However, some broadband Internet service providers have not reissued their contracts even though they have been informed by phone or SMS after contracts have expired. Some MVNO operators were found to be insufficient in preventing user complaint, for example, by not carrying out satisfaction survey after handling user complaint.

The average points of business operators rose 3.6 points from 87.4 in 2015 to 91.0 in 2016. The number of business operators who received ‘excellent’ grade or higher jumped from 7 to 15, showing that the status of user protection by telecommunications business operators have improved significantly.

The 2016 evaluation result by business operators is as follows:

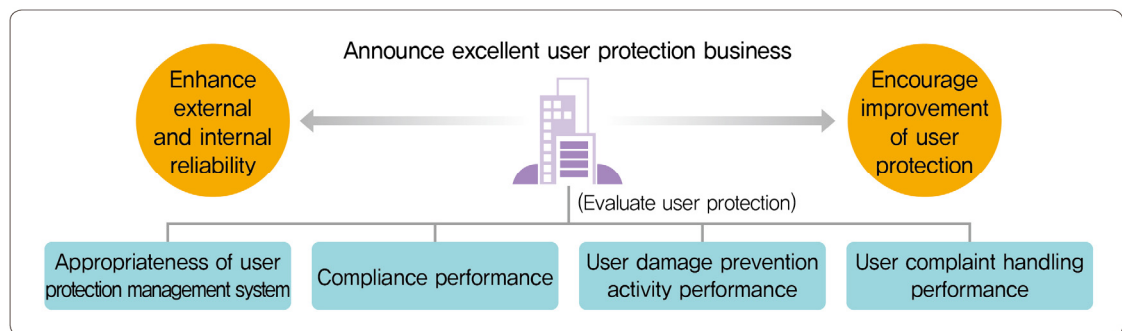
Table III-28 | Status of business operator evaluation by services

Classification	Highly excellent (95 points or higher)	Excellent (90~94)	Good (85~89)	Average (80~84)	Poor (79 or lower)
Mobile carriers	SKT	KT, LG U+	–	–	–
Broadband Internet	KT, SKB, SKT, LG U+	CJ HelloVision, HCN	T-Broad, D'LIVE, CMB	–	–
Internet telephone	KT, SKB, LG U+	–	–	–	–
MVNO	–	SK Telink, CJ HelloVision, S1	–	–	Annextelecom, mediaLog, KCT

Note) Order in the box based on the number of subscribers

If business operators with good performance in this year's evaluation faces fines next year for damaging user interest, the Commission plans to cut the amount by up to 30%. It also will share outstanding cases as well as under-performing areas, encouraging business operators to take specific user protection measures.

Figure III-19 | Effect of announcing excellent user protection businesses



As a result of encouraging business operators to improve services based on the user protection evaluation results, a business operator who had not operated civil complaint process introduced relevant regulation and shared it via the network system. Another business operator introduced 'visible ARS' to provide users with visual information regarding charge payment, small amount payment, and balance check.

[illegible]

The Commission held the launching ceremony of the Council on False Advertisement Prevention of Combined Broadcasting and Communications Products in cooperation with KAIT, attended by 4 mobile carriers, 15 MSO and SOs, and 21 business operators and relevant organizations.

At the launching ceremony, the Commission adopted the joint declaration for fair distribution market and user damage protection while distributing guidebooks to raise awareness of false advertisement.

The launching of the council is expected to establish fair trade order in the combined



products market, making a great contribution to protecting users from reckless practices of false advertisement.

**|Figure III-21 | Launching Ceremony of the Council on False Advertisement Prevention of Combined Broadcasting and Communications Products**



## b. Improving Laws and System for Better User Protection

### 1) Amending the 「Telecommunications Business Act」

The Commission amended and implemented the 「Telecommunications Business Act」 which prescribes authority to suspend business, impose enforcement fine, and obligation to explain and notify on telecommunications business operators who fail to comply with correctional order.

Under the current law, if the Commission issues a correctional order to telecommunications business operators but they fail to comply, the Ministry of Science, ICT and Future Planning has the authority to suspend business, instead of the Commission. However, because of the inefficiency of regulations with the current system and potential confusion on the part of business operators, the MSIP has entrusted the authority to the Commission.

What's more, the Commission has introduced enforcement fine system<sup>7)</sup> to force busi-

ness operator to comply with correctional order as there is no alternative except for business suspension and criminal punishment when business operator fails to do so.

Lastly, the Commission inserted obligations to either explain or inform subscribers of critical details such as service charge, contract terms, and rate discount to ensure users' rights to reasonable choice.

Under the amended 「Telecommunications Business Act」, if business operator fails to comply with the Commission's correctional order, the Commission may order business suspension and impose enforcement fine. Therefore, business operator's obligation to comply with order is secured, contributing to protecting users by making it mandatory for business operators to explain or inform users of critical details.

## **2) Amending the 「Enforcement Decree of the Telecommunications Business Act」**

The Commission has resolved the amendment to the 「Enforcement Decree of the Telecommunications Business Act」 highlighting the mandatory communications charge discount to define entrusted matters under the amended 「Telecommunications Business Act」 such as business suspension order, enforcement fine, and obligation to explain and notify critical details. The key amendments are as follows:

First, to ensure that users make reasonable choice based on correct information, the Commission made it mandatory for mobile carriers to either explain or inform users of critical details from signing contract to termination.

So far, although users can choose between subsidy and discount charge, they often only choose subsidy because business operators do not explain. However, under the amended law, business operators must explain discount charge as well as subsidy.

Business operators are also required to explain charge on installment and insurance premium to subscribers as they often only describe service charge. It was also made

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7) Enforcement fine : Enforcement fine is imposed on a business operator which fails to abide by orders by administrative organizations for a certain period of time. Prescribed in a number of laws such as the 「Building Act」, the 「Farmland Act」, and the 「Monopoly Regulation and Fair Trade Act」, enforcement fine puts psychological pressure on business operators to observe obligation.

mandatory that total and separate discount ratio of combined products be notified to subscribers so that users are not misled by excessive benefits by believing that specific combined products are offered for free.

Additionally, the amendment made it compulsory to inform users of their rights to cancel subscription before the start of service to prevent business operators from delaying or rejecting to process users' request. Meanwhile, as the National Assembly pointed out that users are often unable to subscribe to other mobile carrier or change devices without being properly informed of contract expiration date and terms and conditions, it was made mandatory for business operators to notify users of contract expiration date when the contract is renews automatically and contract terms and conditions after automatic renewal.

| Table III-29 | Types of violations of phased explanation and notification obligation

Signing contract	Service use	Contract term expiration and termination
<ul style="list-style-type: none"> <li>• Mandatory notification               <ul style="list-style-type: none"> <li>- Signing of contract</li> <li>- Date of starting service</li> <li>- Right to cancel subscription before start of service</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Mandatory explanation and notification               <ul style="list-style-type: none"> <li>- Changing the conditions to use telecommunications service over the contracted period</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Mandatory notification upon automatic renewal after contract expires               <ul style="list-style-type: none"> <li>- Expiration date of contracted period</li> <li>- Rate and conditions after expiration</li> <li>- Discount rate and other benefits after renewal</li> <li>- The fact that penalty for termination (including partial termination of combined products) is not imposed</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• Banning false explanation and notification</li> </ul>	<ul style="list-style-type: none"> <li>• Banning false explanation and notification</li> </ul>	<ul style="list-style-type: none"> <li>• Mandatory notification upon termination               <ul style="list-style-type: none"> <li>- When termination document is received and processed</li> </ul> </li> <li>• Banning false explanation and notification</li> </ul>

Second, regarding the enforcement fine imposed on business operators who fail to comply with business suspension order or correctional order newly inserted into the amendment, specific process of calculating sales revenue on which the enforcement fine is based (3 thousandth of relevant sales amount) and raising objection have been created.

If enforcement fine is imposed instead of business suspension on business operators who do not comply with correctional order, they are allowed to continue business and

provide stable services, ultimately, increasing user benefits.

Lastly, mandatory reduction on fine calculation and rights to request the submission of document necessary to estimate fines were newly added to ease regulation.

The 「Enforcement Decree of the Telecommunications Business Act」 was deliberated by the Ministry of Government Legislation, Vice Minister's meeting, and national affairs meeting before being announced and enforced in July 2016, the enforcement date of amended law.

### **3) Amending the Notification of Combine Products to Enhance User Information Provision and Free Marketing**

The Commission finalized the resolution of the 'Types of prohibited combined product sales and evaluation criteria' in March 2016 after administrative notification and regulation review so that users of broadcasting and communications combined products have access to detailed information from April 2016.

Implemented as follow-up measure of policy improvement for the broadcasting communications combined products(proposal) announced in August 2015, the amendment defines activities that damage user interests and fair competition in the combined products market as prohibited practices, while making it mandatory to provide users with accurate information and banning free gift marketing.

First, it is prohibited not to list detailed explanation about discount on combined products (discount by combination, period, and combined discount) in contract terms and conditions, bill statements, and advertisements, ensuring that users obtain clearer and detailed information on combined products' rate. For example, when combining mobile phone, cable TV, broadcasting, and broadband Internet (QPS, quadruple combination), both the total discount rate and discount rate per products must be stated on the terms and conditions and bill of statement.

Second, it is prohibited not to explain how to apply for partial termination of combined products or not to describe the option in the contract document, allowing users

decide on subscription and termination of combined product.

Third, business operators are required to notify users of the remaining contract period of combined products by means of methods that users can fully understand such as bill statement. They also have to inform users that contract is renewed without penalty upon the contract expiration.

Fourth, it has been banned to offer highly discriminative discount rate by selling specific combined products at prices lower than necessary expenses for the purpose of eradicating unfair practices of free or price reduction marketing.

Fifth, the types of banned activities of identical combined products have been categorized into 'rejection of provision', 'providing at discriminative price and conditions', and 'suspension and limitation of providing'. As a result, if business operators provide other operators with approved services such as mobile communication to sell combined products, they must do so on identical conditions regardless of type of business operator.

With the Commission's revision of the notice on the combined product, consumers will be able to make reasonable choices with more accurate information on the combined products. While the unfair practices that have made certain products free and lower-priced will be corrected, markets for the combined products are expected to be promoted. The Commission plans to enhance marking monitoring activities of banned practices.

The amendment resolved this time was immediately enforced in April 2016 when it was officially notified. However, considering that it took time for business operators to develop system to specify details of discount charge on bill statement, the amendment regarding banned practices took effect in July.

#### **4) Amending Enforcement Decree to Specify Banned Practices**

The Commission resolved the 「Enforcement Decree of the Telecommunications Business Act」 at the general meeting. Excluding the obligation provision of notification to users which was enforced in July from the amendment notified for legislation in April 2016, the amendment was crafted based on stakeholders' opinion and consultation with relevant agencies.

The key amendments defines specific category of banned activities to better protect users amid changing communications environment such as emergence of smart media and create the basis for fair competition.

First, types of banned practices have been classified for different stages from subscription, use, and termination to enhance user protection. Business operators may not alter use conditions without justifiable reason. Users can cancel subscription before start of service. If user moves to an area where service is not available, they can cancel service without penalty.

Also, overdue payment is notified to users who suffered identity theft. It is banned to differentiate users by paying different charge. Also prohibited is to prevent installing unnecessary software on devices and limiting provision of telecommunications service. What's more, business operators must allow users to remove advertisement that blocks information. They must not mislead users by providing advertisement which is not clearly distinguished from information.

Second, new unfair practices which may emerge due to market change such as the increasingly popular combined products and the changing distribution structure have been banned. For example, it is banned to estimate service charge by unfairly classifying cost and income from combined sales and to offer benefits to special interest party for interconnection or trading in wireless Internet contents. Conditions such as 'exclusive service' which may affect income distribution in contents trade has been prohibited.

Third, regulations which are no longer effective or unnecessary have been removed such as prior choice system for long-distance call service operator.

The amendment to enforcement decree is expected to creating the foundation for fair competition by clearly defining unfair practices in the fast-changing communications eco-system and improving user differentiation.

## **5) Improving Termination Process of Combined Product**

The Commission and the MSIP jointly announced a policy improvement plan of broadcasting and communications combined product to lessen termination fee and streamline

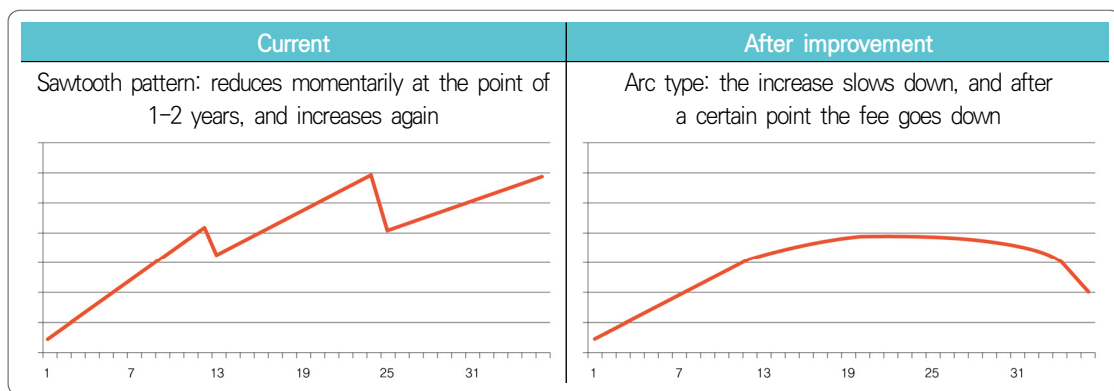
the cancellation process.

This plan is a follow-up measure of the ‘improvement for the broadcasting communications combined products (proposal)’ which was jointly announced with the MSIP in August 2015. The key amendments are as follows:

First, the existing system - the longer the subscription period is, the higher termination fee (refund for discount) becomes - added to consumers’ financial burden. However, the termination fee calculation has been 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(TPS combined) right before the termination of 3 years’ agreement has been lowered by 63.8% compared to the existing system and by 22.1% on average. Also, the lease charge for broadband Internet modem has been lowered by up to 67% depending on purchase cost.

**Figure III-22 | Impact of improvement by restructuring penalties system**



Second, by releasing 1-2 years’ term-products, the spectrum of consumers’ choice has been expanded and it has been made 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 have had no other choice but retain contract periods of 3 years or longer in order to maintain the same benefits. 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 has become mandatory to offer 1 or 2 years' plan for current 3-year-term-only products.

Third, having simplified the termination process and providing more information on cancellation prevented users' loss resulting from operators' avoidance and failure to terminate subscription.

So far, even though consumers could apply for cancellation via the Internet, information on termination fees and others could be obtained only through contacting 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, to stop free marketing practices of specific products, operators are now required to specify a total amount of discount - by product content and number of lines - in the terms and conditions and bill statements.

Consumers are 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, by creating a unified terms and conditions for combined products, which had been separately managed, consumers now can better understand the combined products.



| Table III-30 | Key details of improvement of unsubscription process of combined product

- (Expand **unsubscription channel**) telephone → telephone + online
- (Expand identify authorization) copied ID → mobile authorization, credit card
- (Notify **unsubscription application**) Mobile carriers' voluntary notification via SMS → Mandatory notification via SMS
- (Notify contract expiration, etc.) Mobile carriers' voluntary notification of contract expiration or automatic renewal via SMS → Mandatory notification via SMS
- (Improve call center marketer satisfaction standard) Reduce **unsubscription avoidance goal for incentive evaluation of call center marketer**

The Commission expects the plan to improve consumer benefits of combined products and create a fairer environment of competition, thus fostering markets for combined products.

## 6) Creation and implementation of standard contract terms and conditions

The Commission introduced standard contract terms and conditions in July 2016 which prescribes matters regarding monthly installment of mobile phone, monthly communications charge, basic monthly charge, cancellation charge, and more.

Users so far have experienced various types of loss due to insufficient explanation as to terms and conditions of wired and wireless communications service. However, as the amended 「Telecommunications Business Act」 has made it mandatory<sup>8)</sup> to explain and notify critical information, the Commission introduced the 'standard contract terms and conditions' to give users an overview of communications service subscription.

| Table III-31 | Key details of standard subscription information

- (Terminal devices and service charge) factory price, subsidy, installment amount, installment fee, prizes, flat rate, discount rate, equipment rent fee, installation charge
- (Cancellation charge) legal subsidy, optional contract discount and expected cancellation charge for prizes based on period
- (Others) Information regarding prevention of unnecessary cost from incurring

8) 「Telecommunications Business Act」, Article 50 (Prohibited Acts) ① 5-2. Acts by telecommunications business operators to either fail to explain or notify or falsely explain or notify important matters such as service charge, contract terms, charge discount, etc.

## Standard contract terms and conditions for wired and wireless telecommunications service

Standard contract terms and conditions for wireless service						Standard contract terms and conditions for wired service					
■ Cellphone installment and mobile communication bill (VAT included)						■ Service charge (36-month contract) (VAT included)					
Factory price	Mobile device subsidy	Advance payment	Total net installment	Total installment fee (24months)	Monthly installment on mobile device(A)	Broadband and Internet	Optional plan	Monthly flat rate	Equipment rent charge	Monthly discount (contract+equipment+combined)	Monthly communications charge(A)
KRW 880,000	KRW 195,000	KRW 0	KRW 685,000	KRW 42,890	KRW 30,329		Olleh Internet	KRW 44,000	KRW 8,000	KRW 24,000	KRW 28,000
Optional plan	Flat monthly rate	Monthly charge discount (24-month contract)	(20% charge discount(optional contract discount))		Monthly communications bill(B)	IPTV	Optional plan	Monthly flat rate	Equipment rent charge	Monthly discount (contract+equipment+combined)	Monthly communications charge(B)
Data 50.9	KRW 55,990	KRW 0	KRW 0		KRW 55,990		All right	KRW 12,000	KRW 7,000	KRW 10,000	KRW 9,000
				Monthly basic charge (A)+(B)	KRW 86,319	Teleph one	Optional plan	Monthly flat rate	Equipment rent charge	Monthly discount (contract+equipment+combined)	Monthly communications charge(C)
							Basic	KRW 2,000	KRW 0	KRW 1,000	KRW 1,000
									Total payment (A)+(B)+(C)	KRW 38,000	
■ Cancellation charge						■ Cancellation charge					
Cancellation charge is imposed for the following cases			Expected cancellation charge (legal subsidy / 20% discount rate)			Cancellation charge is imposed for the following cases			Expected cancellation charge(contract discount return+equipment rent discount return+combined discount return)		
① User received legal subsidy and cancels contract before contract expiration			Cancellation charge on the 12 <sup>th</sup> month			① User cancels contract while receiving contract and combined discount			Cancellation charge on the 12 <sup>th</sup> month		
② User cancels contract before contract expiration while receiving (20% discount rate)			Cancellation charge on the 18 <sup>th</sup> month			Cancellation charge on the 24 <sup>th</sup> month			Cancellation charge on the 24 <sup>th</sup> month		
③ User downgrades plan after receiving legal subsidy											
④ User changes device while receiving (20% discount rate)											
			KRW 97,500						KRW 316,200		
			KRW 48,750						KRW 396,800		
※ The expected amount of cancellation charge above is limited to services to which you subscribe this time. Cancellation charge may vary depending on when you change or cancel service.						※ The expected amount of cancellation charge above is limited to services to which you subscribe this time. Cancellation charge may vary depending on when you change or cancel service.					
■ User may have to additional charge to subscribe to paid service. Service charge may vary when combined with wired products or cancel combined products.						■ User may have to additional charge to subscribe to paid service. Service charge may vary when combined with wired products or cancel combined products.					
■ If user has exceeded data limit in the beginning of a month and changes plan, additional charge may be imposed after being calculated on a daily basis						■ If user has exceeded data limit in the beginning of a month and changes plan, additional charge may be imposed after being calculated on a daily basis					
■ If user claims for insurance for damaged or lost mobile phone, deductible may be imposed (up to 30% KRW 30,000 or higher).						■ If user claims for insurance for damaged or lost mobile phone, deductible may be imposed (up to 30% KRW 30,000 or higher).					

The Commission plans to monitor whether business operators explain standard contract in detail on a regular basis.

The Commission also made partial amendment to the ‘Detailed guidelines on notifying and posting legal subsidy’. Mobile carriers and distributing shops are required to post the guideline which explains the benefit of 20% discount charge.

The guideline is the follow-up measure of the amended ‘Enforcement Decree of the Telecommunications Business Act’ which made it mandatory to explain important conditions to subscribers, and the introduction of standard contract which compares legal subsidy on device with 20% discount rate. After making an amendment to require information on discount rate such as factory price, legal subsidy, and retail price on the notification and posting, the Commission implemented the partial amendment in September 2016 after administration notice and regulation deliberation.

### c. Investigating Unfair Competition and User Interest Infringement

#### 1) Sanction on Unfair Acts of Improper Charge Cut

At the 8<sup>th</sup> general meeting held in February 2016, the Commission resolved to impose a fine of KRW 31.9 million on KT for violating the ‘Telecommunications Business Act’ by unfairly cutting the Internet charge for a specific special category telecommunications operator (herein referred to as ‘A company’) and exempting cancellation charge refund without grounds.

KT signed a separate agreement with A company to provide Internet services at monthly charges which are lower by KRW 7,500 to KRW 12,000 than prescribed by terms and conditions. KT then unfairly discounted KRW 1.2 billion of the charge imposed between January 2014 to November 2015 (23 months) and waived cancellation refund of KRW 59 million imposed on lines terminated while the contract term was still valid.

KT was also found to have violated the subscription process by opening lines for A company in advance for the purpose of circumventing repetitive steps and provided the lines to operators without taking normal process.

Following the correctional order on KT, the Commission has strengthened monitoring of unfair acts by all key telecommunications business operators which provide Internet service, for example, by offering unfair discount charge to specific users or guaranteeing excessive price cut for corporate members, thus damaging fair competition. The Commission will encourage voluntary improvement on the part of business operators to ensure user interest protection.

## **2) Investigating user interest infringement by MVNO Business Operations and Correctional Measure**

The Commission held the 8th general meeting in February 2016 and resolved to issue correctional orders as well as impose a fine of KRW 830 million on 19 MVNO business operators including Eyesvision for opening mobile phones under stolen Korean and foreign identities and changing subscribers' identity or numbers and then porting them.

The illegal acts of foreigners' identity theft by MVNO business operators triggered the investigation from July 2015. The Commission initially scrutinized 13 business operators with over 100,000 subscribers, expanding the number to 19 including MVNO operators notified by the Police while the investigation was open.

The investigation have confirmed 25,000 cases of subscribing, identity change, number change, and number porting under stolen names, 9,000 cases of voluntary identity change and porting, 109,000 cases of opening lines over limit, and 1,000 cases of lines under foreigner's identity which did not exist.

Concluding that operation and management in the initial stage of MVNO business were not fully prepared, the Commission ordered business operators to improve sales management and internal management system in general by toughening identify check and setting up the standard for opening lines over limit (number of lines based on reliability and sales revenue, etc.).

## **3) Sanctions on Online Violation of the 「Mobile Device Distribution Improvement Act」 by Distribution Shops**

The Commission resolved to impose fines on distribution shops which violated the

「Mobile Device Distribution Improvement Act」 by paying more subsidies than legally allowed on online social services at the general meeting held in March 2016.

The Commission investigated 155 distribution shops which were reported by consumer tip or e-People from January 2015, imposing fines from KRW 1 million to KRW 5 million on 100 stores for excessive payment of subsidy, violation of advance consent, obstruction of investigation, and more.

#### **4) Imposing Fines on LG U+ for Rejecting Investigation**

The Commission held general meeting and resolved to impose fines of KRW 7.5 million on LG U+ and KRW 5 million on three executives for interfering with investigation of violations of the 「Mobile Device Distribution Improvement Act」.

LG U+ rejected the Commission's request of cooperation for a site investigation on June 1 and 2, 2016 and document submission, leading to the fines for violating the 「Mobile Device Distribution Improvement Act」.

LG U+ rejected to cooperate claiming that there were not criteria for exclusive investigation and the Commission failed to notify seven days prior to investigation. The Commission, however, concluded that LG U+ infringed upon Article 13.2 of the 「Mobile Device Distribution Improvement Act」 given that notification is made on the day of investigation to prevent destruction of evidence.

Considering the severity of LG U+ rejection of investigation, the Commission handled the case as separate from existing one where fines had been imposed after the main investigation is completed. The Commission levied fines on executives who were engaged in rejecting the investigation. Fines is likely to increase depending on further investigation.

#### **5) Sanctions on LG U+ for Violating the 「Mobile Device Distribution Improvement Act」**

The Commission held general meeting and resolved to impose a fine of KRW 1.82 billion and order suspension of new subscription on LG U+ for violating the 「Mobile Device Distribution Improvement Act」. It also imposed a fine of KRW 87 million on 59 distribution shops.

The investigation was carried out on LG U+ and its 59 distribution stores from January 1 to June 30, 2016. The investigation found that premium rebate worth KRW 350,000 to KRW 550,000 paid by LG U+ corporate sales division to stores was concentrated on attracting number-porting subscribers at 68.6%. As a result, the rebate which 56 distribution stores paid to 3,716 general subscribers in the form of cash return exceeded the legal limit (including 15% additional subsidy) by an average of KRW 192 thousand.

The Commission ruled that LG U+ corporate sales division conducted sales activities in retail market and offered rebate and rental subsidy which exceeded the normally accepted level, thus violating Article 9.3 and Article 4.5 of the 「Mobile Device Distribution Improvement Act」 that banned payment of discriminative subsidy (an amount exceeding legal subsidy in addition to additional subsidy).

For this reason, the Commission has improved work process to address illegal acts by corporate sales division, creating correctional order to ban corporate from selling products to general users and discriminating against users. Furthermore, the Commission imposed a total of KRW 1.82 billion on LG U+, by raising the fine by 20% pursuant to Article 15 (Fines) of the 「Mobile Device Distribution Improvement Act」 and Appendix 2 of the Enforcement Decree (Limit of fine and estimation criteria).

Regarding sanctions imposed on iPhone6 marketing in 2014, the Commission banned LG U+ from attracting new corporate members for 10 days for: ① it was the 3rd-time repeat offense; ② LG U+ failed to correct illegal act despite multiple warnings and site investigation; ③ LG U+ continued to pay quick and expensive rebate by circumventing the investigation; ④ U+ did not recognize excessive rebate payment as inducements for differentiated subsidy; ⑤ chances of other business operators committing the same illegal acts; and ⑥ it is prominently difficult to prevent illegal acts and user interest loss.

The Commission also imposed fines of KRW 1.5 million on 45 distribution stores out of the 56 stores which violated subsidy regulations, KRW 1 million on 10 stores which cooperated in the investigation, KRW 1 million on three stores for failing to observe advance consent, and KRW 5 million on one store which rejected or interfered with the investigation.

The Commission plans to keep cracking down on encouraging payment of excessive differentiated subsidy or diverting subsidy as illegal rebate, instead of raising legal subsidy.

## 6) Sanctions on Unfair Discount Charge or Excessive Prizes of Combined Products

The Commission resolved to issue correctional order and impose a total of KRW 10.6989 billion in fine on seven broadcasting and communications business operators who provided ‘prizes and extra-contract terms discount rate (hereinafter referred to as ‘prizes’) while selling combined products.

By business operators, fines were KRW 4.59 billion on LG U+, KRW 2.47 billion on SKB, KRW 2.33 billion on KT, KRW 1.28 billion on SKT, KRW 16.6 million on T-Broad, KRW 6.3 million on CJ HelloVision, and KRW 6 million on D-Live.

In the investigation, conducted from January 2015 to September, LG U+ recorded the highest violation rate (exceeding rate of allowed prizes<sup>9)</sup> at 56.6%, followed by SKB 52.0%, SKT 34.5%, KT 31.4%, T-Broad 12.0%, D-Live 8.3%, and CJ HelloVision 6.1%.

Broadcasting and communications business operators were found to have unfairly discriminated against users by paying rebate ranging from KRW 0 to KRW 662 thousand.

By violation rate via attracting channels by four mobile carriers<sup>10)</sup>, indirect channels (distributors and dealerships) had prominently higher rate at 51.1% compare to direct channels (HQ and customer center) at 13.3%.

The three mobile carriers discriminated against users<sup>11)</sup> significantly when IPTV was combined. The violation rate with IPTV combined was 56.0% while that without IPTV combined was 23.1%.

9) Broadband Internet (single product) KRW 190,000, double combination (DPS) KRW 220,000, triple combination (TPS) KRW 250,000, quadruple combination (QPS) KRW 280,000

10) Violation rate of direct/indirect channels : KT 3.3%/40.4%, SKB 27.5%/55.7%, LG U+ 29.8%/68.8%, SKT 3.8%/50.0%

11) Violation rate when IPTV is combined/not combined : KT 42.1%/26.4%, SKB 58.4%/11.9%, LG U+ 69.7%/3.8%

For discrimination regarding mobile phone<sup>12)</sup>, the violation rate with mobile phone combined was 45.9%, while that without mobile phone combined was 44.8%. The rate was significantly different depending on business operators.

Meanwhile, SO's violation rate was 6.1% when cable broadcasting was combined, the rate fell to 1.5% with cable broadcasting excluded<sup>13)</sup>.

The sanctions were determined after analyzing and reflecting violation rate, prize bracket and average prize prices, status of distribution, and volume of prize violation.

To ensure that the sanctions do not fizzle out, the Commission plans to conduct market monitoring on a regular basis while taking selective measures or toughening sanctions on business operators who offer excessively discriminative prizes and thus disturb the market.

## **7) Sanctions on Kakao for Violating Damaging User Interest**

The Commission held general meeting to resolve to impose fines of KRW 342 million for damaging user interests and issued correctional order.

Kakao sent 'notice talk' to Kakao Talk users without consent. It did not notice that 'notice talk' may incur charge and that the URL included in the Kakao Talk chatting window is used for Daum search service.

Launched at the report by Seoul YMCA and Mono Communications in August 2016, the investigation was carried out on Kakao Talk's 'notice talk' and URL.

The Commission ordered Kakao Talk to obtain users' consent (including existing users) to receive 'notice talk' or not and implement user protection policy, for example, clearly informing that users may have to pay additional charge to receive 'notice talk'. Kakao Talk is also required to establish measures to prevent similar incidence and protect users regarding URL collection and usage.

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12) Violation rate when mobile phone is combined/not combined : KT 30.2%/40.6%, LG U+ 72.4%/61.0%, SKT 59.2%/31.3%

13) Violation rate when cable broadcasting is combined/not combined : CJ HelloVision 3.0%/2.2%, D-Live 15.7%/1.1%, Hyundai HCN 3.1%/1.4%



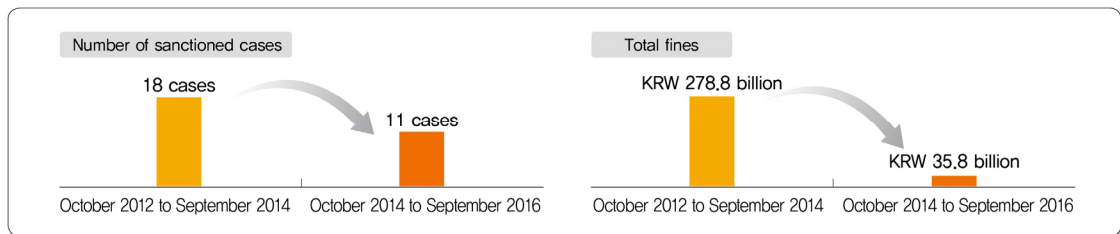
The Commission plans intensively watch other similar platform business operators for user protection violations for the purpose of protecting users.

#### d. Assessing Outcomes of 「Mobile Device Distribution Improvement Act」 and Improving the System

##### 1) Settlement of the 「Mobile Device Distribution Improvement Act」 and Major Changes in Communications Environment

Since the introduction of the 「Mobile Device Distribution Improvement Act」, the Commission had kept monitoring various types of illegal acts such as differentiated or excessive subsidy or rejecting subscription to low-priced plans, imposing sanctions on 18 cases from October 2012 to September 2014. The number of violations fell to 11 from October 2014 to September 2016 as the act contributed to market stability and transparency.

Figure III-24 | Comparison of sanctions and fines after the 「Mobile Device Distribution Improvement Act」



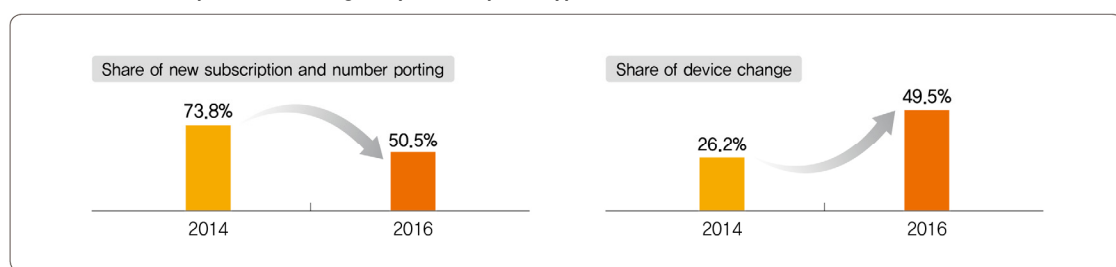
The Commission also encouraged business operators and associations to organize voluntary reporting center and collaborative council to eradicate illegal subsidies and false advertisement.

While proactively responding to new types of violations of the 「Mobile Device Distribution Improvement Act」 by expanding monitoring activities of mobile communications market, the Commission contributed to reducing blind area in the distribution channel as regulations have been toughened regarding prior consent and fines on mobile carriers for negligence of store monitoring.

The Commission's sanctions contributed to creating a more fair competition market

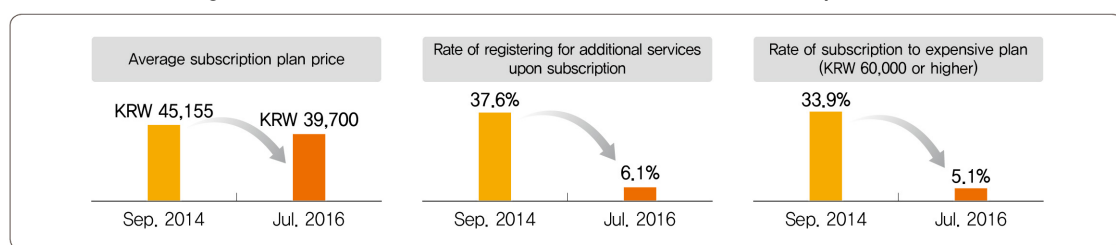
as discrimination against users have been partially addressed. Subsidies which so far had been exclusive to expensive subscriptions in specific time, stores, and devices have become accessible to general consumers<sup>14</sup>). The market share of the 3<sup>rd</sup> largest business operator is steadily on the rise<sup>15</sup>). The share of MVNO armed with affordable plans is also increasing.

| Figure III-25 | Comparison of weight by subscription types



As users increasingly opt for lower plans in consideration of price, performance, and usage pattern instead of high-end devices and expensive plans since the implementation of the 「Mobile Device Distribution Improvement Act」, the average subscription plan price fell from KRW 45,155 to KRW 39,700, while the rate of registering for additional services upon subscription drop from 37.6% to 6.1%. The rate of subscription to expensive plan (KRW 60,000 or higher) plunged from 33.9% to 5.1%.

| Figure III-26 | Changes after the enforcement of the 「Mobile Device Distribution Improvement Act」



Despite the rise in data consumption per capita, household communications budget was decreasing. Households spent an average of KRW 145,847 in the first and second

14) Changes in market share : SKT (46.4%(2014) → 44.3%(Jun. 2016)), LG U+ (19.1%(2014) → 19.5%(Jun. 2016))

15) MVNO market share change : 8.1%(Dec. 2014) → 10.8%(Jun. 2016)

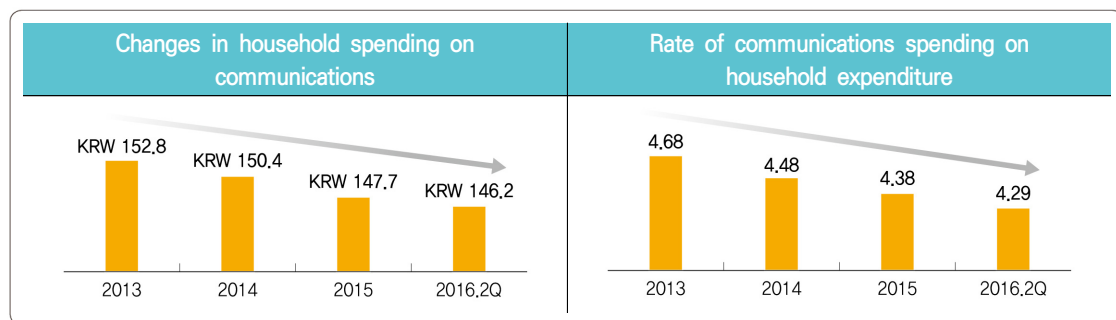
quarter of 2016 compared to KRW 150,350 in 2014. The promotion of notification regarding 20% discount charge and status investigation have contributed to reducing household spending on communications as subscribers to 20% discount charge surpassed 10 million as of September 2016.

**Table III-32 | Key details of 20% discount plan promotion**

- Investigated illegal acts when attracting new subscribers (failure to notice discount charge) and took necessary measures to promote 20% discount charge (Jan. ~ Feb. 2016)
- Provided search service for devices covered by 20% discount charge by overhauling the site of self-supply system of terminal device (www.checkimei.kr), (Jan. 2016)
- Implemented changed subscription form so that users can compare plans after being informed of subsidy and 20% discount charge depending on terminal device and plans (Mar. 2016)
- Amended and enforced the 「Detailed guidelines on legal subsidy notification and posting」 to required mobile carriers and distribution stores to notify and post information on legal subsidy, 20% discount charge, and other benefits (Sep. 2016)

**Figure III-27 | Trends of household communications cost and share of communications cost in the household expenditure**

(Unit : KRW thousand, %)



By providing information on factory price, legal subsidy notification system, price comparison of legal subsidy and optional contract, the transparency in mobile device has been strengthened. Also, as the separation of legal subsidy (terminal device) from plans (services) brings stability to terminal device prices, the basis has been laid for new competition over plans and services instead of competition over subsidy.

## 2) Outcome of the 「Mobile Device Distribution Improvement Act」 Promotion

The Commission has contributed to an early settlement of the 「Mobile Device Distribution Improvement Act」 by carrying out promotional activities such as 20% discount charge and id scanning. The Chairman and terminal device distribution inves-



**Table III-33 | Key details of ‘win-win collaboration’ between mobile carriers and small distribution businesses**

- Increase holidays for direct shop of mobile carriers (twice a month → every weekend)
- User interest protection and enhance support for distribution stores with excellent compliance (office equipment and promotion)
- Supply id scanners to all distribution store for free
- Legal consultation to protect small distribution stores

## 1.2. Follow-up Regulations of Broadcasting Market and Guaranteeing Universal Right to View and Listening

### a. Inspecting Unfair Practices in Broadcasting Market

The Commission has reinforced the investigation and sanctions on illegal acts in broadcasting market in order to create fair competition environment for paid broadcasting business operators and protect user interest.

The Commission recognized the necessity to investigate T-Broad which was issued correctional order and paid fines in 2015 as well as other paid broadcasting business operators excluding C&M about illegal acts that damaged viewers’ interest. It investigated CJ HelloVision, CMB family, Hyundai HCN family, KT SkyLife, KT’s IPTV, SK Broadband, and LG U+ for illegal acts.

The investigation confirmed that all paid broadcasting business operators had committed banned acts of the 「Broadcasting Act」 such as false notification, failure to notify important matters, failure to check subscription will, charging bill different from contract, and more. Major violations were: visiting senior citizens’ house and false explanation that broadcasting is not serviced unless subscribing to digital broadcasting product; failure to explain important matters such as charge or cancellation fee; registering users without consent while selling combined broadcasting products; and charging bills different from contract.

The Commission issued correctional orders for false notification, failure to notice, and failure to obtain user consent for subscription in December 2016. Fines imposed are: KRW 808.7 million on CJ HelloVision; KRW 43.1 million on CMB family; KRW 58.1

million; KRW 319.6 million on KT Skylife; KRW 328.2 million on KT, KRW 100.5 million on SKB; and KRW 341.7 million on LG U+. Meanwhile, regarding bills different from contract, the Commission issued correctional order because most of the cases resulted from input error or system error and overcharged amount had been already refunded.

## **b. Guarantee Viewers' Rights to Universal Rights to Viewing**

### **1) Establishing the 'Guidelines on Negotiation of Terrestrial Broadcasting Retransmission'**

The Commission and the MSIP jointly formed the 'terrestrial broadcasting retransmission consultative body' in August 2015 and undertook creating guidelines on negotiation of retransmission between terrestrial and paid broadcasting. The 'guidelines on negotiation of terrestrial broadcasting retransmission' was announced in October 2016 after 12 rounds of consultative body meeting (including two meetings to collect stakeholders' opinions).

Retransmission negotiation between terrestrial broadcasting and paid broadcasting, a voluntary negotiation between the two parties, may affect viewers' rights to viewing as breakdown of negotiation can lead to blackout<sup>16)</sup>. Therefore, the Commission and the MSIP created the guidelines to guarantee the general viewing rights and to prevent illegal acts while negotiating based on the rules of voluntary negotiation between terrestrial broadcasting and paid broadcasting.

The guideline mainly dealt with principles and procedure of negotiation, violation of duty of sincere negotiation, demand for return without justifiable reason, and more. Although the guidelines do not have legally binding force, it can serve as standard when interpreting banned acts as prescribed in the 「Broadcasting Act」 and the 「Internet Multimedia Broadcast Services Act」 in case where fair competition among business operators or user interest may be affected.

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16) A phenomenon where terrestrial broadcasting in paid broadcasting turns black due to breakdown of retransmission negotiation

## 2) Issuing Order to Sustain Broadcasting (Article 91.7 of the 「Broadcasting Act」)

As the termination of supplying terrestrial broadcasting channels by three broadcasting business operators to KT Skylife was imminent, the Commission issued an order to sustain broadcasting pursuant to Article 91.7 of the 「Broadcasting Act」. The Commission ordered MBC to continue broadcasting for 30 days from October 4, 2016 to November 2, 2016, and KBS and SBS for 30 days from October 10, 2016 to November 8, 2016. Prior to the termination of terrestrial channel supply to KT Skylife again, the Commission extended the order for terrestrial broadcasting business operators to continue broadcasting for another 30 days to protect viewers' right.

## 3) Amending the 「Broadcasting Act」 to Guarantee Universal Access Right

The Commission has legislated the legal basis to ban illegal acts by relay broadcasting operators to guarantee universal access rights to viewing major sports events by amending the 「Broadcasting Act」. Universal access rights to viewing refer to rights to watch major sports events (World Cup, the Olympics) or other events of great public interest. Banned acts include: failure to secure broadcasting solution for a certain rate of households to watch major events; failure to broadcast nationally important events; reject or delay selling or purchasing relay broadcasting rights; and failure to broadcast events of public interest real time. Previously, types of banned acts were comprehensively prescribed in the enforcement decree. However, the Commission defined the types in the Act as they can affect viewers' rights and duty while newly laying a basis to impose sanctions on acts that 'encourage a third party to commit banned acts'.

Following the amendment to the 「Broadcasting Act」 which defined banned acts to guarantee rights to viewing major sports events of great public concern, the Commission incorporated several types and standards regarding banned acts in the Notification No. 2014-25 'Detailed standard on banned acts regarding universal access rights' into the enforcement decree.

What's more, considering that the current definition of 'sports events and other major events of great public interest' is too general and thus subject to conflict over interpretation, the Commission resolved the amendment to the 'Notification of major events

of great public interest' based on a national survey and past audience ratings.

The amendment this time to the 'Notification of major events of great public interest' has classified the Olympics and Asian Games into summer and winter season. FIFA Worldcup was limited to matches of adult men and women national team.

World Baseball Classic has been limited to national team matches while A-match soccer has been clearly defined as matches organized by AFC and EAFF and friendly matches.

In the meantime, the Commission appointed members of the 5th-term Universal Access Right Commission in October 2016. The seven newly appointed members are: Commissioner Ko Sam-seog(KCC); Yoon Jung-joo (WomenLink); Professor Song Jong-hyun (Sun Moon University, Department of Media Communication); Lawyer Kim Ji-hyun (Bae, Kim & Lee LLC); Lead Researcher Joo Sung-hee (KISDI); and Director Park Dong-hee (Korean Sport & Olympic Committee, PR Division)

Consisting of members with abundant expertise and knowledge in broadcasting, press, culture, sports, management, and economy, the 5th-term Universal Access Right Commission will operate for the next 2 years deliberating selection of events of public interest, recommendation of joint contract of broadcasting right, consecutive programming of relay broadcasting, and more, thus securing universal access right and preventing drainage of national wealth.

## 2. Fostering Sound Internet Culture for Users

### a. Raising Internet Ethics Awareness

#### 1) Promotion of Personalized Education to Raise Awareness of Internet Ethics

With the emergence of the Internet and smartphones, cyber violence such as malicious comment, defamation, swear words, and vulgarity is on the rise. Overdependence on smartphone and cyber bullying are also serious social issues among young students<sup>17)18)</sup>.

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17) The rate of elementary, middle, and high school students who experienced cyber bullying rose by 3.5%p over 2014 (14.0% in 2014 → 17.5% in 2015)



To address those problems, the Commission launched ‘Internet Ethics Education at Dining Table’ campaign in 2016 in cooperation with the NIA, greatly improving young students’ habits of using smartphone. According to the analysis of the campaign outcome, Internet and smartphone using habit improved by 73.4% (‘largely improved’ at 61.8% and ‘greatly improved’ at 11.6%) with 80.7% of positive influence (‘somewhat influenced’ at 62.2% and ‘large influence’ at 18.5%.)

Integrating Korean ancestors’ educational philosophy with Internet ethics education, the Commission’s ‘Internet Ethics Education at Dining Table’ attracted about 52,000 parents from 254 kindergartens and 377 elementary schools from July to November 2016.

The survey was conducted on 254 parents who attended the campaign at 20 schools. They observed how their children’s ethics behavior changed in using the Internet and smartphone and kept the development journal.

Regarding the hours surfing the Internet, the rate of respondents who spent ‘one hour or longer’ online fell by 7.8%p from 50% to 42.2% after education. Students who used smartphone for ‘two hours or longer’ decreased by 14.2%p from 32.7% to 18.5%.

This campaign drew attention in that parents kept ‘development journal’ as an important guideline in putting what they learned in the participation-based ‘Internet Ethics Education at Dining Table’ into practice. The campaign also served as a catalyst in helping parents and children better understand each other through sincere conversation.

The Commission plans to develop practical educational programs for home and schools while enhancing the efficiency of the ‘Internet Ethics Education at Dining Table’ campaign by integrating Internet ethics education programs which had been separately managed by the Commission (preschoolers and elementary) and the MSIP (mid and high school and adult) from 2017.

18) The rate of young students at danger of becoming overdependent on smartphone increased from 29.2% in 2014 to 31.6% in 2015, twice as high as adults at 13.5% (2015 Survey on Internet Overdependence 2015, MSIP/NIA, 2015)

| Table III-34 | Subjects of 2016 Internet ethics education

Name of education	Description
Bareun Internet School for Kids	Support for puppet show and teaching materials for kindergartens across the nation on Internet ethics
Korea Internet Dream Star	Experience education to understand sound Internet culture through after-school programs
Circulatory lecture on Internet ethics	Internet ethics education by teachers who visit elementary schools
Creative experience activities for Internet literacy	Internet literacy education outside schools in connection with regular government education
Internet Ethics Education at Dining Table	Competence enhancement program for parents on communication, understanding, and management of life style and healthy in the age of Internet
Teachers' training on Internet ethics and cyber bullying	Competence enhancement program for teachers on Internet ethics, different adverse effect, and responding measures
Performance and lecture on cyber bullying	Case-based experience performance and lecture for elementary students
Education at regional children center for cyber bullying prevention	Teachers visit schools to give education on preventing cyber bullying

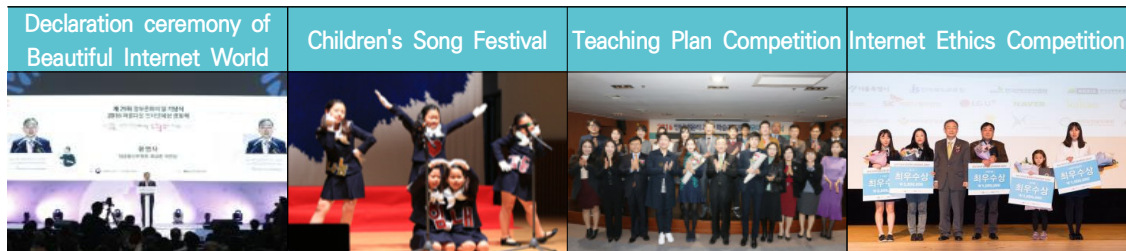
The Commission received application for Internet ethics education in February 2016 and started the course in March. In 2016, around 150,000 students in 1,355 schools applied for the education on Internet ethics and cyber bullying.

In a bid to enhance education programs for teachers, the Commission ran teachers' programs, both online and offline, for principal, vice principal, and school inspectors, sharing cases of adverse effect of information at school and discussing ways to reflect them in education program.

## 2) Fostering Sound Internet Culture through Participatory Competition and Campaign

The Commission carried out a wide variety of activities aimed at fostering sound Internet culture and Internet service, for example, 'Beautiful Internet World', 'Internet Ethics Competition', 'Internet Dream Children's Song Festival', 'Internet Ethics Lecture and Teaching Plan Competition', and 'Internet Ethics Experience Zone'.

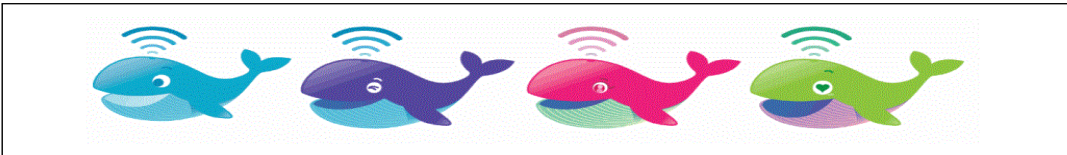
| Figure III-29 | Campaigns and competition to raise ethics awareness



In June 2016, the Commission held the declaration ceremony of 'Beautiful Internet World' under the theme of creating a beautiful Internet world by beautiful people, unveiling Internet ethics character 'Welly'. The declaration ceremony, held at the same time with other weekly campaigns such as street campaign, Internet ethics experience hall, and lyric change contest, attracted 134,233 participants.

| Figure III-30 | Internet ethics character 'Welly'

- (Name) Welly : Coined word with 'well-being' and 'whale'



- (Meaning) A guardian in the ocean that eats up malignant comment and harmful information in the sea of information to give off good information

The Commission operates Internet ethics experience zones in Busan (Busan National Science Museum), Gwangju (Community Media Center), and Bundang (Youth job experience facilities of Ministry of Employment & Labor) to address gaps in Internet ethics education. The centers attracted 532,426 visitors who experienced self-assessment of Internet ethics awareness, catching malicious comment poster, and Internet ethics OX quiz.

The Commission also developed nine sets of educational contents on topics such as Internet communication, cyber bullying prevention, and response, while carrying out promotional activities on public facilities, buses, and subway.

| Figure III-31 | Status of everyday promotion



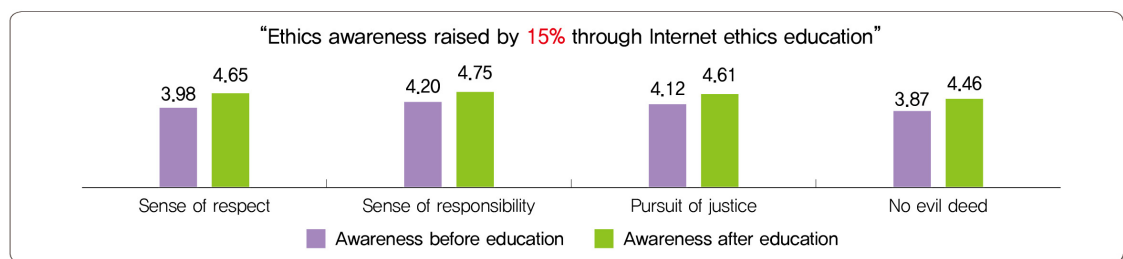
What's more, the Commission held 'Internet Dream Children's Song Festival' to raise public awareness of beautiful Internet world through beautiful lyrics. It also held 'Internet Ethics Lecture and Teaching Plan Competition' for elementary school teachers for the purpose of discovering outstanding teaching plan and enhancing Internet ethics education.

Furthermore, the Commission held Internet ethics culture contents festival, giving awards to educators, teachers, and students who made contributions to fostering sound Internet culture.

The Internet ethics awareness education, offered to 1,083 students at 300 Korea Internet Dream Star schools, has improved students' awareness by 14.3 points from 76.1 points before education to 90.4.

| Figure III-32 | Improvement of Internet ethics awareness

(Base : 2,116 total respondents, Unit : Point)



Note) Respondents : awareness before education 1,083, after education 1,033

Source) NIA (2016), 'A Survey on Changes in Internet Ethics Awareness'

## b. Preventing Circulation of Illegal and Harmful Information

### 1) Amending Laws and Regulations to Prevent Spread of Harmful Information

The Commission has submitted to the National Assembly the amendment to the 「Telecommunications Business Act」 to order additional communications business operators<sup>19)</sup> to take necessary measures to prevent spread of obscene material on the Internet upon clearly perceiving such cases on their websites.

Table III-35 | Key amendments to the 「Telecommunications Business Act」

Classification	Current	Amended
Impose obligation on additional communications business operators to prevent circulation of obscene material (Article 22.5, 104.3 (1) 2 newly inserted, Article 92.1 (1) of the amendment)	No related provision	Additional communications business operators are obliged to delete or block obscene information if they clearly perceive such cases on their websites by, for example, request or report. ※ Failure to comply may result in correctional order or fines of up to KRW 20 million
Exception of provision of tools to prevent illegal harmful information (Article 32.7 (1) newly inserted)	Mobile carriers are obliged to provide tools to block harmful material or obscene information when juveniles purchase mobile phone	Exempted if legal representative states that they would not use blocking solution in written document. In such case, however, it should be notified that juvenile may be exposed to harmful and obscene information

While obscene or harmful information generated by personal Internet broadcasting is not filtered on the Internet, the current 「Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.」 only comprehensively prescribes the duties not to circulate illegal information (Article 44.7) and punishes failure to comply with the Commission's correctional order by imposing penalty<sup>20)</sup>. Furthermore, the current act is ineffective in taking swift measures against obscene information given the information quickly spreads on the Internet.

19) Additional communications business operators : Business operators who provide additional communications services such as Internet broadcasting, online shopping, online game, and SNS aside from telephone or Internet connection.

20) Pursuant to Article 73.5 (Penalty Provisions) and Article 44.7 (2) and (3), those who fail to comply with the order by Korea Communications Commission shall be punished by imprisonment for not more than two years, or a fine not exceeding KRW 20 million.

Thus, it is necessary to oblige additional communications business operators to immediately take measures upon perceiving obscene information on their site while securing regulatory effectiveness by executing correctional order for violations.

Furthermore, concern has been persistently raised that forcing all juveniles to install blocking solution following the amendment to the 「Telecommunications Business Act」 excessively limits juveniles' rights to privacy and parents' rights to education<sup>21)</sup>. The amendment highlights provisions to allow legal representatives not to install blocking solutions by signing agreement while notifying that juveniles may be exposed to obscene materials for the purpose of minimizing negative impression about the system.

## 2) Blocking Obscene Materials on Webhard and P2P

Pursuant to Article 22.3 (technical measures, etc., of special value-added telecommunications business operators) of the 「Telecommunications Business Act」 and Article 30.3 (technical measures, etc., to prevent distribution of illegal obscene information) of the same Act, special value-added telecommunications business operators are required to take technical measures to prevent distribution of illegal obscene information. The Commission conducted systematic investigation of technical measures and management status of business operators.

**Table III-36 | Key details of technological measures**

- 
- Measures to recognize illegal information (title, characteristics, etc)
  - Measures to prevent search and transmission of illegal information
  - Measures to prevent search and transmission if illegal information is circulated despite technical measures
  - Measures to send warning message to those who transmit illegal information
- 

The Commission established a permanent system to monitor all of the web hard business operators (60 companies and 75 sites, as of January 2016) whether they comply with laws on prevention of illegal information circulation in January 2016. In March, the Commission evaluated web hard business operators' compliance with technical measures to prevent circulation of obscene information, taking administrative measures and imposing fines on violating companies.

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21) Parents' rights to deciding on goals and means for their children's education

| Table III-37 | Measures on problematic businesses

Classification	Name of company	Site
1	○○○○○○ition	http://www.file****.com
2	△△△lusion	http://www.***wn.com
3	□□□s	http://file****.co.kr
4	☆☆on*	http://www.file****.co.kr

Note) \* : The company excluded from investigation due to site shutdown and revocation of business registration

Those three companies were found to have failed to apply prohibited word filter and to block posting and downloading of obscene material.

Also, the Commission carried out investigation about technical measures to prevent circulation of harmful information by webhard business operators in cooperation with relevant agencies<sup>22)</sup> on a regular basis. Furthermore, in order to evaluate the status of webhard business and the effectiveness of blocking measures of illegal information, the Commission conducted a comprehensive investigation of illegal information circulation. As a result, a total of 47,081 cases of illegal information circulation have been addressed.

| Figure III-33 | Operating system of technical measures



While monitoring business operators' compliance with the 'technical measures of special value-added telecommunications business operators' to protect users and foster sound Internet culture, the Commission will establish cooperative system with relevant agencies to conduct intensive investigation.

### 3) Blocking Media Products Harmful to Juveniles

As prescribed by Article 32.7 (Blocking Media Products Harmful to Juveniles) of the 「Telecommunications Business Act」, telecommunications business operators (three

22) Korea Communications Commission, MSIP(Central Radio Management Service), Ministry of Culture, Sports and Tourism(Korea Copyright Commission)



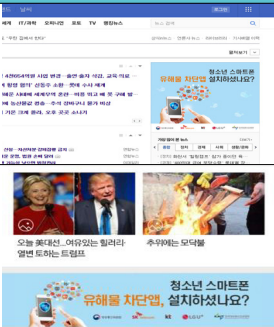
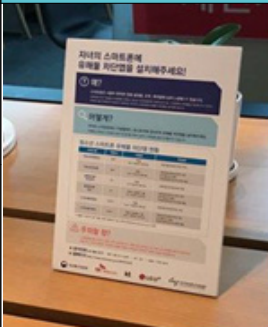

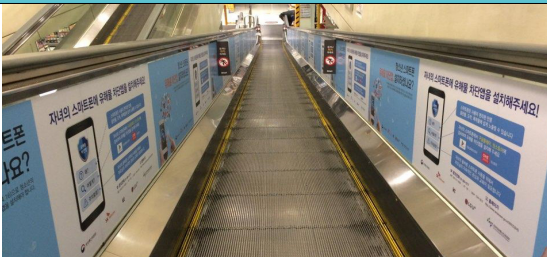


mobile carriers and MVNOs) are required to provide services to block harmful media to juveniles. The Commission, therefore, conducted promotional campaigns to parents who need practical information about such services.

It was made mandatory for distribution stores of three mobile carriers to post notice on ways to shut down harmful information to juveniles and share the guidelines. The Commission also strived to block harmful information to juveniles by sending text messages about applications to block obscene material on a regular basis.

More details about blocking harmful information to juveniles are also available at [www.wiseuser.go.kr](http://www.wiseuser.go.kr) and other major portal sites.

| Table III-38 | Promotion cases of harmful information prevention methods for young children

Promotional leaflet	Introductory video	Portal sites	Promotional POPs
			
Subway stations		Public facilities (discount chain stores)	
			

#### 4) Expansion of the Secure Cyber Zone

To address young students' addiction smartphones and adverse effects by harmful media, the Commission evaluated smartphone use patterns of juveniles at home and schools and expanded the Secure Cyber Zone program to ward off overindulgence into smart devices.



In addition, the Commission offered education to 24,000 parents and teachers at Secure Cyber Zones on correct use of smartphone and prevention of smartphone addiction by young students.

**Table III-39 | Schools to run the Secure Cyber Zone and trained people (accumulative)** (Unit : school, person)

Classification	2014	2015	2016
Schools operating attending Cyber Secure Zone	168	333	531
Trainees	19,245	21,498	24,000

The Commission also carried out online promotional activities on blog and Facebook while hosting essay contest and distributing exemplary cases of juvenile smartphone addiction prevention.

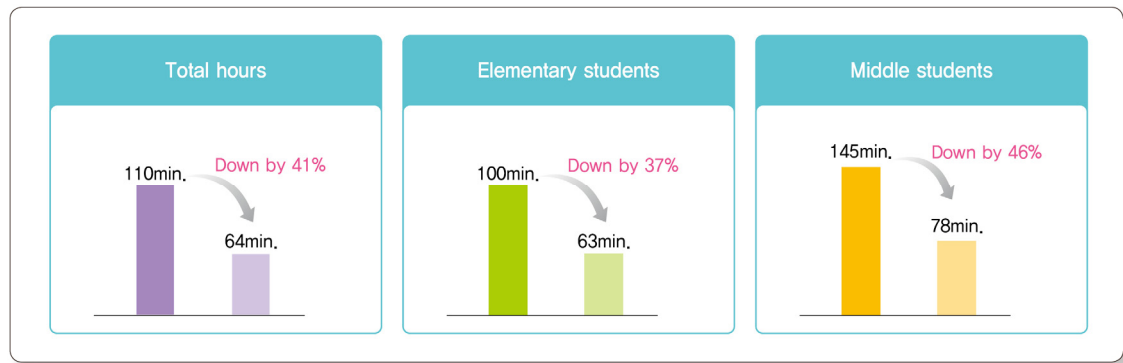
**Table III-40 | Promotion of the Secure Cyber Zone project** (Unit : case)

Classification	Types	Description	Case
Online promotion	General	Distribute information and review on blog and cafe	200
	Blog	Post reviews on blogs targeting over 2,000 homemakers	23
	Q&A	Distribute Q&A-form explanation	7
	Automatic completion word	Expose automatically completed words when core keyword is entered	2
	Essay contest	Hold competition for parents and teachers and distribute book on outstanding cases	1
Blog/Facebook	Naver blog	Provide new report and statistics on harmful information, smartphone addiction, cyber language violation, and green i-net	246
	Daum blog		246
	Facebook		232

The Commission analyzed the hours spent by students on smartphone at 102 schools which participated in Secure Cyber Zones with MOIBA in 2016. The result is as below.

Additionally, as the satisfaction survey conducted on teachers and parents found that 89% of parents and 77% of teachers liked the campaign, the Commission plans to expand Cyber Secure Zone campaign.

|Figure III-34| Hours of using smartphone by school and discipline after the Secure Cyber Zone



### c. Enhancing Response System to Illegal Spam

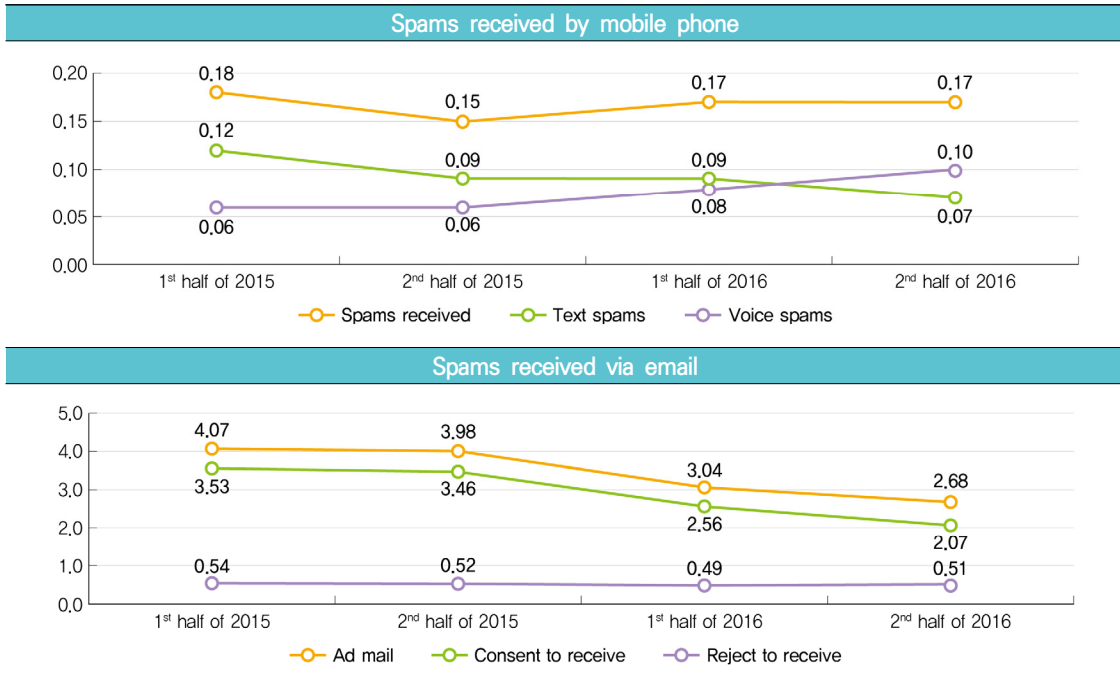
#### 1) Enhancing Information Sharing with Related Agencies and Testing Spam Prevention

The Commission makes public the domestic spam status twice a year in cooperation with KISA, thereby encouraging business operators to voluntarily reduce spam and ensure people's rights to know. The spam status, announced to media on a regular basis, is compiled by analyzing spam report, detection (spam volume), reception of text message and spam mail, and spam prevention rate by mobile carriers.

The Commission's efforts at fighting spam in 2016 have resulted in reducing the number of spam messages received per person a day to 0.67 (mobile phone + email), less than 2 spam messages on average per person over three days.

| Figure III-35 | 2016 Survey report of spam volume

(Base : Total, Unit : Spam)

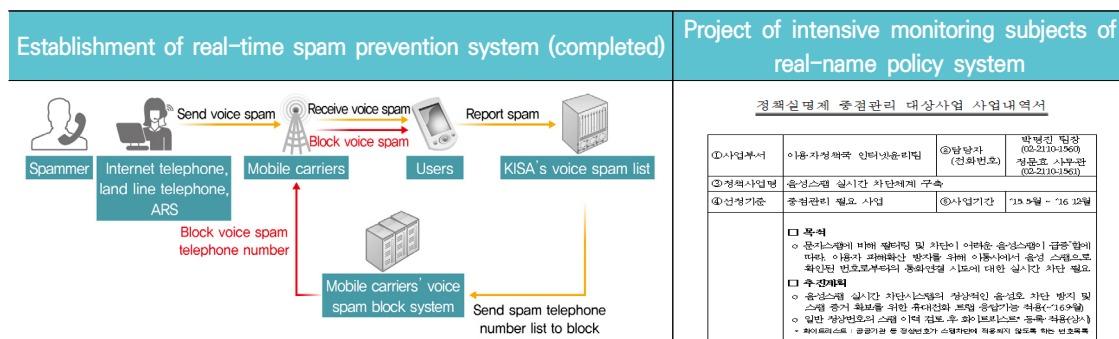


| Table III-41 | Spam distribution status for the first half of 2016

Press release on spam distribution status for the first half of 2016	Announcement on spam distribution status for the first half of 2016
<p><b>국 민 행 복</b></p> <p><b>보 도 자 료</b></p> <p>2016년 9월 30(금) 배포시점부터 보도학적 주시가 바랍니다.</p> <p>문의 : 이용자정책국 인터넷윤리팀 박영진 팀 장(☎02-2110-1560) 정문표 사무관(☎02-2110-1563)      제공일: 2016.9.30.(금)</p> <p><b>선거·올림픽으로 스팸 발송량 증가, 수신량은 감소 - 방통위, '16년 상반기 스팸 유통현황 발표 -</b></p> <p>방통통신위원회(위원장 최성준)는 '16년 상반기의 휴대전화 문자스팸과 이메일 스팸의 발송량, 수신량 등의 현황을 분석한 「'16년 상반기 스팸 유통현황」을 발표하였다.</p> <p>※ 2012. 9월부터 매년 상·하반기 스팸 유통현황 발표(3월, 9월)</p> <p>방통위는 2012년 9월부터 연 2회 정기적으로 스팸 유통현황을 발표하고 있으며, 이번 '16년 상반기 스팸 유통현황 분석 결과, '15년 하반기 대비 휴대전화 문자스팸은 10%(262→288만건), 이메일 스팸은 11%(0.450→1.609만건)의 발송량(신고·발견건수 기준)이 각각 증가하였으나, 이용자 대상 1인당 1일 휴대전화 문자스팸 수신량은 동일한 결과(0.09→0.09건)가 나왔고,</p>	<p style="text-align: center;"><b>2016년 상반기 스팸 유통현황</b></p> <p style="text-align: center;">2016. 9월</p> <p style="text-align: center;"> 방송통신위원회</p>

The service has been applied to MVNOs (CJ HelloVision, Korea Cable Telecom, and Sejong Telecom) which so far had not serviced M-RBL (Real-time Blocking List). As a result, real-time spam prevention system has become available by all mobile communications business operators, thus preventing the spread of text message spam.

**Table III-42 | Real name policy system of the Commission (August 2016), 2016-13 establishing real-time voice spam prevention system**

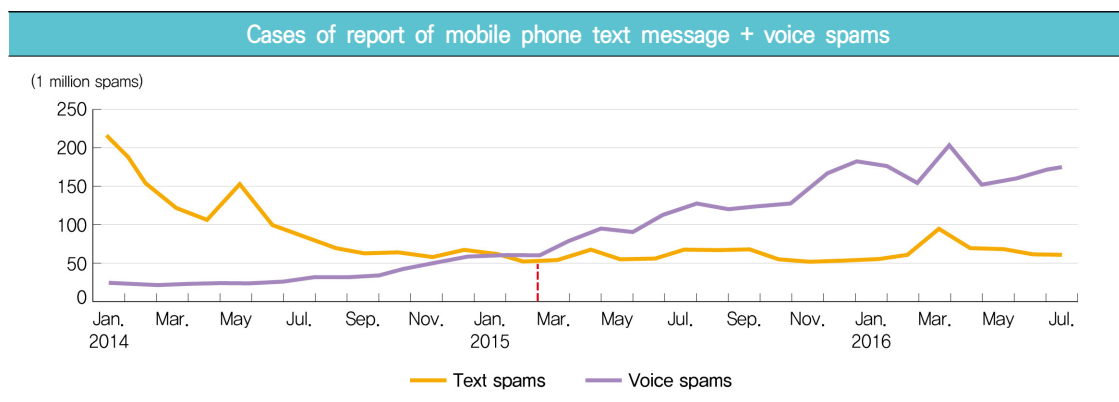


Note) Real-name policy system : A system to open information regarding person in charge of major policy, details, and progress pursuant to the 「Rules on effective operation of administrative work」 to enhance transparency and responsibility

## 2) Blocking Spam and Enhancing Global Cooperation

To prevent the rampant spread of voice spams, the Commission cooperated with three mobile carriers to strengthen technical and policy response by developing real-time anti-spam apps and sharing information. As a result, about 37,000 voice spam telephone numbers were blocked. The Commission provided the spam-blocking apps ‘whowho’ and ‘whoscall’ with spam identification phone number list to prevent the spread of voice spams. Also, the Commission amended and enforced the ‘mandatory notification of personal information sources’ to enhance investigation of illegal voice TM.

**Figure III-36 | Excerpts from the spam circulation status in the first half of 2016**



Following the amendment and enforcement of the 「Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.」, the

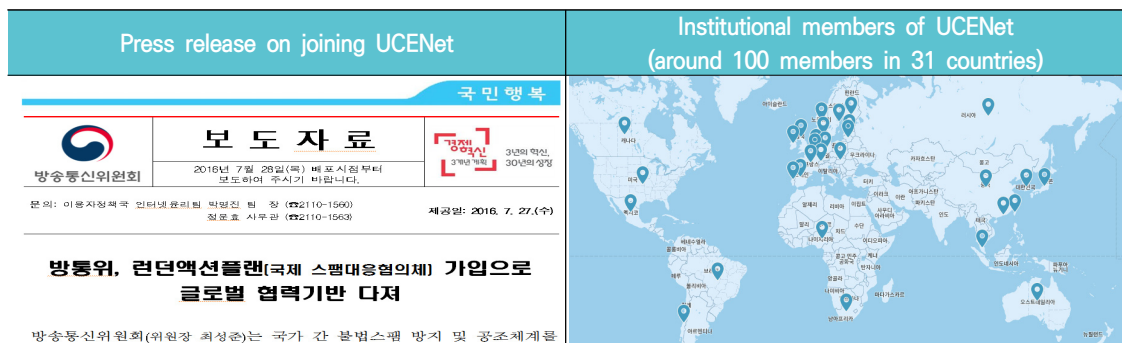
Commission held a seminar for MVNO business operators, telemarketing business operators, and high-ranking spam reporters to raise their awareness of the law. Also, the Commission carried out anti-illegal spam activities by instructing major business operators with record of being reported to KISA about requirements to send advertisement.

[Figure III-37] Outcome of activities to raise awareness of illegal spam prevention



As part of inter-governmental policy cooperation enhancement for spam prevention and punishment of international spammers, the Commission joined the UCENet(formerly, LAP), securing global anti-spam network. The Commission shared offshore spam email information compiled by KISA with member countries, building the leadership in the global community's fight against email spams.


[Figure III-38] Press release and status of membership at global anti-spam organizations



The Commission provided anti-spam service firms with spam phone number list, thus preventing secondary damage and creating safe Internet environment. According to an analysis of economic impact by spams (0.67 spams in 2016 and 0.70 spams in 2015),

reducing the volume by 0.03 was found to prevent an economic loss of around KRW 13.1 billion. Thanks to such effort, the Commission's service was selected as an outstanding policy of Government 3.0, winning Interior Minister's award.

[Figure III-39] | Press release and photos of Government 3.0 awards

Press release on winning Interior Minister's award.	Government 3.0 outstanding case competition
 <p><b>국민행복</b></p> <p><b>보도자료</b></p> <p>방송통신위원회 2016년 11월 10일(목) 배포시점 부처 보도실에 주시기 바랍니다.</p> <p>문리 : 서울지방검찰청 민사영장부서 박정진 팀 장 (02-110-1503) 김준우 사무관 (02-110-1503) 재관영 2016. 11. 10(목)</p> <p><b>방통위-KISA, 정부3.0 경진대회에서 '동상' 수상</b> - 민·관 스캠대응 협력강화로 국민불편 해소에 기여 -</p> <p>방송통신위원회(위원장 최정관)와 한국인터넷진흥원(KISA, 원장 박기승)은 지난 11월 9일, 부산 벡스코(BEXCO)에서 개최된 2016년도 정부 3.0 우수 사례 경진대회에서 '동상(행정자치부 장관)'을 수상했다.</p>	 <p>2016 정부3.0 우수사례 경진대회 2016. 11. 9(수)</p>

### 3. Strengthening Personal Information Protection

#### a. Overhauling Regulations on Personal Information Protection

##### 1) Strengthening Responsibility of Personal Information Protection

For the purpose of responding to the large-scale leakage of personal information by three card companies in 2014, the Commission amended the 「Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.」 and its enforcement decree as follow-up measures of the 'Normalization plan of personal information protection' created by government agencies. Under the amended Act, CPO shall immediately take measures and report to owner of business upon perceiving violation of relevant laws. Also, CEO and executives' responsibility for violating the Act has been toughened as it was made possible to recommend punishment. What's more, Punitive Damage was introduced to aggravate the amount of compensation up to three times when personal information is leaked either intentionally or by gross negligence. The amended Act allowed KISA to request for deletion or shutdown of personal information leaked on communications network.

The 「Enforcement Decree of the Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.」 has been amended to require

business operators to delete personal information not accessed by users for 1 year or longer. However, personal information may be stored separately if it is necessary to keep the information under other laws, thus strengthening protection of personal information of users who had not logged on over a long period of time. The Commission expects the amendment to enhance the level of personal information protection and responsibility.

## 2) Enhancing Response to Personal Information Protection Issues

The Commission created solutions to personal information issues on both on and offline such as excessive access to personal data by smart devices and difficulty in deleting on-line postings. For example, under the amended 「Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.」, users must be notified and the consent must be obtained if a smartphone app accesses personal data to provide essential service. As follow-up measures, the Commission amended the 「Enforcement Decree of the Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.」 to define the scope of information and functions accessible on smartphone via apps, procedure to obtain user's consent, and detailed measures for smartphone app business operators to take.

The Commission also implemented the 'Guidelines on rights of request for access exclusion of Internet self-post' to guarantee rights to be forgotten. Users can request for access exclusion of postings which have been left on the Internet over a long period if they prove that they uploaded the postings.

The Commission strived to take heed to opinions of frontline stakeholders by hosting tens of meetings with business operators, public seminar (three times), and meeting with CEOs. The Commission expects that such proactive response to personal information infringement will contribute to further enhancing users' right of self determination.

### b. Examining Personal Information Protection Status and Sanctions

#### 1) Protection Measure Situation Check and Leakage Incidence Investigation and Sanctions

Pursuant to the 「Act on Promotion of Information and Communications Network

Utilization and Information Protection, etc.), the Commission investigates the status of personal information protection by information and communications service providers for the purpose of promoting people's rights, delivering personal dignity and values, and raising the level of personal information protection.

In 2016, the Commission investigated the status of personal information management by 16 daily life business operators in delivery, real estate, and homeshopping, 128 businesses specializing in destruction of resident registration numbers and personal information, and 96 business operators dealing with personal data infringement incidence.

In particular, as the deadline to destroy resident registration numbers collected before August 17, 2012 as prescribed by additional rules of the 「Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.」 expired on August 17, 2014, the Commission carried out investigation of resident registration number destruction by 102 websites visited between 25,000 and 50,000 times on a daily basis. What's more, following the implementation of personal information validity period system pursuant to the 「Enforcement Decree of the Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.」 in August 2015, the Commission investigated the status of destruction and separate storage of personal information of users who did not access information and communications services for more than 1 year. 26 companies of business operators ranked 3rd to 5th in terms of daily traffic with a number of complaints regarding destruction of personal information were investigated.

In addition, an investigation was conducted on business operators who perceived personal information leakage through media report or investigation agencies and who voluntarily reported personal data leakage. Administrative measures such as correctional order were taken according to their technical and managerial protection situation.

Following the major personal information leakage incidence of Interpark, the Commission carried out site investigation on its compliance with technical protection obligation, imposing fines on violation of law. The Commission imposed the largest-ever fines of KRW 4.48 billion on Interpark, reminding other business operators of the importance



of protecting personal information.

When personal information was leaked in the past, delayed notice to users and reporting to authorities in the early stage would aggravate damage. The Commission, in response, created and distributed the ‘Manual on responding to personal information leakage’ containing steps that business operators have to take, for example, establishment of quick response system, identification of leakage cause and measures to prevent further leakage, reporting and notifying personal information leakage, compensation for damage and recurrence prevention measures. By establishing measures in case of personal information leakage, the Commission expects to minimize the damage done to users and business operators.

**| Table III-43 | 2016 Inspection of status of personal information management of the Commission and sanctions** (Unit : company)

Classification		Inspected companies	Sanctioned companies	Measures
Planned investigation	App access authority	6	—	—
	Daily living app	16	11	<ul style="list-style-type: none"> <li>• KRW 180 million in fine (1 company)</li> <li>• KRW 175 million in fine (11 companies)</li> <li>• Correctional order (11 companies)</li> </ul>
	Location information area	8	3	<ul style="list-style-type: none"> <li>• KRW 30 million (1 company)</li> <li>• Correctional order (3 companies)</li> </ul>
	Destruction of resident registration number	102	4	<ul style="list-style-type: none"> <li>• KRW 15 million in fine (3 companies)</li> <li>• Correctional order (4 companies)</li> </ul>
	Payment gateway, etc.	13	—	<ul style="list-style-type: none"> <li>• Measure slated for March 2017</li> </ul>
	Validity period system	26	8	<ul style="list-style-type: none"> <li>• KRW 110 million in fine (8 companies)</li> <li>• Correctional order (8 companies)</li> </ul>
Infringement incidence	Leakage reporting· press report· investigate civil complaint	27	11	<ul style="list-style-type: none"> <li>• KRW 4.48 billion in fine (2 companies)</li> <li>• KRW 135 million in penalty (9 companies)</li> <li>• Correctional order (11 companies)</li> </ul>
	Report to the police and the prosecution Investigate business operator for leakage	69	43	<ul style="list-style-type: none"> <li>• KRW 30 million in fine(1 company)</li> <li>• KRW 245 million in penalty(28 companies)</li> <li>• Correctional order(41 companies)/ improvement order (2 companies)</li> </ul>
Total		267	80	<ul style="list-style-type: none"> <li>• KRW 4.72 billion in fine (5 companies)</li> <li>• KRW 680 million (59 companies)</li> <li>• Correctional order, etc. 80 companies</li> </ul>

## 2) Searching and Deleting Personal Information Exposed Online

Services available online have strengthened the convenience for the general public by contributing to promoting information opening and handling civil affairs. However, negligence by certain officials and users and errors in website design often resulted in leakage of personal information or illegal postings, as frequently pointed out by the National Assembly and media. Recognizing the situation, the Commission operates personal information leakage response system in cooperation with KISA to prevent counterfeit websites and personal data leakage and delete personal information exposed on websites at home and abroad.

The personal information leakage response system obliges website managers to delete personal information and illegally circulated postings at the request of users. The system can search resident registration number, passport number, drivers' license number, foreigner's registration number, health insurance registration number, credit card number, bank account number, and mobile phone number. About 150 key words like 'loan DB', and 'account sales' are also searched to prevent leakage of personal information.

In 2016, the system deleted Korean users' personal information on 4,179 pages on 4,182 local websites, and on 554 pages on 603 overseas websites. The system also deleted 15,800 pages of illegal personal information postings from 17,185 local pages, and 45,138 pages from 47,549 overseas pages. The Commission shortened searching period from two weeks to three days (about 20,000 websites with personal traffic of 1,000 users or more per day, or previously reported websites for leakage) and increased searching sites from 2.8 million to 3.4 million.

In order to directly respond to personal information leakage of Korean users in China, Taiwan, and greater China region, the Commission requests deletion of personal information via the Korea-China Internet Cooperation Center while working to improve relations with relevant authorities in China. The Commission also conducted researches on legal system for personal information protection in China and response, causes of personal information leakage of Koreans in China, and more. Going forward, the Commission plans to open cooperation centers in the US to strengthen global network for personal data protection.

## c. Raising Awareness of Personal Information Protection

### 1) Enhancing Corporation's Personal Information Protection Capabilities

As new types of ICT services using personal information such as big data, IoT, and personalized services are on the rise, the Commission carried out educational and promotional campaigns to raise business operators' awareness of private information protection. Consisting of both regular education and advanced education, the collective education was customized for different positions including working level officers, CPO, and CEO. The Commission also offered online education programs which can be accessed anytime, anywhere.

| Figure III-40 | Education materials of personal information protection for business operators



The Commission ran regular courses, irregular courses, advanced courses, and lecturer's education on laws and regulations on personal information protection, latest amendment to the 「Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.」, and information protection issues. Separate courses for business operators based in regional cities contributed to narrowing awareness gap of personal information protection. For small business operators who wish to enhance personal information protection capabilities but have limited human resources, the Commission ran visiting education by professional lecturers to support personal information protection education.

| Figure III-41 | Photos of personal information protection education class



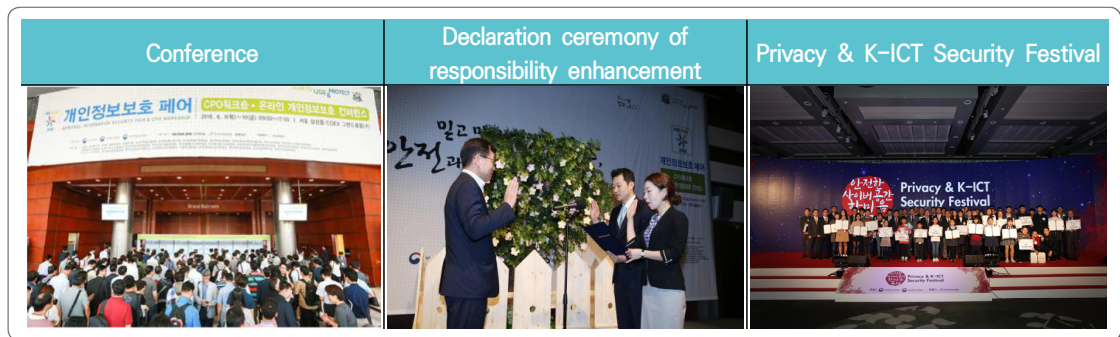
CEO's recognition of the importance of personal data protection, investment, and support is essential in the activities to guard personal information. The Commission, therefore, offered regular and advanced education for CEO and CPO on personal information protection and corporate risk and business operator's responsibility for personal data leakage. The Commission strived to boost business operators' participation by offering education on de-identification of personal information which is critical for ICT services using personal information.

| Table III-44 | 2016 Status of education for business operators on personal information protection (Unit : person)

Classification	Offline	Online	Total
Trainees	7,293	40,189	47,482

While it is increasingly challenging for business operator to respond to personal information infringement alone due to the spread of new ICT services and sophisticated hacking technology, effective information sharing and efficient joint response between authorities and business operators are of great importance to stop damage from aggravating. To that end, the Commission held conference on online personal information protection attended by government agencies and business operators and held declaration ceremony of responsibility enhancement with information and communications service providers, associations, and representatives of groups. The Commission also held Privacy & K-ICT Security Festival along with awarding ceremony for personal information protection competition and academic seminar, thus facilitating mutual exchange between professionals in cyber security industry.

|Figure III-42| Networking event for personal information protection business community



## 2) Encouraging Practicing Personal Information Protection for the General Public

As part of its efforts to reduce risk of personal information leakage and to protect users' rights, the Commission carried out activities to raise public awareness of personal information protection and encourage users to take protective measures for personal information. The Commission offered collective education for elementary, middle, and high school students by using a variety of educational tools such as presentation, workbook, and leaflet. It also ran online education program so that school and welfare centers can independently operate educational course on personal information protection.

|Figure III-43| Education materials of personal information protection for users



The Commission educated elementary, middle, and high school students on how to protect personal information at schools while offering education to senior citizens on preventing phishing and smishing. Also, by operating programs on personal information protection rules for the general public, the Commission supported voluntary permanent group education.

**Table III-45 | 2016 Status of education for users on personal information protection**

(Unit : person, case)

Classification	Offline	Online
Trainees	146,207	3,123

Note) Online education is available for organizations. Unit is in 'case' because the number of video replay is counted as performance

The Commission held '2016 Guardian of My Information Protection Campaign' from July to September 2016 for the purpose of raising the public awareness of personal information protection in daily life. Despite the keen awareness of the importance and risks involving personal data, most users were using same ID and password on many websites and did not change password frequently, raising the chances of being hacked and incurring secondary damage. The campaign was aimed at encouraging users to create an 8-digit or longer password including capital and small letters, numbers, and special symbols and to change password every three months. The Commission ran advertisement in radio and set up outdoor advertisement board in Seoul train station. It also held symbol mark design and personal information protection poster competition to boost public participation. The Commission put up advertisement in 8 subway lines in Seoul, Busan, Daegu, Daejeon, and Gwangju to address regional gap in personal information protection.

**Figure III-44 | Guardian of my information protection campaign and competition**





# Chapter 3 Enhancing Content Competitiveness and Promoting New Broadcasting and Communications Services

## 1. Enhancing Broadcasting Content Competitiveness

### a. Expanding Financial Resources of Content Production

The Commission held meeting with KAA, FKI, and 30 major broadcasting advertisers in January 2016 to collect ideas on promoting broadcasting advertisement market.

KAA proposed measures aimed at promoting broadcasting advertisement market such as reinvigoration of advertisement market through deregulation, deregulating items banned for broadcasting advertisement, easing broadcasting advertisement review, and improving broadcasting advertisement combined products, thus pledging to strive to develop broadcasting advertisement market and economy.

|Figure III-45| Meeting with KAA and major advertisers



Meanwhile, the Commission amended the 「Enforcement Decree of the Broadcasting Act」 in September 2015 to expand the scope of allowed virtual commercial. In May 2016,

the Commission resolved partial amendment to the 「Enforcement Decree of the Broadcasting Act」 to clearly define the scope of allowed virtual commercial.

Article 59.2 (4) 4 (b) of the 「Enforcement Decree of the Broadcasting Act」 could be interpreted as limiting commercial effect through virtual commercial in entertainment and sport reporting programs. The Commission, therefore, amended the Enforcement Decree to ban hosts in entertainment and sport reporting programs from referring to virtual commercial product or from recommending purchase while allowing purchase through subtitle of virtual commercial.

## **b. Creating Win-win Content Production Environment**

### **1) Permitting Indirect Commercial for Outsourcing Producers**

Outsourcing system was introduced in 1990 in order to diversify broadcasting production entities, enhance viewers' welfare, and reinforce the global competitiveness of broadcasting contents industry.

After 25 years of the system, outsourcing productions have increased dramatically in numbers and the ratio of outsourcing of the three terrestrial broadcasting business operators reached 50% (except for KBS1 TV), contributing to diversity of broadcasting market.

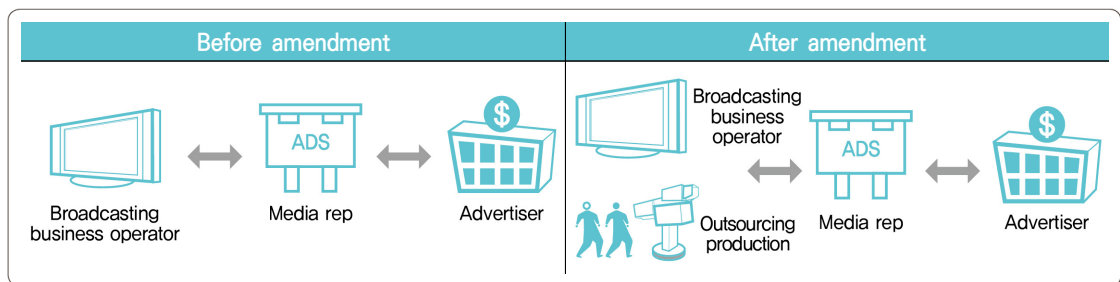
In the meantime, as a great amount of capital has flown into Korea since the Korea-China FTA, a number of outsourcing productions were acquired. This has brought about an outflow of skilled Korean producers, leaving the domestic production ecosystem in danger. Furthermore, as the toughening preliminary 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 Commission made an amendment to the 「Broadcasting Act」 to permit indirect commercial for outsourcing productions, for the purpose of enhancing competitiveness of contents industry and creating a win-win environment for contents production.



As the 「Broadcasting Act」 defines broadcasting commercial entities as broadcasting business operators, broadcasting business operators were exclusively allowed to sell indirect commercials via broadcast advertising sales agencies (media rep). The amended 「Broadcasting Act」 has newly defined outsourcing productions while allowing them to sell indirect commercials closely related with programs. The amended Act is expected to enable outsourcing productions, which had difficulties in raising financial resources due to rise in production cost and economic slowdown, to secure resources as well as execute creative advertisement.

[Figure III-46] Amendment to the 「Broadcasting Act」 to allow indirect advertisement for outsourcing production



The Commission has created safety clause to require broadcasting business operators to reach agreement regarding review regulations and independent review standards of broadcasting business operators out of concern that if outsourcing products are allowed to sell advertisement, they may attempt to attract indirect commercials recklessly unlike broadcasting business operators who conduct independent review. What's more, by including outsourcing productions as business operators who can apply for mediation with Broadcasting Conflict Mediation Commission, the Commission made it much simpler for outsourcing productions to seek compensation without having to file law suit.

The Commission also resolved the amendment to the 「Enforcement Decree of the Broadcasting Act」 to prescribe procedure of selling indirect commercial following the amendment to the 「Broadcasting Act」, establishing specific standards regarding the law. Under the amended enforcement decree, outsourcing productions selling indirect commercials shall reach a written agreement with broadcasting business operators regarding

products featured in indirect commercials, exposed time and frequency to ensure that the review regulations and independent review standards as prescribed by the 「Broadcasting Act」 are not violated.

Furthermore, when outsourcing productions entrusts advertisement sales to broadcasting advertisement sales agencies, agreement shall be reached regarding broadcasting charge and fees on sales of indirect commercials. Other entrusting procedure and fees on broadcasting commercials shall be determined by the Commission's notification.

The procedure of selling indirect commercials created by amending the enforcement decree will enable outsourcing productions to raise stable resources, thus boosting the export of advertised goods and adding to the popularity of outstanding Korean wave programs.

## **2) Resolving Amendment to Notification on Programing of Broadcasting Programs**

The Commission resolved the 'Amendment to Notification on Programing of Broadcasting Programs (hereinafter referred to as 「Programming Notification」 regarding the programing ratio of pure outsourcing broadcasting programs by business operators and their recognition criteria. Pure outsourcing programs refer to broadcasting programs created by those other than broadcasting stations or their special interest groups (affiliated companies included).

AS follow-up measures of the amended 「Broadcasting Act」 and the 「Enforcement Decree of the Broadcasting Act」 prescribing the abolition of programming restriction on broadcasting programs produced by broadcasting station's special interest groups, the 「Programming Notification」 was enforced in October 2016.

To begin with, Article 9.1 of the notification prescribes the programming ratio of pure outsourcing production by broadcasting business operators. The programming ratio of pure outsourcing production required of terrestrial broadcasting business operators is defined and dismissal of relevant provisions and words and phrases is summarized.

| Table III-46 | Status of regulations on the ratio of production outsourcing and the ratio of pure production outsourcing by broadcasting business operators

Classification	Status of regulation on the ratio of outsourcing production			Actual ratio of outsourcing programming (2015)			Ratio of pure outsourcing		
	Outsourcing (A)	Special interest groups(B)	Pure outsourcing (C=A-B)	Outsourcing (A)	Special interest groups(B)	Pure outsourcing (C=A-B)	2016~2017	2018~2019	2020~
KBS1	24%	5.04%	18.96%	26.6%	0%	26.6%	19%		
KBS2	40%	8.40%	31.60%	51.3%	6.4%	44.9%	35%		
MBC	35%	7.35%	27.65%	50.3%	7.4%	42.9%	35%	32%	30%
SBS	35%	7.35%	27.65%	51.0%	7.8%	43.2%	35%	32%	30%
EBS	20%	4.20%	15.80%	28.7%	0%	28.7%	16%		
Regional private OBS, and others	4%	0.84%	3.16%	10.1%	0.1%	10.0%	3.2%		
D	KBS	20%	4.20%	15.80%	Maintained		Abolished		
M	MBC								
B	SBS	28%	5.88%	22.12%	Maintained		Abolished		

Second, regarding Article 9.2, as the restriction on the programming ratio by special interest groups of broadcasting business operators has been abolished, the relevant provision has been deleted from the 「Programming Notification」.

Third, under Article 9.2 (1) and (2), broadcasting business operators and outsourcing productions shall use standard agreement or an equivalent agreement when entering into contract.

Fourth, Article 9.2 (1) 1 and 3 defined representative writer as writer when there are many writers. The term on-site staff out of production, shooting, editing, and art staff was changed into ‘lighting staff’ because it is no longer used.

Lastly, Article 9.2 (2) defined income allocation as an option in the recognition criteria for pure outsourcing production. That is, if 30% or more income generated by three or more rights out of the five (broadcasting rights, transmission rights, duplication and distribution right, performance right, and copy and derivative work rights) as defined in the standard agreement is allocated, the program is recognized as pure outsourcing program. This provision is based on Article 9.2 (1) 4 of the 「Programming Notification」 which stip-

ulates that outsourcing production shall spend more than 30% of the production cost.

### 3) Holding Meetings and Seminar to Collect Stakeholder Opinion

The Commission had a meeting with president of independent production association, CEOs of outsourcing productions on March 11, 2016 and another meeting with directors at three terrestrial broadcasting stations on March 15. In September 2016, the Commission accepted invitation for talks with KIPA, CODA, and KIPDA, collecting their opinions about outsourcing production market.

In December 2016, the ‘Seminar on competitiveness enhancement and development of outsourcing production industry’, sponsored by the Commission and hosted by KISDI, was held in Yangjae the K-Seoul Hotel. The purpose was to explore policy measures to develop outsourcing production industry and local contents market amid the recently worsening broadcasting contents production environment.

[Figure III-47] Meeting and seminar on creation of win-win ecosystem for outsourcing production



### c. Strengthening International Cooperation of Broadcasting Content

With production and export environment of broadcasting contents changing rapidly, the Commission pledged to reinforce support for Korean wave broadcasting contents, the key business of cultural content export and the basis for tourism and the consumer goods industry. To that end, the Commission formed an experts' policy advisory board while holding international conference on joint production and promotion of Korean wave contents.

The Commission held Korea-China joint research team meetings in Seoul and Beijing, signing agreement on joint production of broadcasting programs. The research team's meeting was held to enhance Korea-China broadcasting cooperation and to implement follow-up measures of FTA, as agreed upon at the ministerial meeting with State Administration of Press, Publication, Radio, Film and Television of the Republic of China in August 2015. Korea and China shared ideas on detailed provisions of the agreement and agreed to strengthen further cooperation.

The Commission also signed an MOU with Vice Minister of Information and Communications of Vietnam Phan Tam to promote mutual cooperation on broadcasting and communications. The MOU signing came as a follow-up measure of the ministerial meeting between the Commission and the Ministry of Information and Communications of Vietnam, regarding cooperation between business operators, protection of personal information on the Internet and cooperation on cyber ethics, and operation of joint research team to sign agreement on joint production.

At the 1<sup>st</sup> Korea-Vietnam director-general level joint research team meeting held before the MOU ceremony, the two countries shared information on broadcasting industry environment and joint production while discussing the necessity to sign mutual agreement. The Commission discussed major provisions and matters to be included in the agreement on joint production at the 3<sup>rd</sup> joint research team meeting held in Hanoi and the 3<sup>rd</sup> meeting in Seoul.

|Figure III-48| MOU signing with the Ministry of Information and Media of Vietnam



Meanwhile, the Commission formed the ‘Policy advisory board on Korean wave broadcasting contents’ consisting of officials in broadcasting industry, academia, and research institutes for the purpose of supporting policy for Korean wave broadcasting contents and held the 1<sup>st</sup> meeting in November 2016. What’s more, as broadcasting business operators have difficulty in responding to the increasing international conflicts over plagiarizing Korean contents, the Commission organized the ‘Legal advisory board for international conflicts over broadcasting contents plagiarism’ for enhanced legal support.

The Commission and KISDI held ‘2016 International Conference on Joint Production’ in November 2016. The conference was attended by members of Future Planning, Science, Broadcasting and Communications Committee, officials from overseas broadcasting regulatory organizations in Turkey, Indonesia, and Thailand, and about 100 officials in broadcasting industry from home and abroad.

In the 1<sup>st</sup> and 2<sup>nd</sup> session of the international conference, consisting of three sessions under the theme of ‘Exchanging broadcasting contents – about international joint production’, legal and regulatory situation of joint production in Korea, Turkey, Thailand, and Indonesia was introduced. In the 3<sup>rd</sup> session, difficulties and benefits of joint production, and development measures were discussed as broadcasting business operators shared their experience and cases.

| Figure III-49 | 2016 International conference on joint production



The Commission amended the 「Programming Notification」 to raise the efficiency of the joint production agreement and the programming regulations on domestic productions. The Commission also resolved the amendment to the 「Programming Notification」 to temporarily ease the domestic production programming regulations on overseas specialized broadcasting channel business operators.

The amendment established detailed point awarding criteria of the local broadcasting program recognition criteria (Appendix1 of the 「Programming Notification」) and changed certain terms in reflection of the recent environment. What's more, the amendment clarified the recognition procedure of joint production agreement signed with China and clearly stated that the Commission's recognition of domestic production is not compulsory before broadcasting but a procedure to obtain confirmation as necessary.

Not only this, for overseas culture specialized PPs who have difficulties in observing domestic regulations on local production programming as most of the programs are produced overseas, the compulsory programming rate was eased from 40% per quarter to 30% per quarter, encouraging local production of broadcasting contents about overseas culture and promoting investment into local production.

The Commission expects the amendment to raise the efficiency of joint production agreement and the programming regulations on domestic productions, thus enhancing contents exchange and competitiveness of local contents.

## 2. Supporting New Broadcasting and Communications Services for Market Establishment

### a. Creating Foundation for Terrestrial UHD Broadcasting

The Commission plans to launch terrestrial UHD broadcasting starting with the capital area in May 2017. The Commission, therefore, issued renewed permission to terrestrial UHD broadcasting stations in the capital area in 2016.



### 1) Permission Renewal for Terrestrial UHD Broadcasting Stations

The Commission established the ‘basic plan for terrestrial UHD license renewal for the capital area’ in May 2016 and started to receive applications for new permission from terrestrial UHD broadcasting stations in August 2016.

**Table III-47 | Status of new license application for terrestrial UHD broadcasting station in the capital area (August 2016)**

Applicant	Reviewed broadcasting stations	Broadcasting area(capital area)	Address
KBS	KBS 1 UHDTV station (ch52/701MHz)	(Full coverage) Seoul, Incheon, Bucheon, Pyungtaek, Ansan, Gwancheon, Anyang, Guri, Seongnam, Gwangmyung, Suwon, Siheung, Osan, Gunpo, Euiwang, Hanam, Goyang, and Gimpo	Mt. 3-2, Bisan-dong, Dongan-gu, Anyang-si, Gyeonggi
	KBS 제2 UHDTV station (ch56/768MHz)		
MBC	MBC UHDTV station (ch55/762MHz)		
SBS	SBS UHDTV station (ch53/707MHz)		

In October 2016, the review committee, consisting of Commissioner Ko Sam-seog and Director Go Nak-joon of Terrestrial Broadcasting Policy Division and other 9 experts, reviewed four broadcasting stations of three broadcasting business operators according to five review items of the basic plan (public responsibility of broadcasting, realization of fairness and public interest, appropriateness of planning, programming, and production plan of broadcasting programs, and other matters necessary for business implementation). In the review, KBS1 and KBS2 received 665 points, respectively, MBC 691 points, and SBS 694 points. As all of the three business operators scored more than 650 points out of the full score 1,000 points, the Commission granted new permission for UHD broadcasting station in November 2016. The permission is valid for three years. However, as content investment plan in the application was found to need improvement compared to the policy measures announced in December 2015, the review committee attached recommendations after reflecting viewers’ opinions.

The Commission has set forth nine conditions to obtain license: the ratio of UHD programming in 2017 must be 5% or higher, 10% or higher in 2018, and 15% or higher in 2019; broadcasting programs must be programmed identically on HD channels and UHD



channels; and committed investment to contents in the application and schedule must be observed. The common recommendations the review committee set forth are make more investment than committed in the policy measures in December 2015; produce UHD programs on a variety of genres including reporting, entertainment, culture, and more; complete the establishment of SFN broadcasting network in the capital area; and secure relay and shooting facilities for UHD broadcasting of the Pyeongchang Olympics.

## 2) Phased Introduction of Terrestrial UHD Broadcasting

The Commission plans to expand the coverage of UHD broadcasting to metropolitan area, Pyeongchang, and Gangneung by December 2017 and establish nation-wide network by 2021, hence terminating the service of HD broadcasting in 2027. The Commission convened the ‘Terrestrial UHD broadcasting promotion committee’ in cooperation with the MSIP in July 2016 attended by 14 officials from the government, terrestrial broadcasting business operators, manufacturing businesses, outsourcing productions, research institutes, academia, and consumer organizations, and intensively investigated the introduction status of terrestrial UHD broadcasting. Under the promotion committee, the ‘working-level committee of terrestrial UHD broadcasting’ and sub-division will review issues such as securing frequency, promoting UHD broadcasting, and viewer supporting. The promotion committee will be convened when major issue arises until the nation-wide terrestrial UHD infrastructure is established.

In 2017, the Commission plans to review license application for metropolitan area, Pyeongchang, and Gangneung where the main terrestrial UHD broadcasting is serviced based on regional, social, and cultural necessity and technological capabilities. Also, to prevent viewer discrimination, UHD channels and HD channels must transmit identical programs simultaneously. The hours of UHD broadcasting will increase by 5% every year from 5% of the total broadcasting hours in 2017.

### b. Overhauling Legal System on EBS MMS

EBS2 MMS, which launched trial service in February 2015, is now serviced to 18 million households via terrestrial channel No. 10-2, IPTV channel No. 95, and regional

cable channels. EBS2 is aired for 19 hours per day from 6 a.m. to 1 a.m. of the following day. In 2016, about KRW 2 billion was supported to program a total of 694 episodes of 12 programs such as <NiHao China(TV)>, thus increasing the programming ratio of new educational programs from 2.17% in 2015 to 4.8% in 2016.

**Table III-48 | 2016 Status of new content production of EBS2**

(Unit : episode, minute)

Program title	Episode	Broadcast hour
NiHao China(TV)	18	720
NiHao China(Visible radio)	104	4,160
Mission! English	23	690
Adult Literacy Education Project - A Good Day to Study	78	2,340
Easy Korean	50	1,500
Teenagers' Unification Project in the North and South, Good Friends	9	270
Road to Unification	25	750
Cultural Asset Aside	4	40
EBS Special	52	2,600
World Theme Travel in English	104	4,160
EBS Nursery School	26	1,560
English Education Animation for Infants	201	1,425
Total	694	20,215

Note) Based on programs either produced or first-time broadcast until August 31, 2016

According to a survey of viewers' pattern of EBS2 conducted by a specialized research agency<sup>23)</sup>, channel awareness of EBS2 was 74.3%, up by 5%p from 69.3% in 2015. Viewing experience of EBS2 also rose by about 4%p from 27.9% in 2015 to 31.8%. What's more, 69.5% of EBS2 viewers were satisfied with programs while 77% said that EBS2 would help lower private education cost. 75.2% said EBS2 would contribute to narrowing educational gap by providing diverse services. 75.8% of EBS2 viewers wanted to continue to watch the channel (69.1% in 2015).

However, as the conditions were ripe for the official introduction of EBS2, the Commission held meetings with stakeholders because the current law did not specify regulations. It determined to introduce MMS exclusively on EBS and announced the 'MMS introduction measures to consider deregulating commercial advertisement, sponsorship

23) Hankook Research (July 2016), 2016 Report on Survey of EBS-2TV Awareness and Satisfaction

notification, and easing programming. The Commission plans to lay the legal ground to officially launch EBS2 by amending the 「Broadcasting Act」 regarding MMS entry regulations and programming regulations.

### 1) Resolving Partial Amendment and New Insertion of Article 9.4 and Article 72.2 of the 「Broadcasting Act」

In order to lay legal basis to officially launch EBS2 MMS, the Commission resolved the amendment to the 「Broadcasting Act」 to newly insert legal status of MMS, approval basis, and regulations regarding channel programming.

By newly inserting Article 9.4 (1) and (2) into the 「Broadcasting Act」, MMS channels were given legal status as ‘additional channel’. The Commission made it mandatory to obtain approval from the Commission to operate additional channel. Business operators to be approved shall be determined by Presidential Decree in consideration of their public benefits and necessity.

**Table III-49 | Article 9.4 (1) and 9.4 (2) of the partial amendment to the 「Broadcasting Act」**

**「Broadcasting Act」 Article 9.4(Approval of terrestrial broadcasting additional channel, etc.)** ① A terrestrial broadcasting business operator who intends to operate additional channel within the frequency range designated to broadcasting stations established (hereinafter referred to as “additional channel”) as prescribed by Article 34 of the 「Radio Waves Act」 shall obtain approval from the Korea Communications Commission. In such cases, terrestrial broadcasting business operator who can operate additional channel shall be prescribed by Presidential Decree in consideration of public interest and necessity of operation thereof such as educational gap.

② Where the Korea Communications Commission grants a license of additional channel pursuant to paragraph (1), it shall request a technical evaluation related to operating additional channel to the Minister of Science, ICT and Future Planning and shall reflect the results of the evaluation forwarded by the Minister of Science, ICT and Future Planning to the license thereof.

Additionally, the Commission defined evaluation criteria of licensing additional channel such as possibility of realizing public responsibility, impartiality, and public interest of broadcasting. The validity of additional channel license shall be the same as that of terrestrial broadcasting business operator and relicensing procedure was separately defined.

| Table III-50 | Article 9.4 (3) to 9.4 (8) of the partial amendment to the 「Broadcasting Act」

「Broadcasting Act」 Article 9.4(Approval of terrestrial broadcasting additional channel, etc.) ③ Where the Korea Communications Commission grants a license of additional channel pursuant to paragraph (1), it shall evaluate each of the following matters and publicly announce the results of evaluation

1. Possibility of realizing a public responsibility, impartiality and public interest of broadcasting;
2. Results of trial broadcasting for the operation of additional channel;
3. Appropriateness of the operation of additional channel;
4. Impact which the operation of additional channel has on broadcasting market;
5. Appropriateness of the plan to raise resources which meet public responsibility of broadcasting;
6. Other matters necessary for operating additional channel.

④ Where the Korea Communications Commission grants a license of additional channel pursuant to paragraph (1), it may impose conditions necessary for such purposes as possibility of realizing a public responsibility, impartiality and public interest of broadcasting

⑤ Where a terrestrial broadcasting business operator approved as pursuant to paragraph (1) fails to renew license for terrestrial broadcasting business as pursuant to Article 17 (1), the approval to operate the additional channel shall be automatically invalid.

⑥ Where a terrestrial broadcasting business operator approved as pursuant to paragraph (1) intends to continue to use the additional channel after the validity period thereof has expired, it shall obtain relicense from the Korea Communications Commission on the additional channel aside from the relicense for terrestrial broadcasting business as pursuant to Article 17 (1). In such cases, paragraph (2) shall apply mutatis mutandis.

⑦ The Korea Communications Commission shall evaluate matters of paragraph (3) and each of the following matters and publicly announce the results of evaluation when granting relicense pursuant to paragraph (6).

1. Evaluation of broadcasting pursuant to Article 31 (1);
2. Frequency of correction orders issued under this Act and examples of non-compliances with such correction orders;
3. Evaluation of broadcasting programs by the Viewers Committee;
4. Whether other matters to be complied with by broadcasting business operators as at the time of grant of the license or approval are observed.

⑧ Procedures for license or relicense and other necessary matters pursuant to paragraph (1) or (6) shall be prescribed by Presidential Decree.

The Commission newly inserted Article 72.2 of the 「Broadcasting Act」, thus defining special cases of programming to reflect social and cultural demand. Programming details and ratio are prescribed by Presidential Decree.

| Table III-51 | Article 72.2 of the partial amendment to the 「Broadcasting Act」

「Broadcasting Act」 Article 72.2(Special cases in programming additional channels of terrestrial broadcasting business) ① Terrestrial broadcasting business operator who operates additional channel shall strive to program broadcasting programs to meet viewers' social and cultural demand in consideration of the purpose of approval thereof.

② Notwithstanding Article 69, Article 71, and Article 72, programming detail and ratio of additional channel shall be prescribed by Presidential Decree.

The partial amendment to the 「Broadcasting Act」 was deliberated and reviewed by Ministry of Government Legislation and the Cabinet meeting before being submitted to the National Assembly in November 2016. Once the amendment is legislated and EBS2 launches the main broadcasting, broadcasting contents provided to the public for free will increase, especially educational contents via MMS, contributing to promoting welfare for people and lowering private tutoring cost.

### 3. Promoting IT Services of Personal Information (Location Information)

#### a. Overhauling Laws to Promote Use of Personal Information

##### 1) Rationalizing Regulation to Promote Use of Personal Information

As expectations on safe use of personal information rise amid emergence of new technology such as big data, IoT, and cloud, it is imperative to establish policy that brings balance between personal information protection and its use. In particular, the EU established General Data Protection Regulation(GDPR) while Japan amended the 「Personal Information Protection Act」 to embrace for the advent of Industry 4.0. On its part, the Commission collected opinions from industry and academia by hosting new industry investment committee, Ministers' meeting on deregulation and economy, and trade and investment promotion meeting.

For the purpose of ensuring the safe use of personal information, the Commission is amending to the 「Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.」. Under the amended Act, prior consent can be an exception if it is inevitable to use personal information to implement contract. Also, as personal information, once transferred abroad, is prone to be retransferred to a third country, user consent must be obtained and technical and administrative measures must be taken in such cases. It also enabled the Commission to order suspension on overseas transfer and retransfer of personal information if user interest is concerned. Overhauling the 「Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.」 to meet global standards regarding protection of personal in-

formation will ensure safe use of personal information in new ICT industry.

Meanwhile, as personal information can be traded under the current law once users agree to provision of personal information to a third party, the amended 「Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.」 requires business operators to inform users of the ‘paid transfer of personal information’ so that users can choose whether or not to agree to let their information be sold to a third party. Also, by newly inserting ‘right to demand process suspension’ in addition to ‘right to revoke agreement’ on collection and use of personal information, users right of self determination has been strengthened.

As such, the Commission sought to bring balance between protection and use of personal information by creating policies for safe use of personal information.

## **2) Updating Location Information Regulations**

Despite the emergence of a variety of services tapping into personal location information, the current 「Act on Promotion of Information and Communication Network Utilization and Information Protection」 (hereinafter referred to as 「Location Information Act」) lags behind the latest market changes and global trends, raising concern over protection of personal location information.

For this reason, the Commission made prior announcement of legislation after preparing the partial amendment to the 「Location Information Act」 to rationalize regulations while enhancing protection of personal information. The current amendment is under deliberation by the Ministry of Government Legislation and expected to be proposed to the National Assembly by the government in the first half of 2017.

The registration system for location information business was eased to declaration system in the amendment. Simplified declaration system was introduced for small business owners. The entry barrier to location information business was lowered by allowing to process location information without user’s consent if it is difficult to do so.

As measures to reinforce personal location information protection, user’s right to demand suspension of processing and to suspend overseas transfer and retransfer of per-

sonal location information has been reinforced. Also, by allowing those who possess portable items to demand suspension of processing, practical management right was guaranteed. Meanwhile, the effectiveness of regulations has been strengthened by newly inserting regulations on correction order and fines and introducing punitive damages and statutory damages.

### 3) Creating Guideline for Personal Information De-identification Measures

The Commission implemented the ‘Guideline for personal information de-identification measures (hereinafter referred to as ‘the guideline’)’ in order to protect personal information and promote big data industry in July 2016. The guideline was established after 8 review meetings to collect opinions from a variety of stakeholders such as government agencies, academia, industry, and civil organizations. The Commission also designated de-identification measure support center and specialized institution to ensure the early establishment of the guideline.

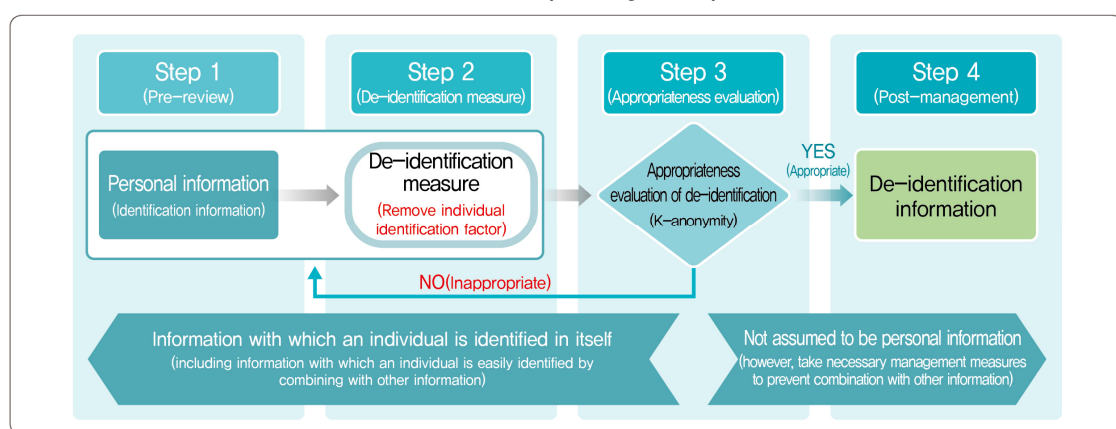
What’s more, on-site education for businesses and de-identification experts were conducted on a monthly basis from July in connection with personal information protection education. The Commission also offered de-identification education and consulting for small businesses and start-ups to help address difficulties in taking de-identification measures.

**Table III-52 | Status of specialized organizations designated by relevant agencies**

Ministry and office concerned	Specialized organization	Date of designation	Ministry and office concerned	Specialized organization	Date of designation
Korea Communications Commission	Korea Internet & Security Agency	August 29, 2016	Financial Services Commission	Korea Credit Information Services	August 31, 2016
Ministry of the Interior	National Computing and Information Service	August 16, 2016		Financial Security Institute	August 31, 2016
	Korea Internet & Security Agency	August 16, 2016	Ministry of Health and Welfare	Social Security Information Service	August 1, 2016
Ministry of Science, ICT and Future Planning	National Information Society Agency	August 30, 2016	Ministry of Education	Korea Education and Research Information Service	To be designated

Featuring detailed explanation of criteria and procedure for businesses to take de-identification measures, the guideline proposed 4 steps of minimum measures for business operators who intend to either use or provide de-identification service of personal information. The Commission sought to lay the basis for safe use of big data, development of new industry, and protection of personal information by clearly defining de-identification measures and the scope of its use.

**Figure III-50 | De-identification measure and follow-up management process**



Source) Guideline for personal information de-identification measures

## b. Revitalizing Location Information Industry

### 1) Discovering and Commercializing Next-generation Location Information-based Business Model and

The Commission held ‘Location-based App & Web idea competition’ for six months from July 2016, discovering six outstanding business models.

**Table III-53 | Selection result of excellent business model competition**

Team's name	Service description	Prize
More than Imagination (group)	Loc-Tic, complex decision platform for bike riding	Korea Communications Commission Chair's Prize
Smarz(group)	Zebra Sequence, smart crosswalk	KISA President's Prize
Bustrip(group)	Location-based local bus guide app	
Park○○(individual)	Location password service using cell broadcasting	OPA President's Prize
Helper Korea(group)	Information sharing service to prevent secondary accident	
Glover(group)	Location-based video sharing platform service	



The Commission offered five commercialization supporting programs to the six teams based on the suggestions made by each member: patent application and registration; education for business start; and business networking with investors. What's more, the Commission set up a booth at the '2016 Creative Economy Fair' to promote winning teams' apps. As a result, 'More than Imagination' had a chance to receive support from K-ICT Startup Mentoring Centre while ParkOO (individual) is planning to establish a corporate entity. The Commission will continue to provide support in turning the ideas into business.

**Table III-54 | Major activities of excellent location-based business model competition**

Classification	Date	Description
Competition	Jul. 4 ~ Sep. 9, 2016	• Receive location-based ideas (145 ideas)
	Oct. 6~7, 2016	• 1 <sup>st</sup> stage document examination (21 ideas selected)
	Oct. 24~25, 2016	• 2 <sup>nd</sup> stage document examination (6 ideas selected)
Award ceremony	Nov. 14, 2016	• Prizes awarded to 6 ideas – 1 grand prize, 2 excellence prizes, 3 participation prizes
Winners' meeting	Nov. 24, 2016	• Explain support for commercialization and listen to suggestion
Commercialization support	Dec. 1~4, 2016	• Set up exhibition boot at 2016 Creative Economy Fair – Exhibition and promotion of six ideas
	Dec. 3~, 2016	• Support for patent application and registration • Customized consulting • Support for location information business registration and declaration • Survey desired education and education subsidy support
	Dec. 8, 2016	• Education on location information law, policy, protection measures
	Dec. 27, 2016	• Education on the theme of 'what startup needs' • Business networking meeting – attended by 7 experts from industry, academia, and investment firms

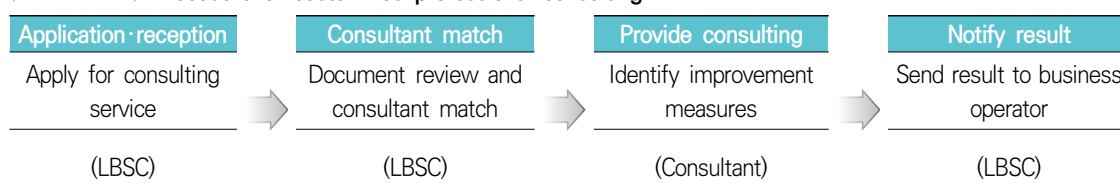


## 2) Customized Professional Consulting for Small Location Information Businesses

The Commission offered customized consulting services to small business owners to promote local location information business and support their entry into the market.

The Commission's '2015 survey on domestic LBS industry' found that the greatest difficulty facing location information business operators was laws and regulations, followed by technology, and management. Consulting services, therefore, were concentrated on those topics. The Commission formed a pool of 21 experts, who provided consulting services via LBSC. 22 consulting services were provided for 6 months from July 2016 with 11 services on laws and regulations, 10 on technology, and 1 on management.

**Table III-55 | Procedure of customized professional consulting**



**Table III-56 | Success cases of customized professional consulting**

Classification	Complaints	Consulting result
Case 1	<ul style="list-style-type: none"> <li>Immediate notification of search of users in the vicinity requires relatively large amount of time and cost to develop system.</li> </ul>	<ul style="list-style-type: none"> <li>If individual is not identified, the search is not personal location information. However, if individual identification is possible after 1:1 matching, it shall be notified to user</li> <li>Development cost efficiency increased</li> </ul>
Case 2	<ul style="list-style-type: none"> <li>Location information in DB had to be encrypted and decoded frequently. Data order was often lost in plain text status if location information was stored encrypted.</li> </ul>	<ul style="list-style-type: none"> <li>Consultants visited companies and developed application by optimizing programming method</li> </ul>

### c. Supporting the Use of Location Information for Emergency Rescue

#### 1) Operating Wi-Fi LBSP for Emergency Rescue

As part of efforts to expand social safety net, the Commission set up Wi-Fi Location Based Service Platform in 2013. If anyone calls 119 (Ministry of Public Safety and

Security) or 112 (Korea National Police Agency) in the case of emergency, the Wi-Fi LBSP accesses Wi-Fi AP signal information to measure the most accurate location. Although location information obtained from base station around the caller is more accurate, the error margin is too large to be used in case of emergency. What's more, location information from GPS is more accurate than base station, indoor measurement may not be accurate enough and the signal is easily influenced by surrounding conditions such as tall buildings. In contrast, measurement based on Wi-Fi AP signal has a higher accuracy with an error margin from 10 to 30 meters.

**Table III-57 | Comparison table of location determination methods**

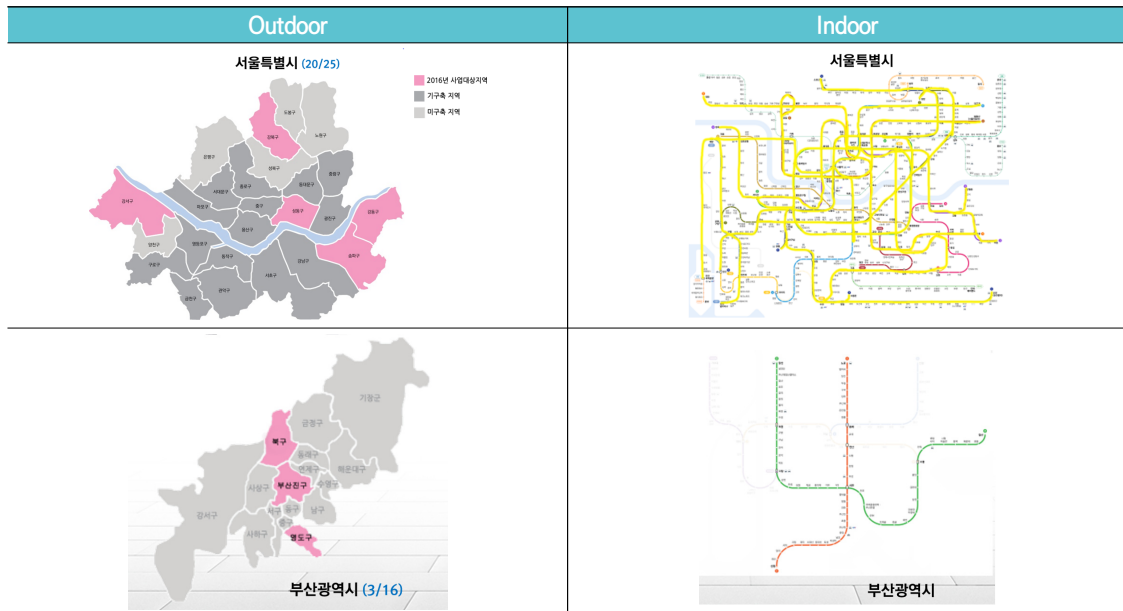
Classification	Accuracy(m)	Strength	Weakness
Base station measurement	150~1,000	<ul style="list-style-type: none"> <li>• High speed</li> </ul>	<ul style="list-style-type: none"> <li>• Low accuracy</li> </ul>
GPS measurement	5~10	<ul style="list-style-type: none"> <li>• High accuracy</li> <li>• Independent of communications network operator</li> </ul>	<ul style="list-style-type: none"> <li>• Indoor measurement impossible</li> <li>• Susceptible to external disruption</li> </ul>
Wi-Fi measurement	10~30	<ul style="list-style-type: none"> <li>• Indoor measurement possible</li> <li>• Indoor floor measurement possible</li> </ul>	<ul style="list-style-type: none"> <li>• Continued update of Wi-Fi AP DB required</li> </ul>

The Commission conducted synchronized test of the 'emergency call integration system' built by the Ministry of Public Safety and Security. Location information service for emergency rescue will become available to 119 (Ministry of Public Safety and Security) or 112 (Korea National Police Agency), and 122 (Korea Coast Guard). The Commission will also enhance the platform's reliability by establishing cooperative system with the Ministry of Public Safety and Security, Korea National Police Agency, and three mobile carriers.

## 2) Establishing Nation-wide Wi-Fi AP Signal DB

The Commission is building DB on Wi-Fi AP signal in order to raise the reliability of location information provided to emergency rescue agencies. Starting with Seoul subway line No. 1 and No. 2 in 2014 and 10 local governments, the Commission is building DB in the capital area. The DB was expanded nation-wide in 2016 including Busan. What's more, the Commission completed trial establishment of signal DB in four areas in Seoul with low signal to address blind spots from emergency rescue.

|Figure III-51 | DB status of the Wi-Fi AP information



## 4. Improving Broadcasting and Communications Regulations and Promoting Government 3.0

### 4.1 Improving Regulations on Broadcasting and Communications

#### a. Identifying and Easing of Core Regulations

##### 1) Deregulating Environment

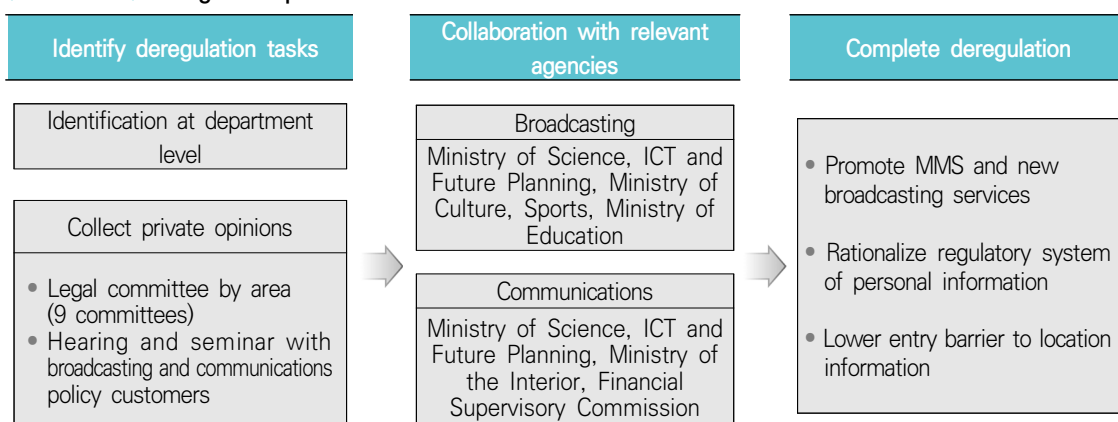
Convergence in broadcasting and communications service, rise of new technology, and emergence of varied media have brought about rapid change in broadcasting and communications environment, bringing about paradigm shift in regulations critical for yet another leap forward of the domestic market.

The environment for contents production is deteriorating while the Chinese government's ban on Korean culture is adding to the challenges already facing Korean companies and conflicts among stakeholders. As demand for personal information is fast mounting in communications industry of big data and IoT, large-scale incidences involving

personal information breach continue to occur by card companies or communications companies. Given the changes in broadcasting and communications environment, it is imperative to ease regulations to promote broadcasting service, improve broadcasting access, protect personal information, and create safe environment for Internet users.

As the government agency responsible for public responsibility of broadcasting, protection of viewers' interest, post-regulation of communications business operator, and personal information protection, the Commission strives to ease regulations on broadcasting and communications industry by closely working with the Ministry of Science, ICT and Future Planning, the Ministry of Culture, Sports and Tourism, and other government agencies.

**Table III-58 | Deregulation process of the Commission**



## 2) Identifying and Improving Deregulation Tasks in New Industry

Office for Government Policy Coordination New Industry Investment Committee deliberated 16 proposals for deregulation submitted by associations of IoT and big data to address red tapes in broadcasting and communications convergence industry.

**Table III-59 | 16 tasks to deregulate new industry**

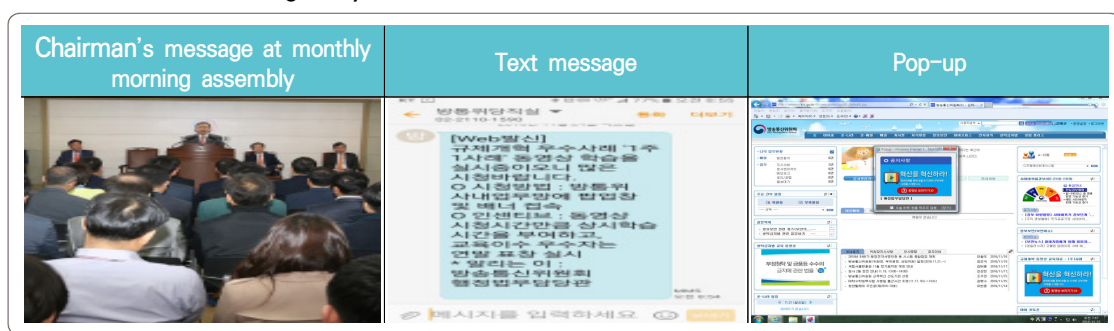
Classification	Description	Number of tasks
IoT	Address reverse discrimination against domestic business	2
Big data	Ease licensing procedure for location information business	12
B2B marketing	Exclude alarm service for public interest purposes from spam list	2

The New Industry Investment Committee's ICT Convergence Subcommittee identified regulations standing in the way of developing new industry with experts engaged in relevant industry. Director generals and directors attended all of subcommittee meetings and review meetings, explaining deregulation measures.

### 3) Efforts of Deregulation

The Commission offered education to change awareness of regulation while carrying out deregulation promotions, laying the basis for regulatory reform. The Commission invited KDI officials for special lecture, posted video clips about exemplary deregulation cases on online pop-ups and banners, and sent text messages about the video, encouraging participation in deregulation campaigns.

[Figure III-52] Efforts at regulatory reform education



The Commission publicized the outcome of deregulation campaigns by distributing video clips and card news. Also, by organizing the regulation cost analysis task force consisting of experts in broadcasting and communications such as KDI, the Commission advanced the analysing system of regulation cost. The cost analysis found that KRW 1.23 billion was saved and KRW 110 million was increased in 2016.

[Figure III-53] Efforts at regulatory reform promotion



While striving to change awareness of regulations through education and promotion about the necessity of deregulation, the commission collected proposals on deregulation through the ‘broadcasting market competition evaluation committee’ to establish a standing deregulation channel. Also, the Commission continued to reflect opinions from businesses by hosting ‘broadcasting and communications policy customer CEO meeting’, ‘meeting for analysis of competition status in broadcasting market and improvement measures’, and ‘seminar on competitiveness enhancement of Korean wave contents’.

## b. Overhauling Existing Regulations

### 1) Identifying and Improving Planned Overhauling Tasks

The Commission identified and improved regulations on new industry while deregulating planned overhaul tasks. The 9 tasks identified are: deregulation for the promotion of new broadcasting services; broadcasting and communications industry promotion such as broadcasting programming deregulation; tasks to ease burden on SMEs; deregulation on Universal Access Right to sports broadcasting, and others.

| Table III-60 | 9 tasks for planned deregulation

No.	Tasks for planned deregulation
1	Deregulation for new broadcasting service promotion
2	Deregulation to promote personal information use
3	Deregulation to promote location information
4	Deregulating broadcasting and communications to boost broadcasting contents production
5	Deregulate broadcasting programming
6	Ease regulations on small broadcasting operators
7	Create voluntary protection environment of broadcasting and communications users by companies
8	Establish contract guidelines for terrestrial broadcasting retransmission
9	Deregulation on Universal Access Right to sports broadcasting

### 2) Preemptive Response to Regulations

Aside from deregulation task led by Office for Government Policy Coordination, the Commission undertook five independent deregulation tasks: protection of juveniles; address business difficulties; promotion of new industry; address inconvenience for the public; and personal information protection.



**Table III-61 | 5 independent deregulation tasks by the Commission**

Classification	Independent deregulation tasks
Protection of juveniles	Enhance legal representative's choice regarding harmful information blocking app
Address business difficulties	Deregulate items banned for broadcasting advertisement
Promotion of new industry	Expand user's choice of identification method to promote pintech industry
Address inconvenience for the public	Enhance response to illegal spam
Personal information protection	Guarantee rights to be forgotten on the Internet

In addition, as a preemptive response to regulations, the Commission discovered regulations directly related to business management activities and revised them on a temporary basis. The Commission completed amending the decree, easing audience participation ratio for community radio, license for community radio broadcasting stations, and fines on violations of the 「Telecommunications Business Act」 in June and July 2016. The Commission also completed notification amendment regarding abolishment of mandatory ratio of programming terrestrial DMB outsourcing production and programming of local programs by foreign specialized general PPs in October and December 2016.

**Table III-62 | 5 tasks for temporary deregulation**

Temporary deregulation tasks	Outcome
Ease audience participation ratio for community radio	Enforcement decree amended (June 2016)
Ease license for community radio broadcasting stations	Enforcement decree amended (June 2016)
Ease fines on violations of the 「Telecommunications Business Act」	Enforcement decree amended (July 2016)
Ease programming of local programs by foreign specialized genera PPs	Enforcement decree amended (December 2016)
Abolish mandatory ratio of programming terrestrial DMB outsourcing production	Enforcement decree amended (October 2016)

The Commission addressed two complaints over unreasonable regulations which interfere with business activities of businesses and small business owners.

**Table III-63 | 2 tasks of unnecessary administrative regulations**

Unnecessary administrative regulations	Outcome
Request for inclusion of free service for public interests as an exception to commercial information	Created the 「Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.」 guidebook to prevent illegal spam (June 2016)
Support for negotiation of terrestrial broadcasting retransmission	Created guidelines (October 2016)



The Commission overhauled regulatory system by carrying out administrative survey and certificate overhaul such as ‘consent resolution’ and ‘personal information certificate system’ in order to ease business operator’s administrative and financial burden. Also, although the agenda for broadcasting and communications regulatory deliberation committee rose from 11 cases in 2015 to 48, the commission faithfully carried out deliberation by holding in-person meeting.

## 4.2 Promoting the Government 3.0

The Commission held a variety of events such as ‘launching ceremony of citizens’ design board’, ‘government 3.0 festival’, and ‘outstanding case competition’ as part of Government 3.0 initiative. It also conducted internal evaluation based on members’ contribution to Government 3.0.

The Commission strived to realize service government, competent government, and transparent government by carrying out Government 3.0. As a result of operating citizens’ design board and developing customized service, ‘real-time spam blocking service based on big data’ won the third award in the government 3.0 outstanding case competition in November 2016. Furthermore, as a result of efforts to promote PC video conference and improving working method, the Commission was selected as exemplary organization of the Government 3.0<sup>24)</sup>. The Commission continued to open public data as the openness rate of original document rose to 62.5% to realize transparent government.

As a result, the Commission was selected as the ‘outstanding agency’ in the 2016 Government 3.0 evaluation on central government agencies. This outcome is attributable to the Commission’s commitment to delivering Government 3.0’s key values of openness, sharing, communication, and collaboration.

24) 2016 Excellent work innovation agency (Ministry of Personnel Management, Nov. 2016), 2016 Grand prize in the general civil service (No.1, Ministry of Public Administration and Security, Dec. 2016)

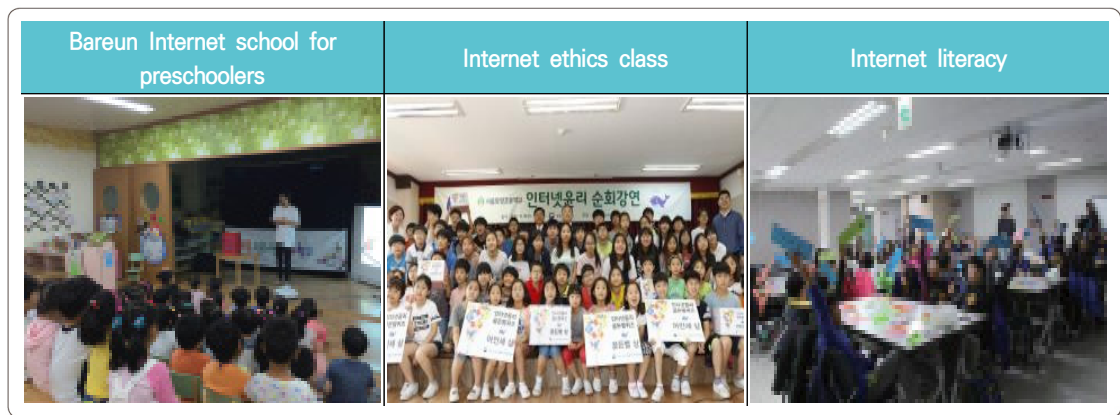
## a. Policy Promotion of the Government 3.0

### 1) Promotion to Revitalize Customized Internet Ethics Education

As the age of Internet users drops and illegal information on the Internet is on the rise, it is vital to educate the public on the correct use of the Internet and to prevent adverse effect of the Internet. As such, the Commission selected customized Internet ethics education as its Government 3.0 tasks, carrying out activities through three channels such as direct promotion to the public, promotion to online media and press, and site promotion.

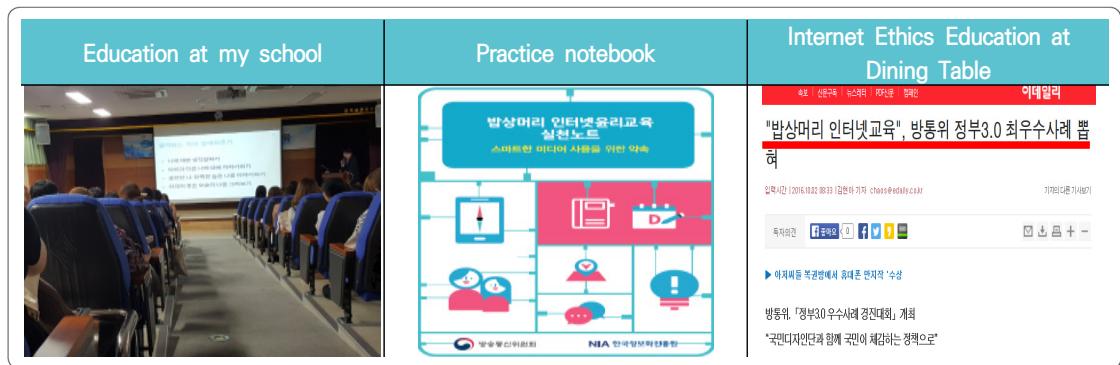
First, the Commission carried out promotional activities directly to the public through age-specific customized education, parents' education, and promotion materials distribution. For age-specific customized education, the Commission offered 'Bareun Internet school' for preschoolers, 'Internet ethics class' for elementary students, and 'Internet literacy for juveniles with disability'. A total of 94,425 students attended the education.

[Figure III-54] Customized education for different generations



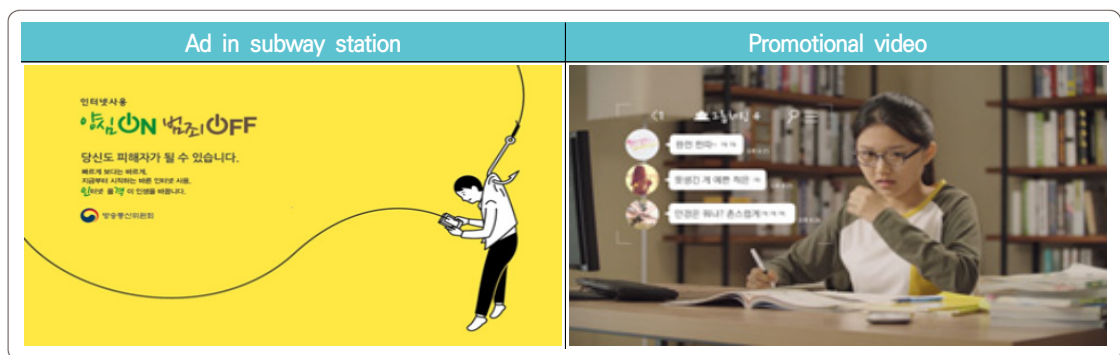
The Commission offered 'Internet Ethics Education at Dining Table' campaign to parents' of preschoolers and elementary students. Participating parents of the program observed how their children's ethics behavior changed when using the Internet and recorded the changes. A total of 50,232 people attended the education.

[Figure III-55] Parent education



In addition to age-specific Internet education, parents' education, and promotion to the general public, the Commission created and distributed leaflet on Internet ethics to educational institutes and cities which hosted the campaigns. A promotional video clip was played in subway stations of high traffic.

[Figure III-56] Subway train advertisement and promotional video



Second, the Commission carried out online promotion campaigns on TV broadcasting and media, website, and SNS. The Commission strived to establish sound Internet culture through some 40 media outlets such as KBS, SBS, EBS, MBN, YTN, Maeil Business Newspaper, and Money Today.

Third, the Commission's Chairman attended the declaration ceremony of 'Beautiful Internet World' and visited kindergartens and elementary schools to give special lecture on Internet ethics as part of efforts to help develop sound online habit and prevent adverse effect of the Internet.

| Figure III-57 | Relation with the general public



## 2) Promotion to the Public on Prevention of Financial Fraud and User Protection

Voice phishing, pharming, and other financial fraud are becoming increasingly sophisticated, causing greater damage. In response, the Commission cooperated with relevant agencies to send anti-financial fraud text message and carry out activities to prevent damage.

To begin with, Government 3.0 cooperative system was established at the National Affairs meeting in February 2016 with seven institutions such as Financial Services Commission and Korean National Police Agency. As public and private entities share information and cooperate closely together, the Commission expects to prevent financial fraud and contribute to happy life of the public.

Second, to fight financial fraud which is increasingly advanced and diversified, the Commission sends text message to prevent communications damage to the public. Closely working with the committee, Korean National Police Agency, Financial Services Commission, and other government watchdogs, the Commission sent text messages and shared information. When comprehensive user damage is expected due to financial fraud, the Commission sent text messages via three mobile carriers to the public.

Previously, as agencies had to rely on press release regarding communications damage outbreak, raising users' awareness of financial fraud faced limitations. However, with the cooperative public-private network, the Commission is able to take preemptive responses to new types of communications fraud.

Third, the Commission carried out strengthened activities to prevent broadcasting and communications service damage. It publicized services to prevent broadcasting and communications damage to people through broadcasting and communications week. Also, by hosting sharing festivals, competitions, and talk concerts, the Commission raised the marginalized group's awareness of communications damage, thereby contributing to addressing information divide.

The Commission also conducted promotion campaigns via broadcasting, press release, and newspapers. Commissioners appeared on TV shows and news shows to publicize the Commission's policy while contributing articles to media. The Commission organized flea market and competition for users from multi-cultural family.

For offline activities, the Commission visited multi-cultural family support centers, Korea Association of Senior Welfare Center, Korea Blind Union, government agencies, colleges, and populated areas, distributing posters and leaflet and putting up banners. The Commission carried out promotional campaigns on the subway line No. 2, 4, and 7, the three lines with the highest traffic.

On online front, the Commission staged campaigns on its website, blog, twitter, and facebook. The Commission opened a separate website<sup>25)</sup> for broadcasting and communications service users to hold online events and send newsletters.

## **b. The Government 3.0: Service Government**

### **1) Blocking Spams in Real Time with Big Data**

The close examination of spam report found that toughened regulations on text message spam led to an increase in voice spam, confirming that strengthened public and private anti-spam cooperation is required. As the first case to apply the values of Government 3.0, openness, sharing, communication, and collaboration to actual business, the Commission, in response, strived to maximize the efficiency of spam blocking efforts by providing mobile carriers and anti-spam app companies with spam information.

<sup>25)</sup> [www.wiseuser.go.kr](http://www.wiseuser.go.kr)

The Commission shared about 40,000 spam telephone numbers with three mobile carriers from January to October 2016 to block spam calling for a certain period of time. It also provided the spam-blocking apps 'whowho' and 'whoscall' with 120,000 spam identification phone number list to prevent the spread of voice spams. With this service, mobile phone users are able to report spams with a single touch and reject spam call while web users can register spam numbers in advance. The Commission provided 1,276 URLs reported to KISA to block harmful sites in real time such as gambling, illegal loan, and medicine.

The Commission collaborated with the international community for spam prevention. It joined the international anti-spam organization UCENet<sup>26)</sup> to strengthen global spam prevention network. Also, the Commission signed MOUs with 11 organizations in 8 countries which are members of UCENet to curb spam influx into Korea. By sharing big data<sup>27)</sup> collected via local e-mail spam trap system with overseas spam response organizations once every week, the Commission cut spams flowing into Korea from foreign countries.

While providing spam information and working with international organizations, the Commission carried out activities aimed at changing awareness. The Commission announced spam circulation analysis data twice a year to encourage business operators to voluntarily prevent spams, while enabling users to know what business operators send more spam. The Commission also carried out activities for business operators of MVNO and telemarketing to raise their awareness of spam prevention. Also, after reviewing users' complaints about spams by analyzing the volume of spam per person via mobile phone or email, the Commission reflected users' proposals in policies.

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26) Unsolicited Communications Enforcement Network(UCENet) : A global anti-spam network established to cooperate on punishment of international spammers (formerly London Action Plan)

27) IP, ISP, and mail header of email spam sent from overseas

| Figure III-58 | Activities to raise awareness of anti-spam



Sharing spam information with private sector resulted in spam blocking coverage expanding significantly as well as easing user inconveniences. The number of spams per person a day in 2016 was 0.66 (mobile phone + email), less than 2 per person every three days. Intelligent spam blocking services<sup>28)</sup> provided by mobile carriers have increased spam prevention rate from 80.9% in the second half of 2015 to 87.6% in the first half of 2016, which is equivalent to 1.2 spam messages reaching users out of 10 spam text messages<sup>29)</sup>. This service won the Interior Minister's award at the Government 3.0 outstanding campaign competition.

In 2017, the Commission plans to further advance real-time voice spam blocking system by enhancing its sampling and analysis capability, thus taking preemptive response to user inconvenience.

## 2) Customized Media Education to Nurture Creative Talents

The Commission offered 'customized media education' for different class and schools and shared the education results as part of its commitment to Government 3.0 initiative. To accommodate suggestions from schools, the Commission ran pilot media schools and provided education support system according to schools media facilities and educational performance (4 schools in 2014 and 101 schools in 2015).

To ensure the success of the customized media education, the Commission visited

28) Free additional service to prevent text spam before it reaches users by analyzing the messages' originating number, reply number, text, and sending pattern, etc.

29) Awarded the Interior Minister's award at the Government 3.0 after being selected as one of 16 government initiatives out of 280 outstanding tasks

schools for two months from January 2016, holding presentations about the education while listening to teachers' opinions. Professional lecturers used camera, lap-top computers, projectors to teach media programs such as video, radio, documentary, film, and animation.

The Commission extended support intensively to schools of educational vulnerabilities to ensure their equal access to media education. The number of schools running free semester system rose from 85 to 122 and media hub schools increased from 16 to 54. The Commission selected schools through nation-wide competition and granted 10 additional points to schools located in remote area. As a result, Soan Middle School in Wando Island and Yeonpyeong Middle School in Yeonpyeongdo Island were chosen.

The Commission signed business agreement with 16 broadcasting operators to offer media hub education. Works created by students at media hub schools were introduced in regional terrestrial broadcasting or regional cable channels. 35 pieces of students who graduated free semester system in 2015 and 19 works by students from media hub school were broadcast in 2016.

The Commission supported customized media education in accordance with schools' environment and demand while holding Daejeon Media Festival, Gangwon Youth Film Festival, and Community Media Festival and attending fairs hosted by regional offices of education (4 fairs including Happiness Fair). The Commission also responded to the demand of new media (one-person media, VR) education in designing the courses for 2017.

As a result of customized media education to nurture creative talents, the Commission met the goals as it supported 122 schools for free semester system and 54 media hub schools. The Ministry of Education selected this program as the 'excellent free semester program 2016'. The Commission developed teacher's guide and works by students who took media education won awards in many video competitions<sup>30)</sup>. The Commission contributed to improving media education for students by offering education at schools.

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30) 2016 Gangwon Youth Film Festival(Grand prize), Youth Broadcasting Contents Competition(Grand prize in high school category, grand prize in middle school category, participation prize in high school category)



| Table III-64 | Performance of support goal for free semester system and media hub school (Unit : school, %)

Program	Performance in 2015	Goal in 2016	Performance in 2016	Achievement rate
Free semester system	85	100	122	122
Media hub school	16	50	54	108

The Commission expects that the continued expansion of customized media education will contribute to cultivating media utilization capabilities and nurturing creative talents. The Media and Future Institute's survey on the impact by school media education in 2016, non-graduates' media utilization skills stood at 7.44 points while graduates received 9.29 points.

The customized media education was introduced as a program to address regional differences of education by KBS, OBS, and the Segye Times. The Commission plans to expand support for media education to 300 schools in 2017.

### 3) Improving Access to Broadcasting for Marginalized Groups

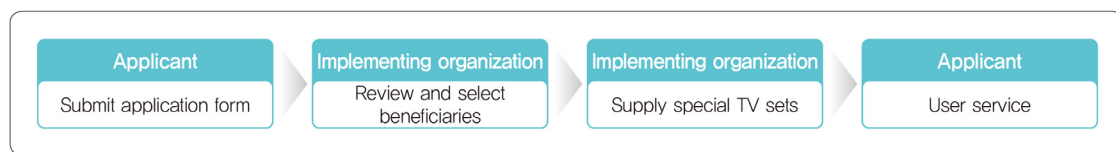
The Commission donated TV sets specially designed for the visually or hearing impaired in cooperation with local governments. Instead of employing conventional application channels via websites or newspaper, the Commission proactively approached low-income class to recruit beneficiaries by signing business agreement<sup>31)</sup> with local governments.

Although private information issues made it difficult to recruit low-income class, the Commission cooperated with local governments, effectively delivering services to those in need. About 2,000 community centers recruited beneficiaries through in-person interview.

Having signed agreement with local governments to introduce one-stop application process at community centers, the Commission ensured convenient registration system for the hearing and visually impaired. The disabled visited the nearest community centers to apply for the service and the Commission and CMF selected beneficiaries.

31) 12 local governments which signed business agreement: Seoul, Incheon, Busan, Daegu, Gwangju, Ulsan, Sejong, Chungbuk, Chungnam, Gyeongnam, Gangwon, and Jeju.

| Figure III-59 | Process to distribute broadcast receiver



By carrying out targeted promotions through community centers across the nation, the Commission delivered targeted services to illiterate viewers, low-income families, seniors, and people in remote area. The existing unilateral recruitment method was not effective in addressing grey area of the program as most of beneficiaries were hearing or visually impaired people. However, the Commission addressed the issue by working with welfare officials in community centers and visiting their houses. As a result, the supply rate among low-income class rose from 85% in 2015 to 90% as of November 2016.

The Commission cooperated with the government, broadcasting stations, deaf union, blind union, and local governments and visited supplying sites. It raised the public's awareness of the project by visiting sites and having media interview and distributed leaflet (including braille version) in community centers.

The Commission carried out satisfaction survey, meeting with associations for the disabled, TV manufacturers, and presentations to improve the performance of supplied TV sets.

| Table III-65 | Measures based on feedback from organizations for the disabled, etc.

Classification	Improved features
Receiver performance	Enlarge display size from 24 inches to 28 inches, add remote controller for the disabled, voice menu
Civil complaints	How to set up receiver, permanent operation of customer call center (operating period: 0 month to 12 months)

The customized service has dramatically boosted the supply rate of broadcasting receiver for the disabled from 35.8% in 2015 to 45.8% in 2016. Proactive promotion and streamlined application process raised the project's awareness, resulting in the number of applicants rising from 29,674 in 2015 to 40,149 in 2016. Operation of one-stop application service and customer call center and performance improvement for users have caused the satisfaction rate with the TV for disabled people to rise from 83.9 points in

2015 to 85.9 points in 2016.

| Table III-66 | Status of TV set provision for low-income disabled people

(Unit : person, %)

Year	Number of hearing and visually impaired with low-income	Number of beneficiaries	Accumulated number of beneficiaries	Accumulated supply rate
2011	102,465	4,135	10,323	10.1
2012	102,231	5,552	15,875	15.5
2013	97,809	3,722	19,597	20.0
2014	105,982	4,662	24,259	22.9
2015	97,675	10,731	34,990	35.8
2016	100,655	11,128	46,118	45.8

Note) Data for 2016 as of end of December

### c. The Government 3.0: Competent Government

#### 1) Self-driven Work Innovation

The Commission implemented work innovation measures to improve the practices of long-hour work and ineffective work methods, thus creating productive work environment. The Commission has set forth four strategies to deliver effective self-driven work innovation: overtime; work process; flexible work; and vacation.

The Commission introduced the ‘Extra Work Zero’ campaign where employees who work 40 hours or longer per month have a separate meeting with their division head and keep consultation log. To innovate work process, intensive working hours were run twice a day from 09:30 to 11:30 and from 14:00 to 16:00. Unnecessary in-person meetings were replaced with video meeting. Management meeting for director general or higher was held via video conference more than once a month.

Flexible working hours were introduced to let employees freely choose working hours. Committee’s flex times were implemented to promote flexible working hours at team level. Employees were recommended to have 12 days of unpaid leave of absence per year. Working methods were improved to depart from control work to productivity enhancement and balance between work and family.

As a result of work innovation, the participation rate of flexible working hours rose by 11.2%p from 38.8% in 2015 to 50.0% in 2016. Overtime fell sharply from 19.5 hours per person in 2015 to 13.7 hours in 2016. By introducing self-driven work method through personal flexible working hours, the Commission contributed to establishing productive official work environment and bringing balance between work and family.

| Table III-67 | Introduction rate of flexible working hours

(Unit : person, %)

Classification	Sep. 2015	Sep. 2016
Total participants	227	220
Participants	88	110
Participation rate	38.8	50.0

Note) Criteria of participation rate : Based on the number of employees who used flexible working system for 9 days or more (more than one day per month) during the year

| Table III-68 | Reduction rate of overtime

(Unit : hour, %)

Classification	May ~ Sep. 2015(a)	May ~ Sep. 2016(b)
Monthly average overtime per person	19.5	13.7
Reduction rate(a-b/a)	30	

Note) Data based on May 2016 and thereafter when overtime cap system was introduced

The Commission was selected as ‘excellent work innovation organization of 2016’ by the Ministry of Personnel Management for its contribution to creating effective and productive working environment for government officials.

## 2) Promoting Communications via PC Video Conference (Mosaic TV)

The Commission operated ‘Mosaic TV’ by utilizing the existing PC conference system to achieve the goals of Government 3.0 such as education, work method overhaul, and communication. Mosaic TV contributed to delivering the four values of Government 3.0 openness, sharing, communication, and collaboration.

The Commission invited officers from Administrative Collaboration Division of the Ministry of Interior, who gave online teaching on collaboration points via PC video conference. The topics included strategic categories of Government 3.0 such as language when writing press release. Mosaic TV contributed to facilitating communication among employees through programs like outstanding handling of civil complaint, compliment relay, and introduction of new employees.

The Commission developed one-person video conference system of PC into a tool of communication and education by replacing formal Government 3.0 education with PC conference system. The system was established as the Commission's unique organizational culture, representing the values of Government 3.0 - openness, sharing, communication, and collaboration.

Mosaic TV running on PC video conference system has improved work efficiency by serving as a productivity platform for employees to share knowledge and information. It also reinvigorated communication among employees, thus contributing to better services for the public.

#### d. The Government 3.0: Transparent Government

##### 1) Opening Data on Broadcasting Usage Behavior

The Commission carried out survey of broadcasting media usage behavior which analyzes basic data on viewers' awareness and usage of TV set, smartphone, PC, radio, and others. Also, the Commission provided broadcasting companies, advertising houses, viewers rating agencies, and academia with the statistics, supporting their management plan establishment and academic research.

More recently, with the advent of new forms of broadcasting services such as OTT<sup>32)</sup>, MCN<sup>33)</sup>, it is increasingly important to survey users' behavior in reflection of the changing environment for media users. As such, the Commission conducted survey on using patterns of terrestrial DMB, OTT, and MCN. It collected opinions from terrestrial broadcasting, IPTC, cable, terrestrial DMB, and other broadcasting related organizations to reflect changes in media use.

The Commission analyzed user patterns of terrestrial broadcasting and paid broadcasting while examining user behavior of terrestrial DBM, OTT, and MCN. It also hosted joint seminar with research agencies of media receivers and opened data at institutional

32) OTT (Over The Top) : Online video streaming services such as poq TV, and Netflix

33) MCN (Multi Channel Network) : Multi-channel service, e.g. Afreeca TV

level. The Commission shared major results of research agencies of media receivers once or twice a year with KFP, KOBACO, Cheil Creative, and KISDI.

The Commission made public analysis result and raw data obtained from the operation of public data portal and exclusive sites to raise the availability of public data. For example, the raw data regarding broadcasting media user behavior was provided on the public data portal<sup>34)</sup>. Also, by opening a site on statistics information system of broadcasting communication specialized agency, the Commission shared annual survey report, raw data, and major indicator trends. It also opened analysis data and raw data through the Commission's webpage and the national statistics portal while providing time-series data in the forms of infographics.

With the final analysis results and raw data provided through a variety of channel to be used for private purposes, businesses were able to establish management strategy, recruit share of audience researchers, publish academic paper, and compile professional report.

| Figure III-60 | Opening public data



KBS, DTV Korea, and other terrestrial broadcasting business operators established their viewer support strategy based on the result of direct reception rate of terrestrial broadcasting and viewing pattern of households which directly receive terrestrial broadcasting. Cable, satellite, and IPTV business operators crafted their subscriber attraction strategies by referring to survey result of reasons of subscription. They estab-

34) www.data.go.kr

lished advertisement strategy according to use frequency of terrestrial broadcasting and paid broadcasting genres of advertisement agency, and preference result.

Viewership research companies examined viewing behavior of real time broadcasting and VOD TV programs to recruit panels and determine weight on survey result. General viewers could access sites dedicated to broadcasting media user behavior survey results available on websites of KISDI and statistics information system webpage to find time-series data, raw data, in-depth analysis report, and other data.

In addition, KISDI, KICS, and the Korea Contents Association used the data to publish journals. They referred to the data on broadcasting media use behavior to compile analysis report<sup>35)</sup>. Yonhap News, MBN, and Herald Corporation drew on the analysis report to write articles on viewers' broadcasting media use patterns<sup>36)</sup>.

In 2017, the Commission plans to diversify provision channels and expand the scope of the broadcasting media user behaviour survey data while enhancing availability of public data. Also by making broadcasting and communication statistics portal available on mobile device, the Commission will raise user convenience.

## 2) Promoting Location Information Start-ups

Location information constitutes the pillar of newly emerging ICT convergence service such as AR, drone, and automatic driving. However, Google and other global IT giants dominate location information while domestic business lack global competitiveness providing simple services. The Commission strived to prevent location information industry from becoming dependent on global corporations technologically and at the same time executed policies to enhance business foundation for startups.

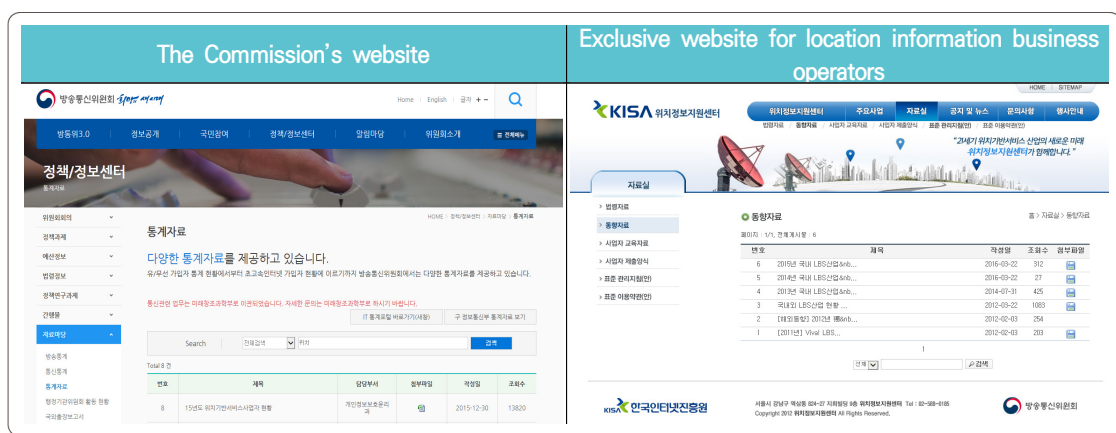
First, the Commission provided location information business operators with a variety

35) KISDI STAT Report : Characteristics of Smartphone User Behaviors by Generation and Influence Change (2016), Analysis of User Behavior of Terrestrial DMB Services (2016), Possession of Media to Watch Broadcasting and User Trends (2016), Changes in Radio Possession and Listening Pattern (2016) and 9 other reports

36) Yonhap News (2016) "Smartphone replaces radio... radio receiver penetrate rate falls 8.5%p for three years", MBN (2016) "'Active Senior' on the Rise", Herald Media (2016) "Why mobile contents?" and more.

of information. Data regarding domestic location information technology, market, policy, and system and business operator status was shared via the Commission's website and the location information support center's website<sup>37)</sup>, helping companies get the clear picture of global market situation. Analysis of global laws and system, service and technology was shared with business operators. Location information status survey<sup>38)</sup> provided local information business operators with capital, establishment date, sales volume, and business difficulties. Also, status of location information business operators and location-based service business operators<sup>39)</sup> was provided via the Commission's website.

| Figure III-61 | Providing information to location information business operators



Second, the Commission reflected opinions of location information business operators in policy and supported commercialization. For example, the Commission announced the 'Plan for promotion of location information' in January 2016. It promoted location information industry by supporting commercialization in consideration of difficulties faced by location information business operators. Also, by supporting commercialization for winners<sup>40)</sup> of the 'Location-based App & Web idea competition' the Commission contributed to accelerating SME's market entry and reinvigorating location information

37) www.lbsc.kr

38) 2015 status survey report accessed 309 times (as of end of Nov. 2016)

39) 2016 status expected in Dec. 2016, 2015 status accessed 27,454 times, 2014 status accessed 40,072 times

40) 6 winners out of 145 entries



industry. For companies in need of consulting service, the Commission carried out 17 consulting sessions regarding location information service technology, interpretation of the 「Act on the Protection, Use, etc. of Location Information」, and technology.

Third, regulations which had stood in the way of promoting location information industry have been improved. By easing the 「Act on the Protection, Use, etc. of Location Information」, business operators which only collect no more than location information itself are now only required to declare instead of filing registration. Simplified declaring system was introduced for small location information-based service providers, laying the legal basis to promote location information industry. Having eased the consent system to object's location information and removed unnecessary entry barriers, the Commission created the foundation for the development of location information industry such as drone, self-driving car, and IoT.

The Commission also held meeting with 14 major location information business operators including three mobile carriers, Naver, and Kakao in May 2016, listening to their complaints while discussing key issues in the industry.

Going forward, the Commission plans to further diversify channels to provide survey data on global industry for the purpose of enhancing access to public data while raising business operators' awareness of location information. Furthermore, the Commission will expand support for commercialization for SMEs by implementing policies to provide technological protection, establish network between businesses and technical experts, and address entry barrier.

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

### a. Strengthening International Cooperation of Broadcasting and Communications

#### 1) Inter-governmental Cooperative Activities in Broadcasting and Communications

The Commission committed itself to promoting mutual exchange with foreign govern-

ments and international organizations to strengthen cooperation in broadcasting and communications, supporting international collaborative initiatives in the private sector. It shared policy experience with advanced countries by holding high-level talks and signing MOUs aimed at promoting international cooperation. Furthermore, the Commission attended international broadcasting and communications conferences to identify emerging global issues and devise response measures in a preemptive manner.

The Commission held bilateral talks with FCC and FTC in April 2016, sharing ideas on major broadcasting and communication policy issues and strengthening ties. It also signed an MOU with the Ministry of Information and Communications of Vietnam on co-production of broadcasting program. Following the signing of MOU with Conseil Supérieur de l'Audiovisuel of France on broadcasting convergence service, the Commission signed an MOU with Ministry of Posts and Telecommunication, Cambodia to support establishment of educational broadcasting station.

| Figure III-62 | MOU signing for broadcasting and communications cooperation with Vietnam and Cambodia



By visiting cooperating counterparts in the Czech Republic, France, the US, Turkey, and Egypt, the Commission surveyed global broadcasting policy development and cases on broadcasting's public accountability, media diversity, and universal access rights and discussed measure on how to boost exchange. In meetings with the US and France, in particular, the Commission reached an agreement on mutual exchange expansion in broadcasting and formation of a policy coordination body.

Table III-69 | Major activities for inter-governmental broadcasting and communications cooperation

Classification	Date and Country	Description
Attended opening ceremony of educational broadcasting VTV7	Jan. 8 Vietnam	• Promote Korean wave in southeast Asia and support export of EBS model
MOU signing with CTU Chairman	Feb. 25 Czech Rep.	• Policy cooperation on personal information protection and human resources exchange
Meeting with ITU Secretary General	Apr. 6 Switzerland	• Issues in broadcasting and communications, promotion of mutual development and cooperation
Meeting with FTC Commissioner	Apr. 14 The US	• Regulations on broadcasting and communications convergence service such as YouTube and mutual exchange
Meeting with Chairman of FCC	Apr. 15 The US	• Broadcasting and communications corporate merger, UHD standard trend, policy cooperative body, etc.
MOU signing and conference with ICTA	May 9 Turkey	• Lay foundation for broadcasting and communications cooperation on user protection and hold joint conference • Share policy issues on 5G, UHD, and other latest broadcasting and communications environment
Attended GSR of ITU	May 10 Egypt	• Attended personal information forum and identify global broadcasting and communications regulatory trends
MOU signing with MIC	May 25 Korea	• Form joint research team for signing agreement on co-production of broadcasting programs
Meeting with Chairman of CSA and MOU signing	Jun. 2 France	• Mutual broadcasting cooperation expansion and formation of policy consultative body
Meeting with Wenzhou Mayor	Jul. 27 China	• Exchange of broadcasting contents and culture between Korean and Wenzhou
Attended APT cyber security forum	Oct. 11 Cambodia	• Introduce ICBM market trend and policy of Korea, proposal for international cooperation on personal information protection
MOU signing with MPTC	Dec. 7 Cambodia	• User's personal information protection and support for cooperation between EBS and Apsara TV • Cooperation between Korea Cambodia on communications

As the Government's role in spreading Korean wave is more important than ever before, the Commission proactively engaged in cooperative activities with global counterparts by introducing the nation's broadcasting policies and attending prestigious international conferences as presenter or panels. In particular, the Commission held joint forum with Turkey's ICTA, strengthening policy cooperation in 5G, UHD, and other latest broadcasting and communications trends. Going forward, the Commission will carry out activities aimed at delivering favorable environment to spread Korean broadcasting and communication contents overseas.

| Figure III-63 | Meeting with the Government and hosting joint forum



## 2) Attending International Organization Conferences

In May 2016, the Commission attended the GSR16, jointly hosted by ITU and TRA and held in Sharm el-Sheikh, Egypt, contributing to raising Korea's profile in the international community as the regulatory body of broadcasting and communications.

| Figure III-64 | GSR 16 and APT cyber security forum



The Commission also participated in APT Cybersecurity Forum held in Phnom Penh and IIC Annual Conference in Bangkok in 2016, introducing policy issues of Korea.

At APT Cybersecurity Forum, the Commission was invited to an interview at 'Insight of the TOP', to explain the status of Korea's broadcasting and communications and ICT industry and users' privacy issues.

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

The Commission established cooperative channels to support export of local broadcasting contents and maintain dialogue with the governments. It attended the opening ceremony of Vietnam's educational broadcasting station VTV7. The opening of Vietnam's educational broadcasting station came as a first outcome of the Commission's diplomatic efforts as it met deputy Prime Minister of Vietnam, Minister of Information and Communications, and Finance Minister of Vietnam in July 2014 to discuss the export of EBS model.

What's more, the Commission formed and operated joint research team with MIC and held 1st and 2nd meeting, promoting overseas expansion for Korean broadcasting companies and mutual exchange and cooperation in broadcasting. The Commission also participated in the signing ceremony of the trilateral MOU between EBS, Apsara TV, and SOMA Group. Chairman Choi Sung-joon met with Kieu Kanharith, Minister of Cambodia Ministry of Information to reinforce mutual exchange in media.

| Figure III-65 | Attending the launching ceremony of VTV7 of Vietnam and meeting with Vietnamese Minister of Information and Communications



To mark the 130<sup>th</sup> anniversary of Korea-France diplomatic ties, the Commission visited the French broadcasting and communications regulator Conseil Supérieur de l'Audiovisuel and met with President Olivier Schrameck, signing an MOU on mutual cooperation expansion, cross programming, contents exchange, and support for mutual market entry.



YTN and news specialized channel Franc24 also signed MOU for fast disaster and terrorism information sharing. What's more, the Commission attended the MOU signing ceremony between France global channel TV5Monde and KBS World.

| Figure III-66 | MOU signing with Conseil Superieur de l'Audiovisuel of France and attending MOU signing ceremony between Korea and France broadcasting operators



### c. Promoting Inter-Korean Broadcasting and Communications Exchange

The Commission hosted the International Conference on Inter-Korean Broadcasting and Communications and supported production of unification program for the purpose of laying the ground for broadcasting and communications exchange and recover the national homogeneity. Considering that broadcasting and communications played a facilitating role in the process of German unification and solidifying cultural integration between East and West Germany, broadcasting and communications harbor rare values as a means to connect the two Koreas. The Commission invited international relations experts as well as North Korean broadcasting and communications figures to share ideas on international community and the unification of the Korean peninsula. The production of unification program was a chance to realize that new settlers from North Korea are the partners in unifying Korea. The Commission strived to build consensus on inter-Korean unification between private and public sector amid the growing tension in the Korean peninsula.

#### 1) International Conference on Inter-Korean Broadcasting and Communications

The Commission hosted the International Conference on Inter-Korean Broadcasting and Communications in InterContinental Seoul COEX in November 2016 to share ideas

on current issues and promote mutual understanding and international exchange. The conference brought together about 300 participants including broadcasting and communications experts from China, Japan, Germany, Russia, and Ireland and in issues regarding the Korean peninsula, diplomatic delegates, journalist from home and abroad and scholars of various countries.

Held under the theme of ‘The roles and duties of broadcasting and communications for the preparation of unification’, the conference served a chance to explore the latest changes in the North Korean society and its broadcasting and communications while discussing future cooperation and implications, thus laying the basis for the resumption of inter-Korean exchange. The program of the conference is as follows:

**Table III-70 | Major programs of the international conference on inter-Korean broadcasting and communications**

Classification	Description
Opening Ceremony	Opening speech/welcome speech/congratulatory speech
〈Session 1〉 Inter-Korean exchange and cooperation in broadcasting and communications for the smart ear	Analysis of Kim Jung-eun's policy on broadcasting and communications and science technology North Korea broadcasting and communications technology and changes in media use behavior Discussion and Q&A
〈Session 2〉 International community and inter-Korean unification	South Korea-North Korea-China cooperative model and the future of east Asia Cooperation with North Korea through international organizations Discussion and Q&A
〈Session 3〉 Talks and inter-Korean culture sharing toward unification	Talk concert with film directors and PDs on North Korean popular culture, and broadcasting and communications
	Choir performance by new children settlers from North Korea
Roundtable discussion	The roles and duties of broadcasting and communications for the preparation of unification'

Attendees in the Conference discussed ways to promote future exchange amid the changes in broadcasting and communications technology and policy in North Korea and contents consumption pattern. It was pointed out during the roundtable discussion that, given the recently limited inter-Korean exchange, implementing long-term projects are necessary in case the two Koreas reestablish relationship. In addition, as pressure and sanctions alone will not encourage the North to open, a collaborative channel must be

established by the international community to provide the North with humanitarian assistance.

| Figure III-67 | International conference on inter-Korean broadcasting and communications



For Session 3, ‘Talks and inter-Korean culture sharing toward unification’, directors from Ireland and Russia who produced movies on North Korea and PDs working on unification programs were invited for a talk concert. The session dealt with film production environment in the North, life of North Korean people, and inter-Korean cooperation in broadcasting and communications after unification.

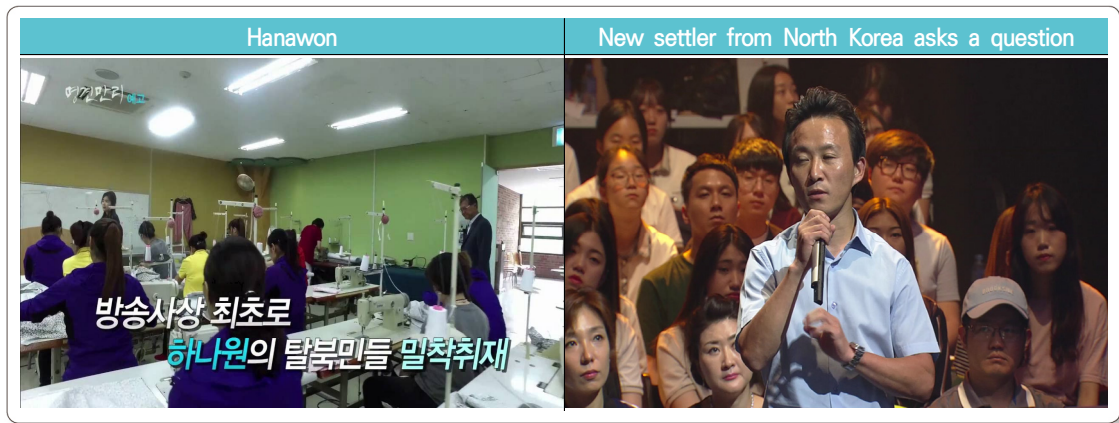
Choir performance by new children settlers from North Korea impressed attendees with songs reminding that the North and the South are one. The conference, participated by experts on North Korea from home and abroad, served as a chance to reflect upon the importance of broadcasting and communications in unification and its roles in preparing for unification.



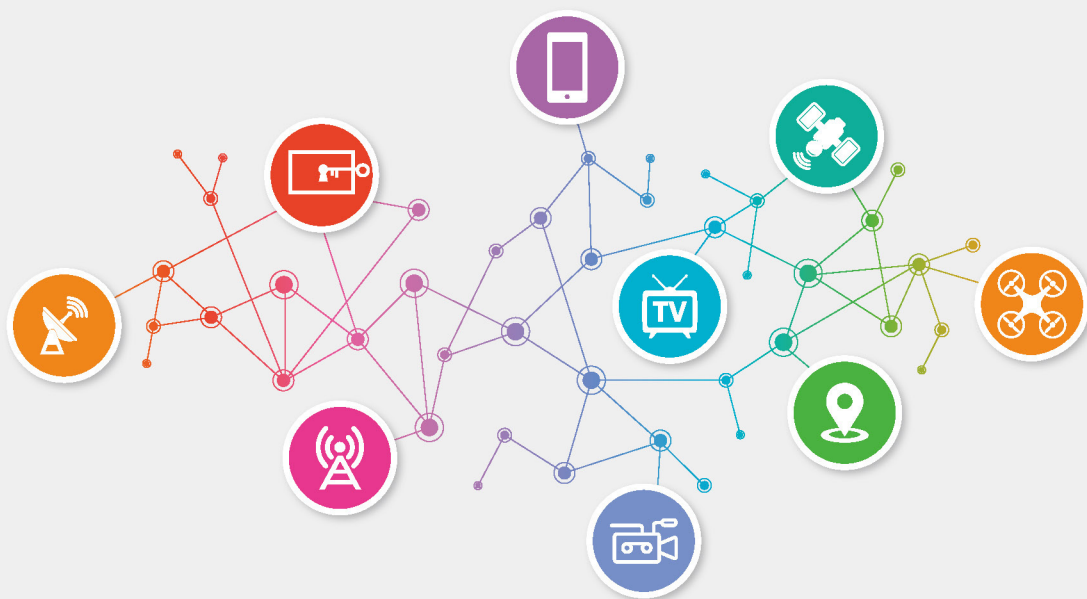
## 2) Supporting Program Production about Unification

In a bid to raise the public awareness of unification which as deteriorated by North Korean nuclear activities and recover the national homogeneity, the Commission supported production of broadcasting programs about unification. As a result, KBS Good Insight 〈How to Live in the Future That Came Too Fast〉 was aired on KBS 1TV.

| Figure III-68 | KBS Good Insight : How to Live in the Future That Came Too Fast



KBS Good Insight reported the status of North Korean defectors settling in Korea, Korean people's awareness of them, basic training course at settlement support center for North Korean refugees, Hanawon, vocational training, and medical facilities. Also, by reflecting the fact that Goldman Sachs expected that Korea, if united, would rise as a super power with GDP of USD 6.056 trillion, the program confirmed that unification of Korea would prove a breakthrough for the nation's economy that is struggling with low growth and low fertility rate. Registered as a video education material at Institute for Unification Education, KBS Good Insight is used as educational material for unification.



# Appendix



## 1. Financial Statements of 2016

### Execution of the Budget

Appendix Table-1 | Execution of the Budget in 2016

(Unit : KRW 1 million, %)

Category		Budget(A)	Real budget(B)	Actual(C)	Execution rate(C/B)
Income	Total	1,177,754	1,177,754	1,439,188	122.2
	General accounting	56,256	56,256	8,072	14.3
	Broadcast Communications Development Fund	1,121,498	1,121,498	1,431,116	127.6
Expenses	Total	227,345	229,111	226,205	98.7
	General accounting	55,619	55,619	54,203	97.5
	Broadcast Communications Development Fund	171,726	173,492	172,002	99.1

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 1.766 billion)

### Budgets and Expenses by Program

Appendix Table-2 | Budgets and Expenses by Program

(Unit : KRW 1 million)

Program	Budget	Expenses
Total	229,111	226,205
〈General accounting〉	55,619	54,203
Item 2100: Establishment of a fair and secure market environment	19,574	19,554
Item 2300: Improvement of the broadcasting infrastructure	12,757	12,757
Item 7100: Administrative support for broadcasting and communications	23,288	21,892
〈Broadcast Communications Development Fund〉	173,492	172,002
Item 3100: Establishment of the broadcasting and communications environment boosting satisfaction and convenience	169,654	168,164
Item 3200: Establishment of the broadcasting and communications environment boosting fair and secure	3,838	3,838

## 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	2016 (A)	2015 (B)	Change (A - B)	
			In amount	In % rate
Assets	625,571	579,682	45,889	7.9
Liabilities	790,354	568,559	221,795	39.0
Net Assets	△164,783	11,123	△175,906	△1,581.5

Note) The financial statement table is the total amount of the Fund as of Dec. 31, 2016. △: reduction

### (2) Income and Expenses

**Appendix Table-4** | Income and expenses of the broadcast communications development fund (Unit : KRW 1 million, %)

Classification	2016 (A)	2015 (B)	Change (A - B)	
			In amount	In % rate
Net program costs( I )	733,618	718,540	15,078	2.1
Operation expenses(II)	3,733	3,274	459	14.0
Non-distribution costs(III)	194	2	192	9,600.0
Non-distribution revenue(IV)	403,334	349,066	54,268	15.5
Net financial management costs (V= I + II + III - IV)	334,211	372,750	△38,539	△10.3
Non-exchange revenue(VI)	172,695	187,460	△14,765	△7.9
Result(VII=V-VI)	161,516	185,290	△23,774	△12.8

Note) The fiscal management table refers to the total amount of the Fund as of Dec. 31, 2016. △: 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	Jan.11(Mon)	Reporting	Plan for location information use to develop creative LBS industry and establish safe society (proposal)
		Reporting	Results of survey on broadcasting media use behavior in 2015
2nd	Jan.14(Tue)	Voting	Correction order for personal information violation by 060 payment gateway business operators
		Voting	Correction order for violation of personal information validity period system
3rd	Jan.18(Mon)	Reporting	Partial amendment to the 「Enforcement Decree of the Broadcasting Act」
4th	Jan.22(Fri)	Voting	Consent on appointment of members of Broadcasting Conflict Mediation Commission
		Voting	Partial amendment to the 「Principles of Broadcasting · Evaluation」
5th	Jan.27(Wed)	Voting	Approval of foreign capital contribution to FEBC
		Voting	Retrial of the matter regarding broadcasting review - KBS <KBS Morning News Time> -
		Voting	Retrial of the matter regarding broadcasting review - MBC <My Daughter Geum Sawol> -
6th	Jan.28(Thu)	Reporting	Matters regarding 「Measures to introduce MMS」
7th	Feb.2(Tue)	Voting	Agreement on member appointment for the Viewer Rights Protection Commission
8th	Feb.4(Thu)	Voting	(Note) Correction order for violation of the 「Telecommunications Business Act」 by KT
		Voting	Correction order for violation of user interest by MVNO business operators
		Voting	Administrative measures on violation of sponsoring notification by broadcasting business operators - YTN, CJ E&M(Note) -
		Reporting	Awarding plan for 「2016 Korea Communications Commission Award」(draft)
		Reporting	Partial amendment to the 「Enforcement Decree of the Broadcasting Act」
		Other	Proposal for resolution a. (Note) Request for data submission to MBC and Foundation for Broadcast Culture
9th	Feb.19(Fri)	Voting	Appointment of auditor to EBS
10th	Feb.24(Wed)	Voting	Basic operation plan of 2016 Community Media Foundation
		Voting	Partial amendment to the 「Principles of Sponsoring Notification」
11th	3.4(Fri)	Reporting	Partial amendment to the 「Enforcement Decree of the Broadcasting Act」
		Reporting	Partial amendment to the 「Enforcement Decree of the Framework Act on Broadcasting Communications Development」

Session	Date	Type	Agenda Item
12th	3.8(Tue)	Voting	Enactment of the 「Principles for fair operations and work ethics for subcommittees of the Korea Communications Commission」
		Voting	Partial amendment to the 「Korea Communications Commission's Regulations on the Implementation of the Radio Waves Act (Notification)」
		Voting	Retrial of the matter regarding broadcasting review - KBS <Busan Now> -
13th	3.10(Thu)	Voting	Correction order for violation of the Mobile Device Distribution Improvement Act by distribution stores
14th	3.15(Tue)	Voting	Prior consent to permission for change by cable television broadcasting business operator - corporate merger of Hyundai HCN affiliate company -
		Voting	Retrial of the matter regarding broadcasting review - KBS < Ilbam > -
		Voting	Administrative measures on business operators for violating broadcasting commercial regulations of the 「Broadcasting Act」- Daekyo and 4 other companies
15th	3.22(Tue)	Voting	Basic plan for prior consent to re-permission of pay broadcasting service operators
16th	3.24(Thu)	Voting	Prior consent to the permission for facility change by cable television broadcasting business operators - T-Broad Dongdaemoon and 17 SOs -
		Reporting	Partial amendment to 「Rules of the Commission on the Implementation of the Broadcasting Act」
17th	3.31(Thu)	Voting	Partial amendment to the 「Detailed types of violation of combined sales and review criteria」
		Reporting	Partial amendment to the 「Enforcement Decree of the Telecommunications Business Act」
18th	4.1(Fri)	Voting	Prior consent to re-permission and change of permission for CATV relay broadcasting business operators - re-permission for Gwangmyung Cable and 5 other companies and change of permission for Hwagae Cable and 2 other companies
19th	4.11(Mon)	Voting	Correctional order on business operators for personal information leakage
		Reporting	Enactment of the 「Standard operation guidelines on voluntary compliance program」
		Reporting	Enactment of the 「Guidelines on the right to be forgotten」
		Reporting	Partial amendment to the 「Enforcement Decree of the Broadcasting Act」- regarding sales procedure of outsourcing production's indirect commercial -
20th	4.12(Tue)	Voting	Partial amendment to the 「Enforcement Decree of the Broadcasting Act」
		Reporting	Enactment of the 「Detailed criteria on imposing fines on violation of the Internet Multimedia Broadcasting Business Act」(Notification)
21st	4.22(Fri)	Reporting	Deliberation plan of prior consent to change permission regarding the corporate merger of CJ HelloVision



Session	Date	Type	Agenda Item
22nd	4.26(Tue)	Voting	Prior consent to change of permission for general service and CATV relay broadcasting business operators – permission for facility change for d-live and 17 SOs and business transfer by Geumjung CATV –
		Voting	Retrial of the matter regarding broadcasting review– NS Mall < Embonita Moris quilting fur padding coat > –
		Reporting	Partial amendment to the 「Enforcement Decree of the Framework Act on Broadcasting Communications Development」
		Reporting	Partial amendment to the 「Act on the Promotion of Information and Communications Network Utilization and Information Protection, etc」
23rd	4.29(Fri)	Voting	Licensing new location information business operator
		Reporting	Enactment of the 「Guidelines on the right to be forgotten」
24th	5.4(Wed)	Voting	Approval of change of programming ratio for multi-language broadcasting of Busan eFM
		Reporting	Partial amendment to the 「Broadcasting Act」
25th	5.9(Mon)	Voting	Partial amendment to the 「Enforcement Decree of the Act on Promotion of Information and Communications Network Utilization and information Protection, etc.」
		Reporting	Partial amendment to the 「Detailed criteria on prohibited acts for universal watching right」
26th	5.16(Mon)	Voting	Partial amendment to the 「Framework Act on Broadcasting Communications Development」 regarding disaster broadcasting
		Voting	Partial amendment to the 「Framework Act on Broadcasting Communications Development」 regarding legal share of broadcasting business operators
27th	5.19(Thu)	Voting	Partial amendment to the 「Enforcement Decree of the Broadcasting Act」
		Voting	Correction order on mobile carrier sales store for personal information violation
		Voting	Correction order on business operators for illegal acts of personal information leakage
28th	5.24(Tue)	Voting	Whole amendment to the 19 <sup>th</sup> National Assembly discarded bills
		Voting	Retrial of the matter regarding broadcasting review – MBC < My daughter, Geum Sawol > –
		Voting	Administrative measures on business operators for violating broadcasting commercial regulations of the 「Broadcasting Act」– JTBC and five other companies –
		Voting	Consent to appointment of Broadcasting Evaluation Commission members

Session	Date	Type	Agenda Item
29th	5.26(Thu)	Voting	The 2017 budget and management plan for Broadcast Communications Development Fund
		Voting	Detailed plan of permission renewal to terrestrial broadcasting business operators in 2016 (draft)
		Voting	Basic plan on new permission to terrestrial UHD (draft)
		Voting	Basic plan on permission to change of corporate merger of Cheongju and Chungju MBC (draft)
		Voting	Detailed plan on new permission to terrestrial UHD in 2016 (draft)
		Voting	Correction order on special value-added telecommunications business operator for illegal acts regarding prevention of distributing illegal obscene information
		Voting	Evaluation plan of user protection by telecommunications business operators in 2016 (draft)
30th	5.30(Mon)	Voting	Agreement on appointment of supplementary member for the Broadcasting Market Competition Situation Assessment Committee
		Voting	Appointment of members of Media Diversity Committee
31st	6.8(Wed)	Voting	Partial amendment to the 「Enforcement Decree of the Broadcasting Act」
		Reporting	Implementation of temporary deregulation tasks
32nd	6.10(Fri)	Reporting	Partial amendment to the 「Telecommunications Business Act」
33rd	6.16(Thu)	Reporting	Partial amendment to the 「Collecting and imposing share of Broadcast Communications Development Fund」 (notification)
		Reporting	Rejection and interference with corporate sales investigation by LG U+
34th	6.20(Mon)	Voting	Partial amendment to the 「Enforcement Decree of the Broadcasting Act」
		Voting	Partial amendment to the 「Radio Waves Act」
35th	6.23(Thu)	Voting	Basic plan for new license of FM – FEBC Jeju FM, Gugak FM Daejeon FM –
36th	6.28(Tue)	Reporting	Checking the stenographic records of the Commission meeting
		Reporting	2015 disclosure on the financial status of broadcasting business operators
37th	6.30(Thu)	Voting	Basic plan for broadcasting assessment in 2015
		Voting	New license for secondary location information business operator in 2016
		Reporting	Partial amendment to the 「Enforcement Decree on the Act on Promotion of Information and Communication Network Utilization and information Protection, etc.」

Session	Date	Type	Agenda Item
38th	7.6(Wed)	Voting	Partial amendment to 「Rules of the Commission on the Implementation of the Broadcasting Act」
		Voting	Prior consent to change of permission for CATV relay broadcasting business operators – permission of facility change for Areum Broadcasting Network and Daap CATV –
		Reporting	Partial amendment to 「Notification of information communication service providers for whom collecting or using users' resident registration number is inevitable to provide information communication services for commercial purposes」
39th	7.8(Fri)	Voting	Fines on LG U+ for rejecting and interfering with investigation
		Voting	Partial amendment to the 「Enforcement Decree of the Broadcasting Act」
40th	7.12(Tue)	Voting	Partial amendment to the 「Enforcement Decree of the Telecommunications Business Act」
		Voting	Appointment of certificate authority for daily newspaper circulation
		Reporting	Partial amendment to 「Rules of the Commission on the Implementation of the Broadcasting Act」
41st	7.15(Fri)	Voting	Alleviation of mandatory broadcasting programing for the disabled on OBS TV(Note)
		Voting	Evaluation of performance of mandatory broadcasting for the disabled in 2015
42nd	7.21(Thu)	Voting	Partial amendment to detailed criteria of broadcasting evaluation in 2016
		Voting	Estimation of share of audience of broadcasting business operator in 2015
		Voting	Appointment of members of EBS
		Reporting	Enactment of the 「Guidelines on survey and procedure of mobile device and PC viewing record」
		Reporting	Partial amendment to the 「Principles of broadcasting evaluation」
43rd	7.22(Fri)	Voting	Partial amendment to the 「Detailed criteria on prohibited acts of universal access rights」
		Voting	Administrative measures on business operator for violating broadcasting advertisement regulations
		Voting	Appointment of members of the commission for balanced growth of broadcasting advertisement
44th	8.9(Tue)	Voting	Partial amendment to the 「Collecting and imposing share of Broadcast Communications Development Fund」 (notification)
		Voting	Prior consent to re-permission and permission of change for relay cable broadcasting business

Session	Date	Type	Agenda Item
45th	8.11(Thu)	Voting	Detailed plan for re-approval of general service and news specialized broadcasting business operator in 2017 (proposal)
		Voting	Correction order on everyday living app business operator for personal information violation
		Voting	Enactment of detailed criteria for broadcasting evaluation in 2016
		Voting	Partial amendment to the 「Principles of broadcasting evaluation」
		Reporting	Partial amendment to the 「Detailed criteria on enforcement fine for failure to comply with correction order」
		Reporting	Partial amendment to the 「Detailed criteria on imposing violation of prohibited acts」
		Reporting	Partial amendment to the 「Detailed criteria on subsidy notification and posting method」
		Reporting	Enactment of the 「Notification on entrusting sales of indirect advertisement of outsourcing production」
46th	8.18(Thu)	Voting	Administrative measures on general service broadcasting channel business operator for failure to comply with correction order
		Voting	Correction order on general service broadcasting channel business operator for violation of reapproval criteria
47th	8.23(Tue)	Voting	Partial amendment to 「Rules of the Commission on the Implementation of the Broadcasting Act」
		Voting	Enactment of the 「Detailed criteria on imposing fines on prohibited acts of the Internet Multimedia Broadcasting Business Act」
48th	8.24(Wed)	Voting	Administrative measures on OBS (Note) for failure to comply with correction order
		Voting	Correction order on terrestrial broadcasting business operator for violation of re-permission
		Voting	Permission of a new radio broadcasting station (FM)
		Voting	Permission of change for terrestrial broadcasting business operator
		Reporting	Basic plan for assessment of broadcasting contents production capabilities in 2016
49th	9.1(Thu)	Voting	Basic plan for selection of public-interest program channel and the recognition of a welfare program channel for disabled people for 2017 (proposal)
		Voting	Voting New permission of location-based service (LBS) providers
50th	9.6(Tue)	Voting	Partial amendment to the 「Enforcement Decree of the Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.」
51st	9.7(Wed)	Voting	Correction order on LG U + and distribution stores for violation of the 「Mobile Device Distribution Improvement Act」
52nd	9.12(Mon)	Reporting	Partial amendment to the 「Notification regarding the Organization of Broadcasting Programs」

Session	Date	Type	Agenda Item
53rd	9.21(Wed)	Voting	Partial amendment to the 「Broadcasting Act」
		Voting	Partial amendment to the 「Enforcement Decree of the Telecommunications Business Act」
		Voting	Partial amendment to the 「Detailed criteria on subsidy notification and posting method」
		Voting	Enactment of the 「Notification on entrusting sales of indirect advertisement of outsourcing production」
		Reporting	Partial amendment to the 「Enforcement Decree of the Act on Promotion of Information and Communications Network Utilization and information Protection, etc.」
		Reporting	Partial amendment to the 「Act on the Protection, Use, etc, of Location Information」
		Reporting	Partial amendment to the 「Enforcement Decree of the Act on the Protection, Use, etc, of Location Information」
		Reporting	Partial amendment to the 「Notification on Support for Combined Sales of Broadcasting Advertisements」
54th	9.22(Thu)	Voting	Prior consent to the permission for facility change by cable television broadcasting business operators
		Voting	Partial amendment to the 「Criteria on Calculating the Audience Share Ratio, etc.」
55th	9.29(Thu)	Voting	Order on MBC to continue and resume broadcasting
		Voting	Partial amendment to the 「Telecommunications Business Act」
56th	10.7(Fri)	Voting	a. Order on KBS and SBS to continue and resume broadcasting
		Voting	b. Appointment of members of Universal Access Rights Commission
		Voting	c. Administrative measures on business operator for violation of broadcasting advertisement regulation of the 「Broadcasting Act」
57th	10.12(Wed)	Reporting	a. Checking the stenographic records of the Commission meeting
58th	10.20(Thu)	Voting	a. Correctional order on business operators for voluntary report of personal information leakage
		Voting	b. Correctional order on violation of personal information protection regulation regarding collection and use of resident's registration number
		Voting	c. Basic plan on re-permission of broadcast advertising sales agencies for general service broadcasting channel business operators
		Voting	d. Partial amendment to the 「Notification on organization of broadcast programs」
		Reporting	a. Partial amendment to the 「Procedure and criteria on permission, permission of change, and re-permission of broadcast advertising sales agencies」
		Reporting	b. Enactment of the 「Guidelines on negotiation of terrestrial broadcasting retransmission」
59th	10.25(Tue)	Voting	Partial amendment to the 「Notification on support for combined sales of broadcasting advertisements」
60th	11.2(Wed)	Voting	Sustain and resumption order of broadcasting on MBC

Session	Date	Type	Agenda Item
61st	11.3(Thu)	Voting	a. Prior consent to the re-permission to cable television broadcasting business operator
		Voting	b. New permission of location-based service (LBS) providers
62nd	11.8(Tue)	Voting	a. Sustain and resumption order of broadcasting on KBS and SBS
		Voting	b. Prior consent on re-permission of relay wired broadcasting operators
		Voting	c. Enactment of detailed criteria on imposing enforcement criteria for failure to comply with correction order (proposal)
		Voting	d. Partial amendment to the detailed criteria on fines violating prohibited acts
		Voting	e. Partial amendment to the 「Enforcement Decree of the Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.」
		Voting	f. Retrial of the matter regarding broadcasting review – CJ O shopping
63rd	11.11(Fri)	Voting	a. Permission of new terrestrial UHD broadcasting station in capital area
		Voting	b. Renewal of permission to terrestrial mobile multimedia stations in 2016
		Reporting	a. Partial amendment of the 「Notification on organization of broadcast programs」
64th	11.15(Tue)	Voting	a. Selection of public-interest program channel and the recognition of welfare program channel for disabled people for 2017
		Voting	b. Correctional order on Interpark for personal information leakage
		Voting	c. Correction order for violation of user interest by offering broadcasting and communications combined products, etc.
		Voting	d. Administrative measures on advertisement sales agencies for violating accounting separation
		Voting	e. Administrative measure on business operator for violating sponsoring notification regulations
		Reporting	a. Partial amendment to the notification of 「Sports event and other major events of great public interest」
		Reporting	b. Partial amendment to the 「Composition and operation of universal access rights guarantee commission」
		Reporting	c. Partial amendment to the 「Rules on Broadcasting Assessment」
65th	11.22(Tue)	Reporting	a. Partial amendment to the 「Regulations on work handling on prohibited acts of broadcasting and communications business」
		Reporting	b. 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	11.23(Wed)	Voting	a. Prior consent to the permission for facility change by cable television broadcasting business operators
		Voting	b. Partial amendment to 「Notification of information communication service providers for whom collecting or using users' resident registration number is inevitable to provide information communication services for commercial purposes」
		Voting	c. Administrative measures for violators of broadcasting advertisement regulations
		Reporting	a. Partial amendment to disaster broadcasting and civil defense force drill broadcasting
67th	11.29(Tue)	Reporting	a. Checking the stenographic records of the Commission meeting
68th	12.6(Tue)	Voting	a. Correctional order on Interpark for personal information leakage
		Voting	b. Partial amendment to the 「Enforcement Decree of the Act on Promotion of Information and Communications Network Utilization and information Protection, etc.」
		Voting	c. Partial amendment to the 「Act on the Protection, Use, etc, of Location Information」
		Voting	d. Partial amendment to the 「Enforcement Decree of the Act on the Protection, Use, etc, of Location Information」
		Voting	e. Correction order for violation of user interest by offering broadcasting and communications combined products, etc.
		Voting	f. Results of broadcasting assessment in 2015
69th	12.7(Wed)	Voting	a. Consent to appointment of member of the 2 <sup>nd</sup> term 「Professional Commission of broadcasting advertisement industry promotion」
		Voting	b. Administrative measures for violators of broadcasting advertisement regulations of the broadcasting act
70th	12.14(Wed)	Voting	a. Renewal of permission to terrestrial broadcasting business operators in 2016
71st	12.21(Wed)	Voting	a. Correction order on paid broadcasting stations for violating prohibited acts
		Voting	b. Correction order on business operators for violating location information protection
		Reporting	a. Membership application to APEC CBPR
		Reporting	b. Assessment result of user protection work by telecommunications business operators in 2016
		Reporting	c. Assessment results of content production competence of broadcasting program providers as registration candidates in 2016
		Reporting	e. Results of broadcasting media use behavior in 2016

Session	Date	Type	Agenda Item
72nd	12.22(Thu)	Voting	a. Partial amendment to the notification of「Sports event and other major events of great public interest」
		Voting	b. Partial amendment to the 「Composition and operation of universal access rights guarantee commission」
		Voting	c. Partial amendment to the 「Rules on broadcasting assessment」
		Voting	e. Partial amendment of the 「Procedures and Criteria for Permission, Change of Permission and Re-permission for Broadcast Advertising Sales Representatives」
		Voting	e. Administrative measures for violators of broadcasting advertisement regulations
		Voting	f. Administrative measures on violation of sponsoring notification by business operators
		Voting	g. Partial amendment of the 「Notification on organization of broadcast programs」
73rd	12.26(Mon)	Voting	a. Renewal of permission to terrestrial broadcasting business operators in 2016 – OBS TV(Note)
		Voting	b. Correction order on Kakao Corp. for violating 「Telecommunications Business Act」 regarding ‘alarm talk’
		Voting	c. Correction order on Kakao Corp. for violating 「Telecommunications Business Act」 regarding collection and use of URL
		Voting	d. New permission of location-based service (LBS) providers
		Reporting	a. Results on the assessment of competition practices in the broadcasting market in 2016
74th	12.27(Tue)	Voting	a. Partial amendment to the 「Criteria on execution of disaster broadcasting and civil defense force drill warning broadcasting 」
		Reporting	a. Enactment of guidelines on protection of mobile communication recall users



### 3. Monthly Major Achievements of 2016

Appendix Table-6 Monthly Major Achievements of 2016

#### January 2016

Date	Events
Jan. 8	Chairman Choi Sung-joon attends launching ceremony of the Vietnamese educational broadcasting [VTV7]
Jan. 11	2015 Survey result of broadcasting media use behavior announced
Jan. 13	Chairman Choi Sung-joon visits post office selling MVNO and holds meeting with business operators
Jan. 18	The Commission and other 6 agencies make work report 「Securing growth momentum for creative economy and cultural prosperity」
Jan. 21	2016 New year assembly for broadcasting and communications community held
Jan. 22	Presentation on content competitiveness enhancement for regional and small broadcasting held
Jan. 27	Chairman Choi Sung-joon holds meeting with advertisers' association and major advertisers
Jan. 27	Major work plan for 2016 announced
Jan. 29	Commissioner Kim Seok-jin appointed as Chair of Inter-Korea broadcasting communications exchange promotion committee

Chairman Choi Sung-joon attends launching ceremony of the Vietnamese educational broadcasting [VTV7]



Chairman Choi Sung-joon visits post office selling MVNO and holds meeting with business operators



2016 New year assembly for broadcasting and communications community



Major work plan for 2016 announced



## February 2016

Dates	Events
Feb. 3	Member of the 8 <sup>th</sup> term Viewer Rights Protection Commission appointed
Feb. 3	Chairman Choi Sung-joon visits traditional market and welfare facilities on Lunar New Year's holiday
Feb. 3	The Commission and KOBACO carry out joint public interest campaign with CCTV
Feb. 4	The 7 <sup>th</sup> term Broadcast Dispute Mediation Committee members appointed
Feb. 14	Chairman Choi Sung-joon visits KBS Hwaaksan Mountain transmitting station
Feb. 15	Chairman Choi Sung-joon visits mobile communications network security management facilities
Feb. 19	Commissioner Lee Ki-joo visits major national communications facilities
Feb. 21	Chairman Choi Sung-joon visits mobile phone identification site
Feb. 22	Chairman Choi Sung-joon visits homeshopping company and holds meeting
Feb. 22	Vice Chairman Kim Jae-hong meets with head of Spain's information protection office head
Feb. 23	Vice Chairman Kim Jae-hong attends MWC 2016 and discusses measures to promote international cooperation in mobile communications area
Feb. 25	Workshop for long-term broadcasting policy held
Feb. 25	Vice Chairman Kim Jae-hong signs MOU on broadcasting and communications cooperation with Communications Commission of the Czech Republic
Feb. 26	Commissioner Ko Sam-seog visits public interest channel and welfare channel operators
Feb. 26	Presentation held on construction of additional Community Media Center

The 8<sup>th</sup> term Broadcast Dispute Mediation Committee members appointed



The 7<sup>th</sup> term Broadcast Dispute Mediation Committee members appointed



Chairman Choi Sung-joon visits traditional market and welfare facilities on Lunar New Year's holiday



Chairman Choi Sung-joon visits KBS Hwaaksan Mountain transmitting station

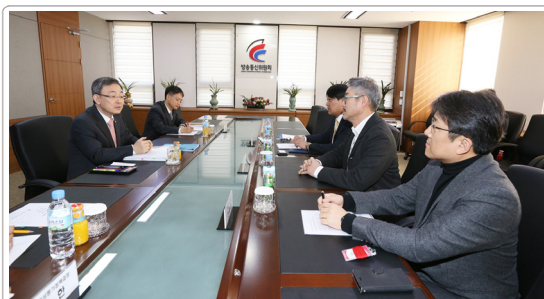




## March 2016

Date	Events
Mar. 4	1 <sup>st</sup> meeting of joint research team for agreement on co-production of Korea-China broadcasting program held
Mar. 8	Presentation on amendment to principles of sponsorship notification held
Mar. 9	Chairman Choi Sung-joon holds meeting with CEOs of terrestrial broadcasting companies
Mar. 11	Chairman Choi Sung-joon hold meeting with CEOs of outsourcing productions
Mar. 11	Chairman Choi Sung-joon attends 2016 M Clean launching ceremony
Mar. 15	Emergency meeting for cyber threat response posture investigation of affiliated and relevant agencies held
Mar. 15	Chairman Choi Sung-joon hold meeting with CEOs of general service PP channel business operators
Mar. 15	Chairman Choi Sung-joon holds meeting with executives of terrestrial broadcasting companies
Mar. 16	Chairman Choi Sung-joon visits KBS Yongmunsan Mountain transmission station for facility safety investigation
Mar. 16	Chairman Choi Sung-joon visits Korea Broadcasters Center
Mar. 17	2015 Outcome of broadcasting advertisement production support for innovative SME announced
Mar. 18	Chairman Choi Sung-joon holds meeting with broadcasting guarantee for the disabled committee members
Mar. 22	Basic plan for prior consent to re-permission of paid broadcasting business operators created
Mar. 23	Chairman Choi Sung-joon holds meeting with CEOs of news specialized PPs
Mar. 25	Seminar on rights to be forgotten held
Mar. 29	Chairman Choi Sung-joon visits Samsung Electronics Suwon plant
Mar. 30	Chairman Choi Sung-joon visits media hub school Gwangduk Middle School
Mar. 31	1 <sup>st</sup> CEO meeting of broadcasting and communications policy customers held
Mar. 31	Clean Internet Broadcasting Council convened

Chairman Choi Sung-joon hold meeting with CEOs of outsourcing productions



Chairman Choi Sung-joon visits KBS Yongmunsan Mountain transmission station for facility safety investigation



Chairman Choi Sung-joon visits Korea Broadcasters Center




## April 2016


Date	Events
Apr. 1	Spam circulation status of the second half of 2015 announced
Apr. 4	7 <sup>th</sup> term Group of Korea Internet Dream Star launching ceremony held
Apr. 6	Commissioner Ko Sam-seog talks with ITU Secretary General in Geneva and discusses Busan's hosting of conference
Apr. 11	Presentation on introduction of compliance program for communications business operators held
Apr. 14	Audit advisory commission composed and members appointed
Apr. 14~15	Chairman Choi Sung-joon strengthens cooperation with FCC and FTC on broadcasting and communications policy
Apr. 15	2015 results of TV channel share of audience survey announced
Apr. 18	Chairman Choi Sung-joon attends NAB Show to identify latest trends in broadcasting industry
Apr. 22	Criteria to deliberate merger of CJ Hello Vision announced
Apr. 25	The Commission and the MSIP hold seminar on synchronized T-Commerce promotion
Apr. 26	Meeting on broadcasting advertisement production support for innovative SME held
Apr. 27	1 <sup>st</sup> policy advisory commission on Internet culture convened
Apr. 27	Commissioner Lee Ki-joo visits Gapyung High School's media education class
Apr. 28~29	Roaming service awareness campaign carried out
Apr. 28	Presentation on sponsorship notification monitoring criteria held
Apr. 29	Chairman Choi Sung-joon visits LG Electronics R&D center

 7<sup>th</sup> term Group of Korea Internet Dream Star launching ceremony held



 Commissioner Ko Sam-seog talks with ITU Secretary General in Geneva and discusses Busan's hosting of conference



 Chairman Choi Sung-joon strengthens cooperation with FCC and FTC on broadcasting and communications policy



## May 2016

Date	Events
May 2	2016 Korea Communications Commission Awards held
May 3	Commissioner Lee Ki-joo holds breakfast assembly with heads of public organizations
May 9	Commissioner Lee Ki-joo visits signs MOU with Turkey's Information and Communication Technologies Authority and hold joint forum
May 10	Presentation on policy for online personal information protection held
May 11	Chairman Choi Sung-joon holds meeting with CEOs of terrestrial broadcasting companies and regional private broadcasting companies in Busan
May 11	Regional broadcasting development committee workshop held
May 11~13	Regional broadcasting booth set up and operated at BCM
May 12	Chairman Choi Sung-joon visits i-pin service provider and hold meeting with three CEOs
May 12	Regional broadcasting contents screening held (~ August, Busan, Incheon, Gangwon, Daejeon, Gwangju)
May 12~13	Commissioner Lee Ki-joo attends ITU Global Symposium for Regulators 2016
May 16~17	Commissioner Ko Sam-seog attends INTX 2016
May 18	Chairman Choi Sung-joon visits MBC HQ and checks disaster broadcasting response drill
May 20	Chairman Choi Sung-joon visits Korea-China soap opera co-production site
May 24	2016 Government 3.0 citizens' design board launching ceremony held
May 24	Enforcement Decree of the Framework Act on Broadcasting Communication Development amended
May 25	Chairman Choi Sung-joon signs MOU with Ministry of Information and Communications, Vietnam
May 25	2016 Media Festival for the Disabled held
May 25	Chairman Choi Sung-joon signs MOU for supply of TV sets for the disabled with Incheon Metropolitan City
May 25	Chairman Choi Sung-joon sees National Museum of Contemporary Art on Culture Day
May 26	2016 detailed plan for re-permission of terrestrial DMB broadcasting station (proposal) resolved
May 26	2016 detailed plan for re-permission of terrestrial broadcasting business operator (proposal) resolved
May 26	Basic plan for new permission of terrestrial UHD (proposal) resolved
May 27	Enforcement decree of the broadcasting act amended to abolish regulations on the ratio of programming for special interest groups
May 30	4 <sup>th</sup> term Media Diversity Commission member appointed
May 30	3 <sup>rd</sup> term Broadcasting Market Competition Status Assessment Commission members appointed
May 31	Commissioner Lee Ki-joo visits soap opera outsourcing production site

2016 Korea Communications Commission Awards held



Commissioner Lee Ki-joo visits signs MOU with Turkey's Information and Communication Technologies Authority and hold joint forum





## June 2016

Date	Events
June 1	Chairman Choi Sung-joon meets special officer of die Medienanstalten and discusses measures for mutual cooperation
June 2~3	Chairman Choi Sung-joon agrees to form working-level consultative body to share regulatory policy on broadcasting and communication with Conseil Superieur de l'Audiovisuel and signs MOU
June 3~4	2016 global excellent advertisement screening held
June 8	2016 Beautiful Internet World declaration ceremony held
June 10	Personal information protection practice enhancement declaration ceremony held
June 10	The Commission and Supreme Court Library of Korea signs agreement on information exchange
June 10	2015 share of audience survey results on fixed TV VOD programs announced
June 13~16	Presentation on monitoring criteria of regional business operator held (Daejeon and three other regions)
June 14	Amendment to the enforcement decree of the broadcasting act (proposal) resolved at the national affairs meeting
June 17	Chairman Choi Sung-joon pays encouragement visit to Olympic athletes at Tareung sport village
June 19~22	Customized broadcasting and communications service experience zone opened
June 23	Scholarship ceremony for love and sharing between labor and management held
June 23	Basic plan for permission of new radio broadcasting station (proposal) resolved
June 24	Chairman Choi Sung-joon visits National Center for Veterans and meets people of national merit and the bereaved of patriots
June 28	2015 fiscal year broadcasting business operators' assets and liability announced
June 30	2015 basic plan for broadcasting evaluation (proposal) resolved

Chairman Choi Sung-joon agrees to form working-level consultative body to share regulatory policy on broadcasting and communication with Conseil Superieur de l'Audiovisuel and signs MOU



The Commission and Supreme Court Library of Korea signs agreement on information exchange



2016 Beautiful Internet World declaration ceremony held



## C July 2016

Date	Events
July 6	Forum on policy for new advertisement forms held
July 15	2015 performance for broadcasting for the disabled announced
July 19	Internet Ethics Education at Dining Table campaign executed
July 19	The Commission and the MSIP hold terrestrial UHD broadcasting promotion commission
July 19	Roaming service awareness campaign executed
July 20	6 <sup>th</sup> term independent assessment commission member appointed
July 21	2015 share of audience of broadcasting business operators announced
July 21	Chairman Choi Sung-joon holds meeting with CEOs of terrestrial broadcasting companies
July 22	2 <sup>nd</sup> term balanced growth commission on broadcasting advertisement member appointed
July 25	Preferential supply of TV set for hearing and visually impaired initiated
July 25~Sep. 4	The Group of Korea Internet Dream Star summer camp opens
July 25~Sep. 30	2016 guardian of my information campaign held
July 27	2 <sup>nd</sup> meeting of joint research team for agreement on co-production of Korea-Vietnam broadcasting program held
July 28	Chairman Choi Sung-joon visits supply site of TV sets (Gangwon OneNote) for hearing and visually impaired

Roaming service awareness campaign executed



The Commission and the MSIP hold terrestrial UHD broadcasting promotion commission



2016 guardian of my information campaign held



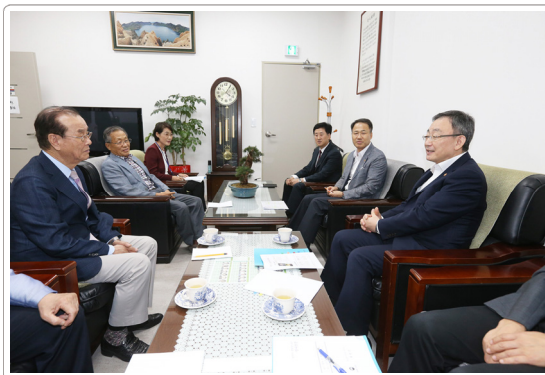
Chairman Choi Sung-joon visits supply site of TV sets (Gangwon OneNote) for hearing and visually impaired



## August 2016

Date	Events
Aug. 11	Detailed criteria on broadcasting assessment enacted
Aug. 11	Principles on broadcasting assessment partially amended
Aug. 24	4 <sup>th</sup> radio frequency deliberation committee held
Aug. 24	Permission of new radio broadcasting station resolved
Aug. 25	Commissioner Lee Ki-joo visits 2016 Daejeon Media Festival
Aug. 30	Chairman Choi Sung-joon visits broadcasting and communication class
Aug. 30	Meeting on support for broadcasting advertisement for innovative SMEs held
Aug. 31	Investigation results on personal information leakage by Interpark announced

Chairman Choi Sung-joon visits broadcasting and communication class



Meeting on support for broadcasting advertisement for innovative SMEs held





Date	Events
Sep. 1	2017 basic plan for approval of welfare channels for public interest and the disabled established
Sep. 1	Meeting to urge compliance with virtual advertisement regulations for sports specialized PP held
Sep. 2	Commissioner Lee Ki-joo visits fruit farms in Cheonan and educates local seniors on how to use smartphone
Sep. 7	Chairman Choi Sung-joon visits EBS new building construction site for safety inspection
Sep. 7	Roaming service awareness campaign executed
Sep. 7	Customized education for regional broadcasting company employees (PD education, shooting for special effects, next-generation broadcasting technology) operated (~ Nov.)
Sep. 8	Chairman Choi Sung-joon visits households receiving demonstration broadcasting and Korea Association of the Deaf
Sep. 9	Chairman Choi Sung-joon visits traditional markets and welfare facilities on Chuseok
Sep. 12	Chairman Choi Sung-joon accommodates opinions from outsourcing production-related association
Sep. 22	Chairman Choi Sung-joon inspects KBS disaster broadcasting response system
Sep. 30	Spam circulation status of the first half of 2016 announced
Sep. 30	Government 3.0 competition held

Commissioner Lee Ki-joo visits fruit farms in Cheonan and educates local seniors on how to use smartphone



Chairman Choi Sung-joon visits EBS new building construction site for safety inspection



Roaming service awareness campaign executed



## October 2016

Date	Events
Oct. 1~31	2016 personal information protection campaign with mobile carriers executed
Oct. 3	Chairman Choi Sung-joon inspects YTN disaster broadcasting response system
Oct. 3	MBC ordered to sustain broadcasting for the first time
Oct. 4	Chairman Choi Sung-joon examines SBS disaster broadcasting response system
Oct. 7	Chairman Choi Sung-joon visits Anyang Bakdal Market for Korea Sale Festa
Oct. 9	KBS and SBS ordered to sustain broadcasting
Oct. 11	Commissioner Lee Ki-joo attends the 7 <sup>th</sup> APT Cyber Security Forum, Phnom Penh, Cambodia
Oct. 12	Chairman Choi Sung-joon examines MBC disaster broadcasting response system
Oct. 13	Commissioner Lee Ki-joo attends IIC Broadcasting Communications Policy and Regulations Week 2016, Bangkok, Thailand
Oct. 14	Commissioner Lee Ki-joo meets with APEC Secretary General
Oct. 18	The Commission and labor union hold agreement ceremony to sponsor independence of children from low-income family
Oct. 19	5 <sup>th</sup> term Universal Access Rights Guarantee Commission members appointed
Oct. 20	The Commission and the MSIPI create the 'Guidelines on negotiation of terrestrial broadcasting retransmission'
Oct. 21	2015 survey result on viewing record of broadcasting program via smartphone announced
Oct. 21	Chairman Choi Sung-joon visits KOBACO employment stepping stone
Oct. 22	Chairman Choi Sung-joon visits 2016 Gangwon Youth Film Festival
Oct. 26	2016 Internet Dream Children's Song Festival held
Oct. 26	Notification of broadcasting programming regarding the ratio of pure outsourcing program for broadcasting companies and recognition criteria amended
Oct. 28	2016 media education conference held
Oct. 28~29	2016 Community Media Festival held

Chairman Choi Sung-joon inspects YTN disaster broadcasting response system



Chairman Choi Sung-joon examines SBS disaster broadcasting response system



## November 2016

Date	Events
Nov. 1	Broadcasting and communications user competition held
Nov. 1~4	7 <sup>th</sup> broadcasting and communications user week held
Nov. 2	Chairman Choi Sung-joon visits broadcasting and communications users' sharing festival
Nov. 3	2016 International Conference on Inter-Korean Broadcasting and Communications held
Nov. 3	Order on MBC to sustain broadcasting extended for 30 days
Nov. 3	Prior consent to re-permission of T-Broad and 3 SOs resolved
Nov. 3~4	Labor and management meeting and cooperation committee for happiness, communication, and hope held
Nov. 4	2016 Internet ethics teaching and learning instruction plan competition held
Nov. 4	Seminar on normalizing the abnormal in broadcasting and communications held
Nov. 4	The Commission and KOBACO hold public interest advertisement festival
Nov. 8	Meeting for measures for sound development of Internet industry community held
Nov. 9	The Commission and NIA hold 2016 Internet ethics competition awarding ceremony
Nov. 9	The Commission and KISA win bronze award at Government 3.0 competition
Nov. 9	Order on KBS and SBS to sustain broadcasting extended for 30 days
Nov. 11	Re-permission of 2016 terrestrial DMB broadcasting stations (6 stations) resolved
Nov. 11	Permission of new UHD broadcasting stations in capital area resolved
Nov. 14	Safe Cyber Space Festival held
Nov. 14~18	Advanced overseas education for regional broadcasting employees held (Tokyo)
Nov. 15	2017 welfare channels for public interest and the disabled established approved
Nov. 15	The Commission and KISA hold mock trial competition of personal information protection
Nov. 17	Chairman Choi Sung-joon visits retail stores to examine ID card scanner operation and listen to complaints
Nov. 21	2 <sup>nd</sup> CEO meeting of broadcasting and communications policy customers held
Nov. 23	2 <sup>nd</sup> advisory committee on Internet culture policy 2016 held and 4 <sup>th</sup> term advisory members appointed
Nov. 24	2016 international conference on co-production held
Nov. 24	Chairman Choi Sung-joon visits households installed with TV for hearing and visually impaired and encourages officials
Nov. 25	Regional broadcasting company disaster broadcasting workshop held
Nov. 26	Chairman Choi Sung-joon carries out safety inspection of regional broadcasting facilities in winter month (KBS Daegu and Palgongsan Mt. transmission station)
Nov. 30	Launching ceremony of false advertisement of combined products prevention council held
Nov. 30	Ulsan Community Media Center opens

2016 International Conference on Inter-Korean Broadcasting and Communications held



The Commission and NIA hold 2016 Internet ethics competition awarding ceremony






## December 2016

Date	Events
Dec. 1~3	Chairman Choi Sung-joon attends creative economy fair
Dec. 3	Chairman Choi Sung-joon attends coal briquette donation campaign
Dec. 6	2015 broadcasting evaluation results announced
Dec. 7~8	Chairman Choi Sung-joon sign MOU with MPTC, Cambodia
Dec. 7~9	Regional broadcasting booth set up at ATF, Singapore
Dec. 8	Commissioner Ko Sam-seog attends seminar on overseas cases of integrated viewing survey
Dec. 9	Commissioner Ko Sam-seog attends public-private council meeting on integrated viewing survey
Dec. 13	SME broadcasting advertisement fair held
Dec. 14	2016 re-permission of terrestrial broadcasting business operator resolved
Dec. 15	Commissioner Ko Sam-seog attends meeting for protection of viewers' rights
Dec. 15	Chairman Choi Sung-joon visits the front line Marine Corps on the west coast
Dec. 16	Chairman Choi Sung-joon visits Ulsan Community Media Center opening ceremony
Dec. 17	Chairman Choi Sung-joon visits PyeongChang Olympics test event site and examines broadcasting relay preparation status
Dec. 19	Presentation on monitoring criteria for business operators in Jeju
Dec. 21	2016 evaluation results of user protection by telecommunications business operators announced
Dec. 21	2016 evaluation results of broadcasting contents production capabilities announced
Dec. 21	2016 survey results of broadcasting media user behavior announced
Dec. 21	Presentation on monitoring criteria for SO·PP business operator
Dec. 22	Chairman Choi Sung-joon visits 2016 drone video contents competition
Dec. 23	Seminar on development of outsourcing production industry
Dec. 23	Chairman Choi Sung-joon visits CJ Hello Vision and KT Skylife
Dec. 26	2016 assessment result of broadcasting market competition status announced
Dec. 26	2016 re-permission of terrestrial broadcasting business operator (OBS TV(Note)) resolved
Dec. 26	The Commission and the MSIP announce 2016 broadcasting industry status survey
Dec. 27	2 <sup>nd</sup> term broadcasting advertisement promotion commission appointment ceremony held
Dec. 28	Chairman Choi Sung-joon visits and experiences demonstration broadcasting of smart sing language
Dec. 29	Guideline on mobile communication recall user protection announced
Dec. 29	Notification on broadcasting programming to overhaul criteria to approve locally produced broadcasting programs and procedure enacted

 Chairman Choi Sung-joon attends coal briquette donation campaign



 Regional broadcasting booth set up at ATF, Singapore



## 4. Acronyms

| Appendix Table-7 | Acronyms

Acronyms	Description
<b>5G</b> (5th Generation)	5 <sup>th</sup> generation mobile communication (mobile communication technology to use Extreme bandwidth frequency at 28GHz)
<b>AFC</b>	Asian Football Confederation
<b>AP</b> (Application Processor)	Memory chip for mobile devices. Core semiconductor to process applications and graphic
<b>ARS</b> (Automatic Response Service)	Auto response programmed to recognize people's voice
<b>AS</b> (After-Sales Service)	Service provided to customers after selling products to boost sales
<b>ATF</b>	Asia Television Forum
<b>BCM</b>	Busan Contents Market
<b>BCWW</b>	Broad-Cast World-Wide
<b>CATV</b> (Community Antenna Television)	A cable television system that receives television broadcasts by antenna and relays them by cable to paying subscribers in areas where direct reception is either poor or not possible
<b>CEO</b> (Chief Executive Officer)	Highest ranking executive in a company whose responsibilities include high-level strategy, major corporate decisions, and overall operations to achieve corporate's goal
<b>CPO</b> (Chief Privacy Officer)	Senior level executive within a business or organization to manage policy to protect user's personal information from cyber crime
<b>CSA</b> (Conseil Supérieur de l'Audiovisuel)	Conseil Supérieur de l'Audiovisuel of France
<b>DB</b> (Data Base)	Data or framework of data
<b>DMB</b> (Digital Multimedia Broadcasting)	Broadcasting service to send multimedia such as TV, radio and signals to mobile devices such as mobile phones, laptops and GPS navigation systems
<b>DPS</b> (Double Play Service)	Service to combine two or more products such as broadband Internet or Internet telephone
<b>EAFF</b>	East Asian Football Federation
<b>EPG</b> (Electronic Program Guide)	A system to allow viewers to search and select broadcasting programs or additional services from menu on TV screen
<b>EU</b> (European Union)	Political and economic union of 28 member states that are located primarily in Europe such as Germany, France, Ireland, Belgium, and more
<b>FCC</b> (Federal Communications Commission)	The regulatory agency in the US to regulate information and communication industry

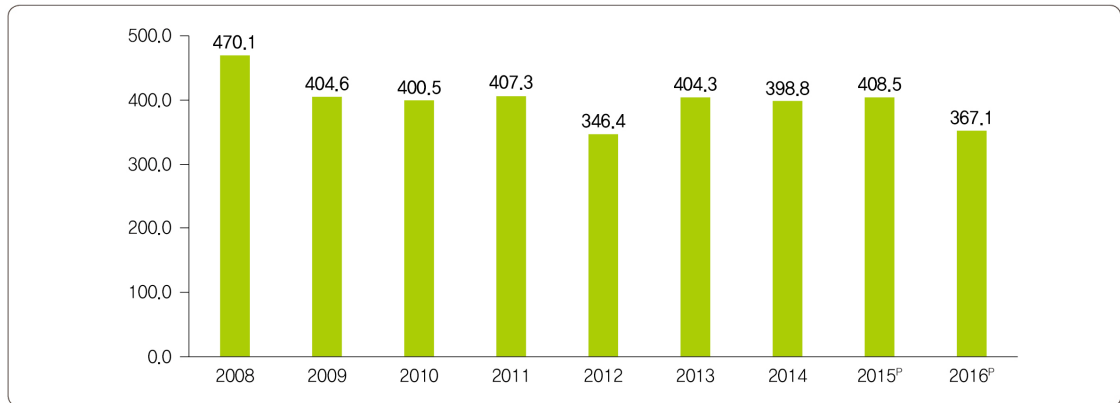
Acronyms	Description
<b>FIFA</b> (Fédération Internationale de Football Association)	International organization to govern soccer matches the world over
<b>FM</b> (Frequency Modulation)	Encoding of information in a carrier wave by varying the instantaneous frequency of the wave, while the frequency remains constant
<b>FTA</b> (Free Trade Agreement)	Agreements between at least two countries to increase trade of goods and services with each other
<b>FTC</b> (Federal Trade Commission)	An independent agency of the United States government to promote of consumer protection and the elimination and prevention of anti-competitive business practices, such as coercive monopoly.
<b>GDP</b> (Gross Domestic Product)	Monetary measure of the market value of all final goods and services produced in a period by households, businesses, government and all of economic players
<b>GPS</b> (Global Positioning System)	Global navigation satellite system that provides geolocation and time information to a GPS receiver
<b>GSR</b>	Global Symposium for Regulators
<b>HD</b>	High Definition
<b>ICT</b>	Information and communications technologies (technology to form the basis for highly advanced society by combining communications and computer)
<b>IIC</b>	International Institute of Communications
<b>IoT</b>	Internet of Things (An environment to share information by connecting objects in wired or wireless network)
<b>IP</b>	Internet Protocol. The principal communications protocol in the Internet to relay datagrams across network boundaries(Packet Switching Network).
<b>IPTV</b>	Internet Protocol Television. Two-way television service provided via broadband network
<b>KNN</b>	Korea New Network. Regional private broadcasting company providing service in Busan and Gyeongnam area
<b>LBS</b>	Location Based Service. Location-based system and service to use mobile communication network and information technology
<b>LED</b>	Light Emitting Diode. Semiconductor light source that emits light when activated by a suitable voltage that is applied to gallium arsenide
<b>MCN</b>	Multi Channel Network. A projet to support and manage marketing IP rights, and contents distribution in partnership with individual or small content creators
<b>MIC</b>	Ministry of Information and Communication, Vietnam
<b>MMS</b>	Multi Mode Service. Service or technology to transmit multiple channels such as high definition, standard definition, audio, or data via one channel.

Acronyms	Description
<b>MOU</b>	Memorandum Of Understanding. A bilateral or multilateral agreement between two or more parties before signing a legally enforceable agreement as a result of diplomatic relations
<b>MPTC</b>	Ministry of Posts and Telecommunication, Cambodia
<b>M-RBL</b> (Mobile Real-time Blocking List)	Real time spam text or call prevention system for mobile phone
<b>MSO</b>	Multiple System Operator. General service cable broadcasting business operator to own or operate two ore more cable TV
<b>OTT</b> (Over The Top)	A service to provide broadcasting program, film, and video via the Internet
<b>P2P</b> (Peer to Peer)	A service to exchange and share data and information by connecting to other user's computer via the Internet
<b>PP</b> (Program Provider)	Business operator who signed exclusive contract for either whole or part of certain channels with general service PPs or satellite broadcasting companies and use the channels
<b>QPS</b> (Quadruple Play Service)	Service to provide combined products of broadband Internet, household telephone, IPTV, and mobile phone
<b>SFN</b>	Single Frequency Network. One of DSB. SFN is a broadcast network where several transmitters simultaneously send the same signal over the same frequency channel
<b>SNS</b>	Social Network Services. Online platform that is used by people to build social networks or social relations with other people who share similar personal or career interests, activities, backgrounds or real-life connections
<b>SO</b>	System Operator. Broadcasting business operator to transmit cable TV
<b>TF</b>	Task Force
<b>TM</b> (Tele-Marketing)	A form of marketing via telephone or CATV
<b>TPS</b> (Triple Play Service)	Service to combine broadcasting, broadband Internet, and Internet telephone
<b>TTS</b> (Text To Service)	A technology to convert text to voice
<b>UCENet</b>	Unsolicited Communications Enforcement Network
<b>UHD</b>	Ultra High Definition. Resolution that is 16 times as sharp as HDTV
<b>URL</b> (Uniform Resource Locator)	Standardized logical address to locate file, news group, and other resources on the Internet
<b>VOD</b> (Video On Demand)	Interactive video service which allows users to select and watch/listen to video or audio content such as movies and TV shows when they choose to
<b>VR</b> (Virtual Reality)	Computer technologies to generate the realistic images, sounds and other sensations that replicate a real environment or create an imaginary setting

## 5. Status of Broadcasting and Communications Industry by Sector

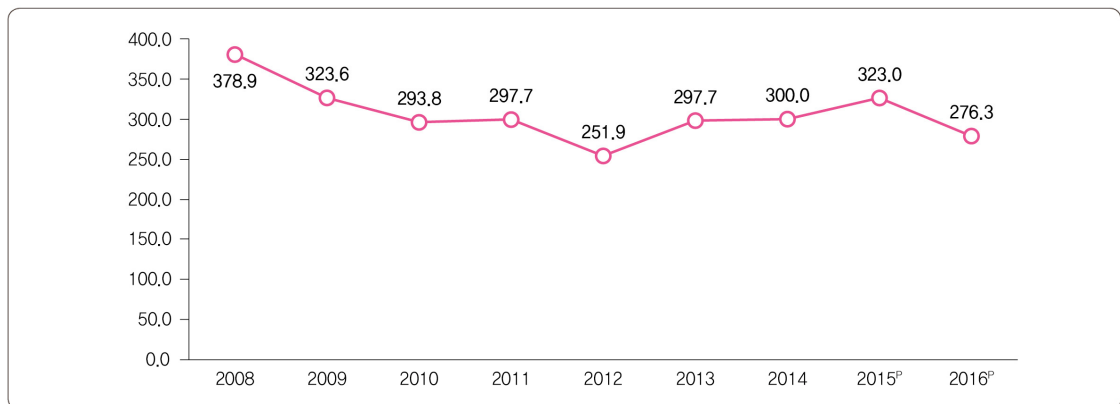
| Total Broadcasting and Communications Device Exports |

(Unit : USD 100 million)



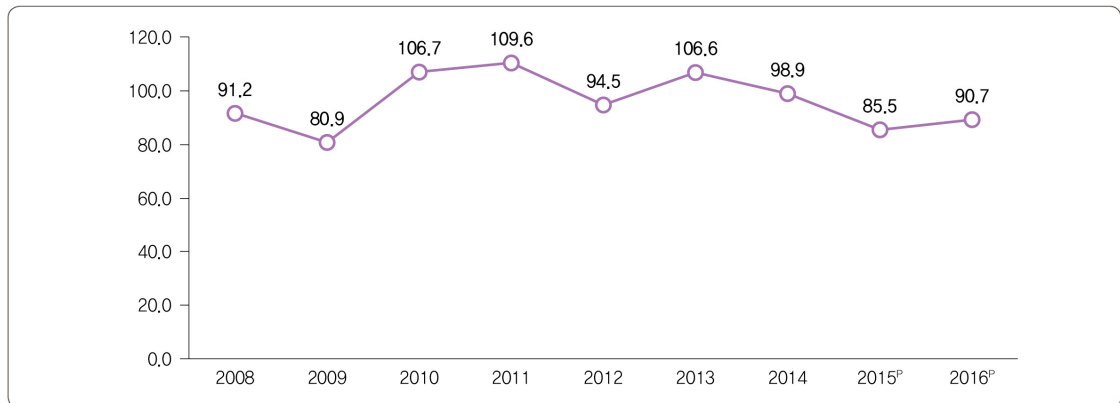
| Communications Device Exports |

(Unit : USD 100 million)



| Broadcasting Device Exports |

(Unit : USD 100 million)

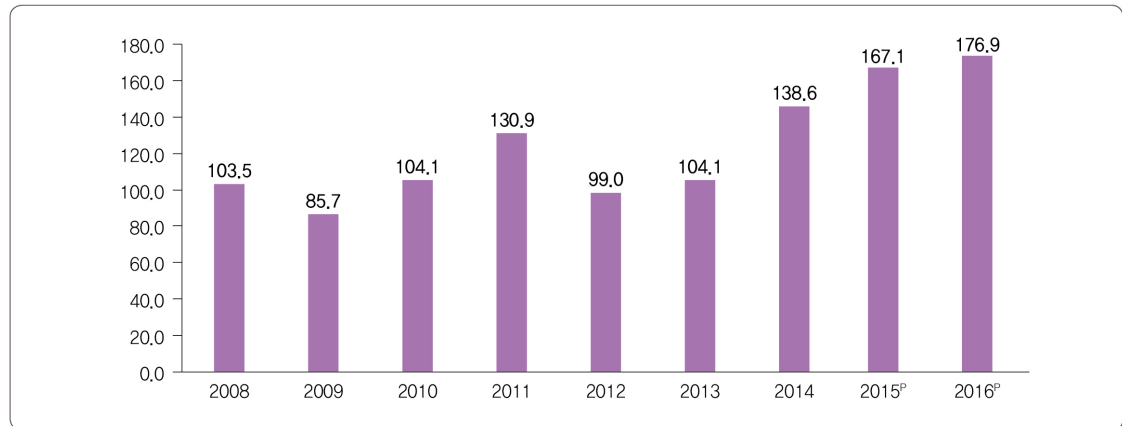


Note) P : Preliminary, Korea Association for ICT Promotion (2016)



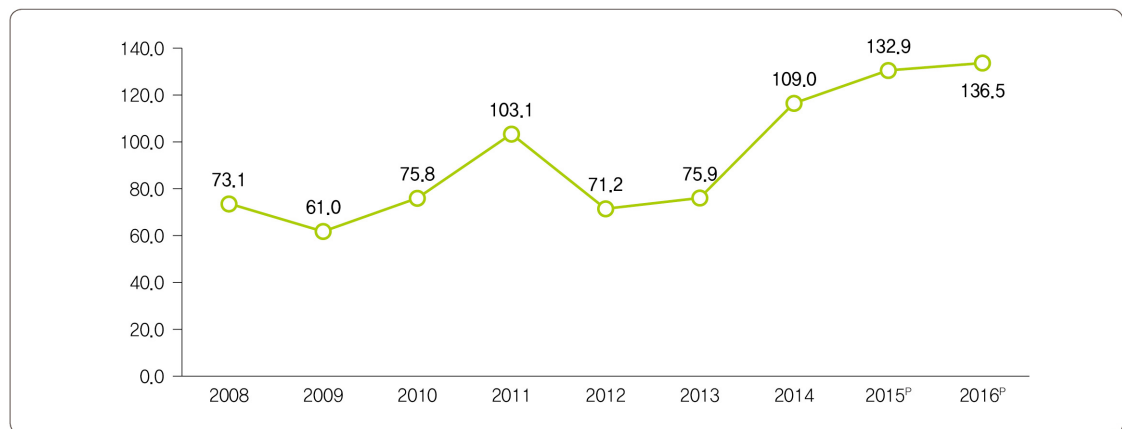
| Total Broadcasting and Communications Device Imports |

(Unit : USD 100 million)



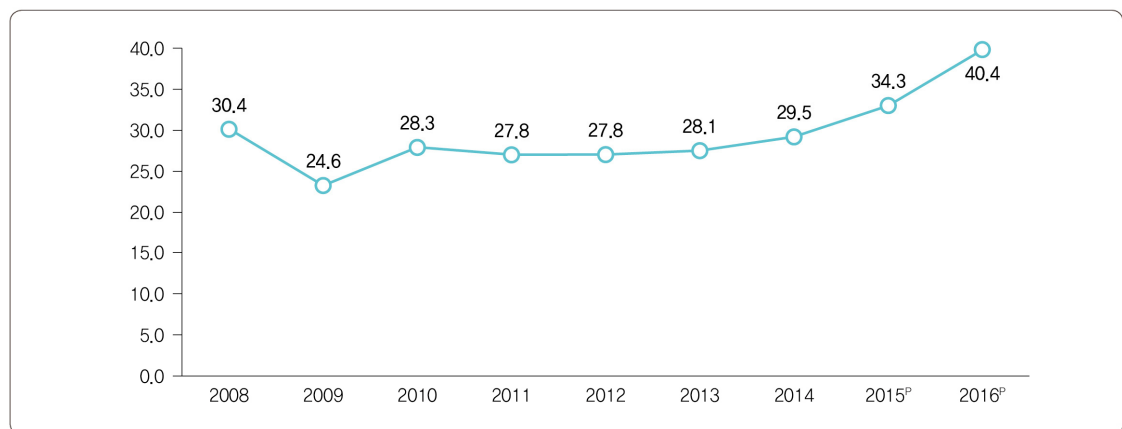
| Communications Device Imports |

(Unit : USD 100 million)



| Broadcasting Device Imports |

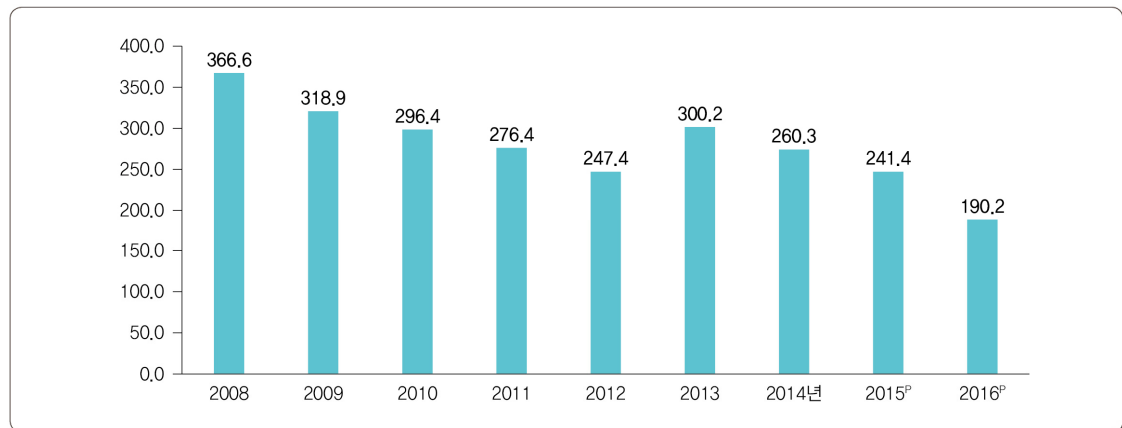
(Unit : USD 100 million)



Note) P : Preliminary, Korea Association for ICT Promotion (2016)

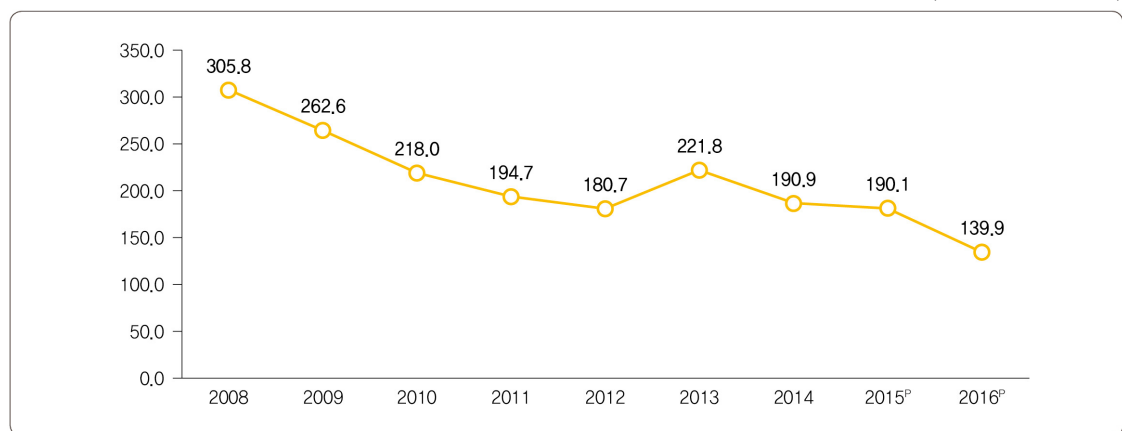
| Total Broadcasting and Communications Device Trade Balance |

(Unit : USD 100 million)



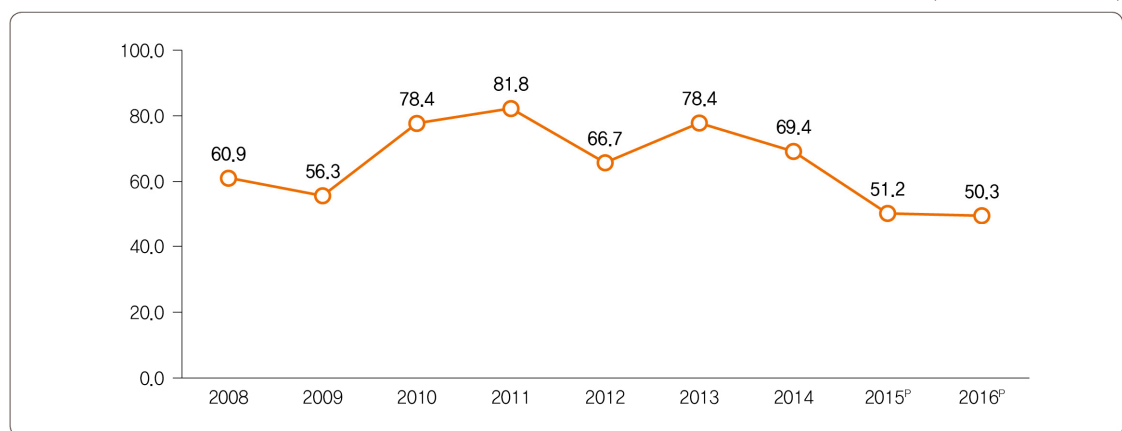
| Communications Device Trade Balance |

(Unit : USD 100 million)



| Broadcasting Device Trade Balance |

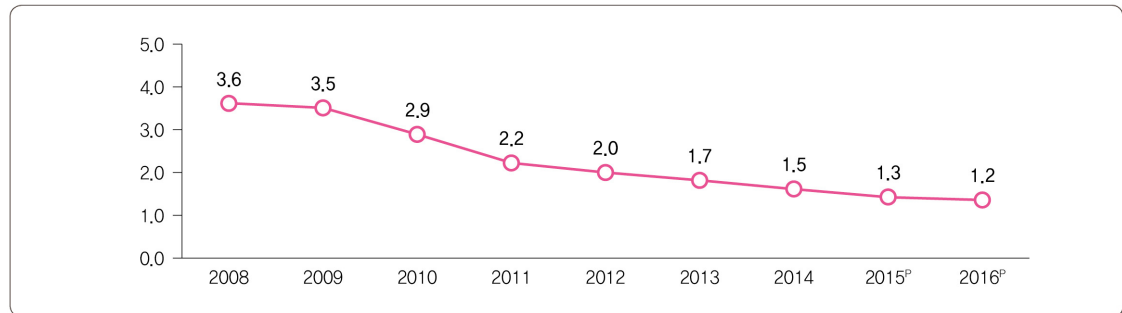
(Unit : USD 100 million)



Note) P : Preliminary, Korea Association for ICT Promotion (2016)

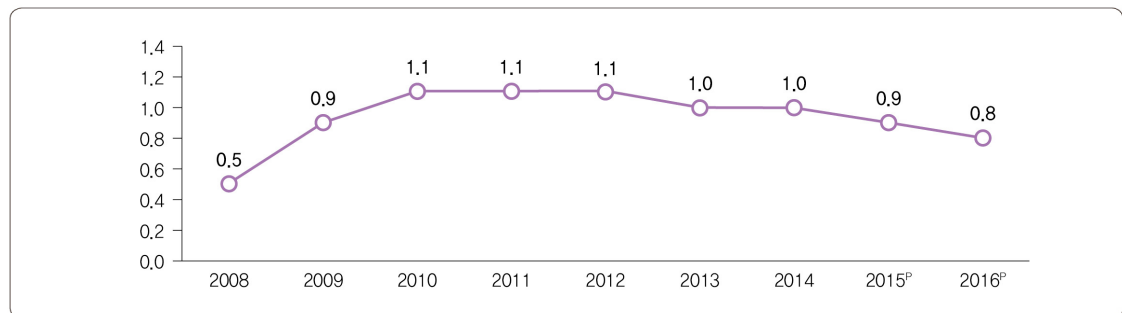
#### | Local Telephone Service Sales |

(Unit : KRW 1 trillion)



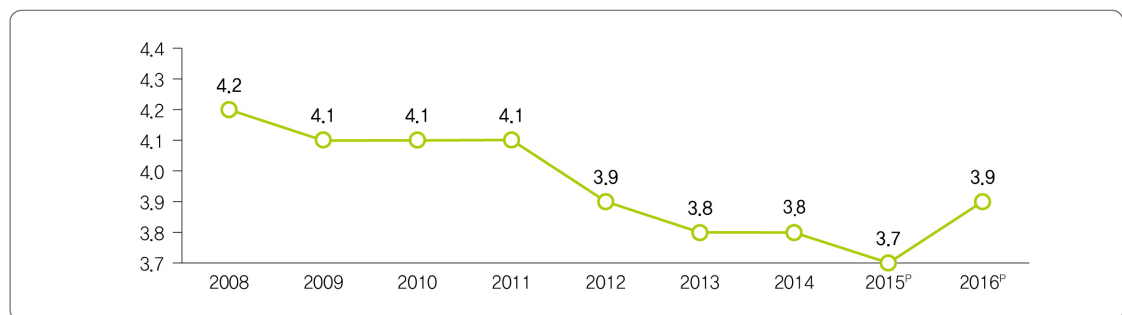
#### | Internet Telephone Service Sales |

(Unit : KRW 1 trillion)



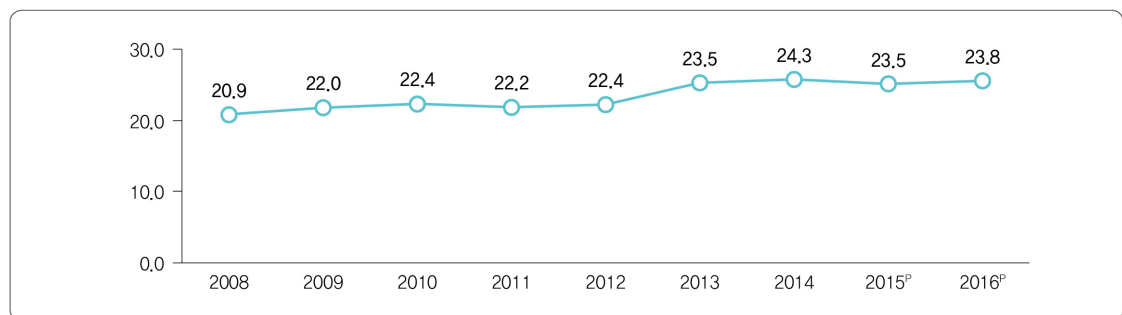
#### | Broadband Internet Access Service Sales |

(Unit : KRW 1 trillion)



#### | Mobile Service Sales |

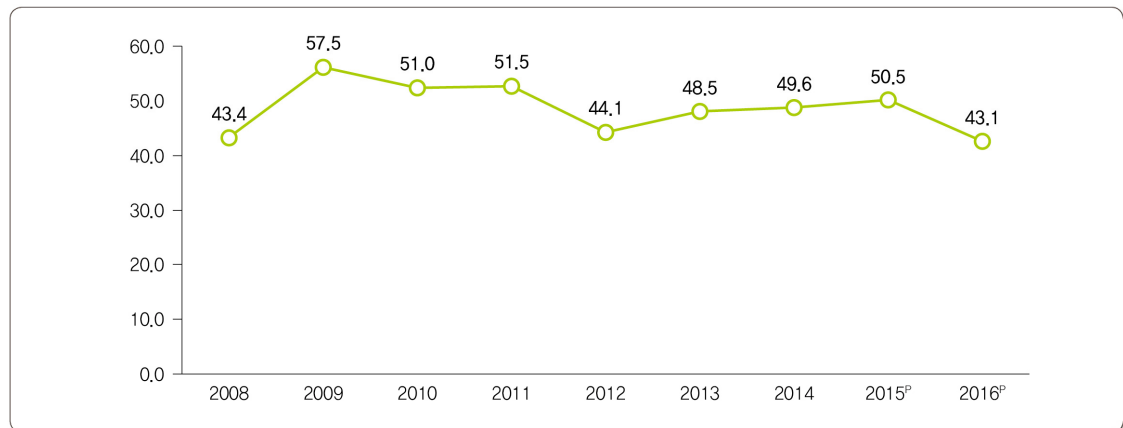
(Unit : KRW 1 trillion)



Note) P: Preliminary, The wireless network connection charge has been excluded from mobile service revenue, Korea Association for ICT Promotion (2016)

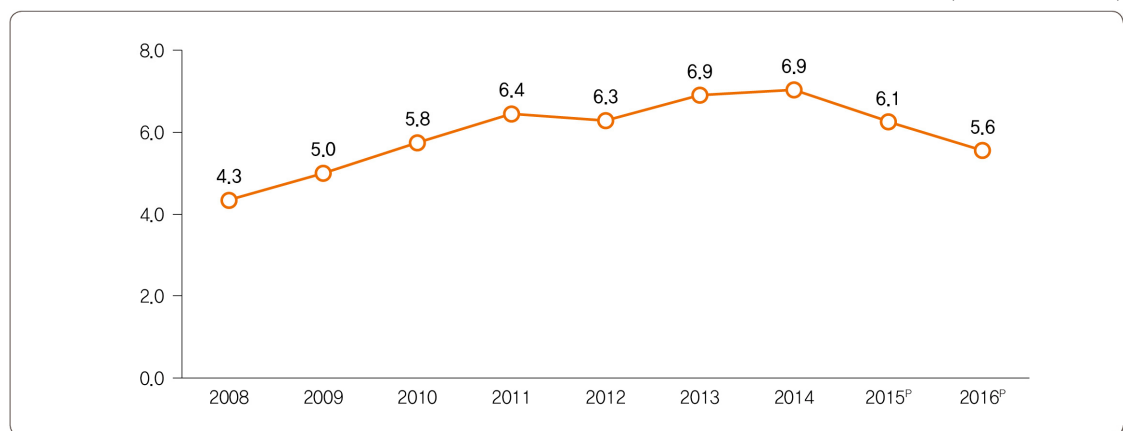
### | Mobile Phone Device Sales |

(Unit : KRW 1 trillion)



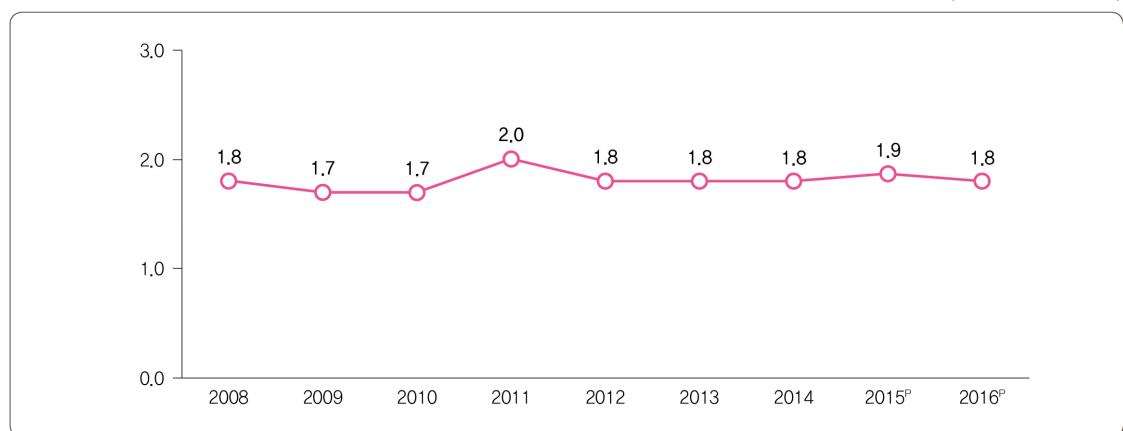
### | DTV Sales |

(Unit : KRW 1 trillion)



### | Total Set-top Box Sales |

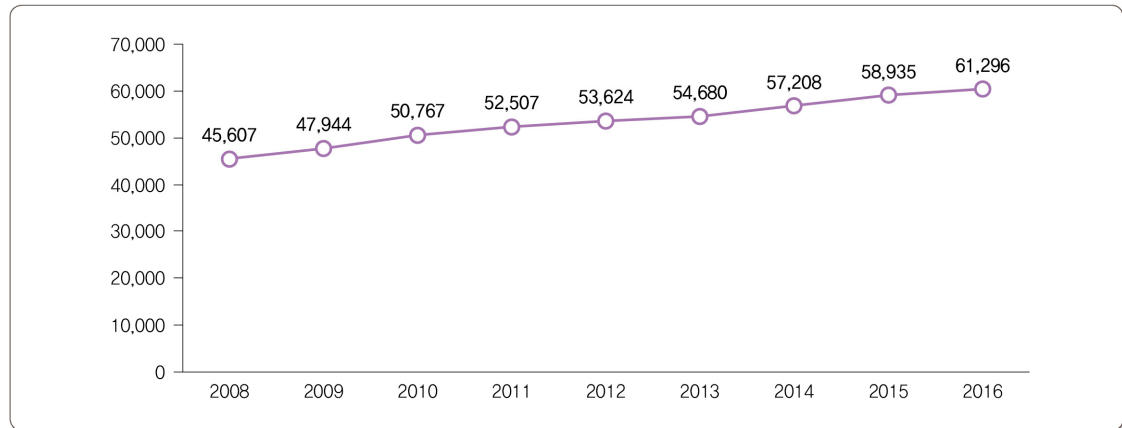
(Unit : KRW 1 trillion)



Note) P : Preliminary, Korea Association for ICT Promotion (2016)

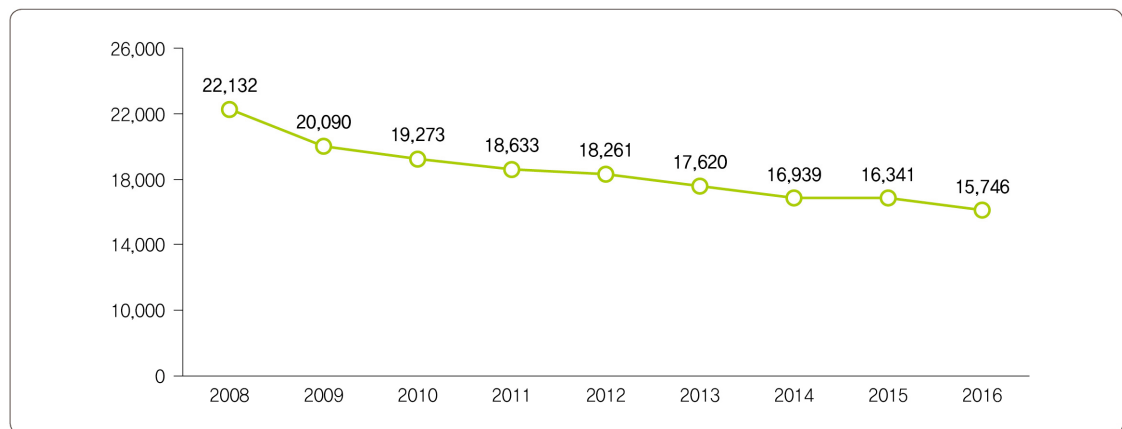
| Number of Mobile Subscribers |

(Unit : thousand)



| Number of Local Telephone Subscribers |

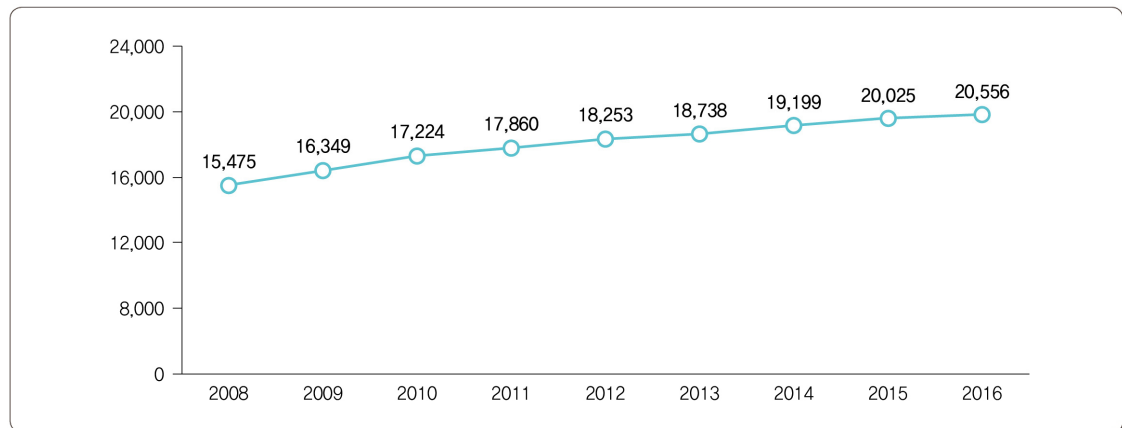
(Unit : thousand)



Note) Ministry of Science, ICT and Future Planning (2017)

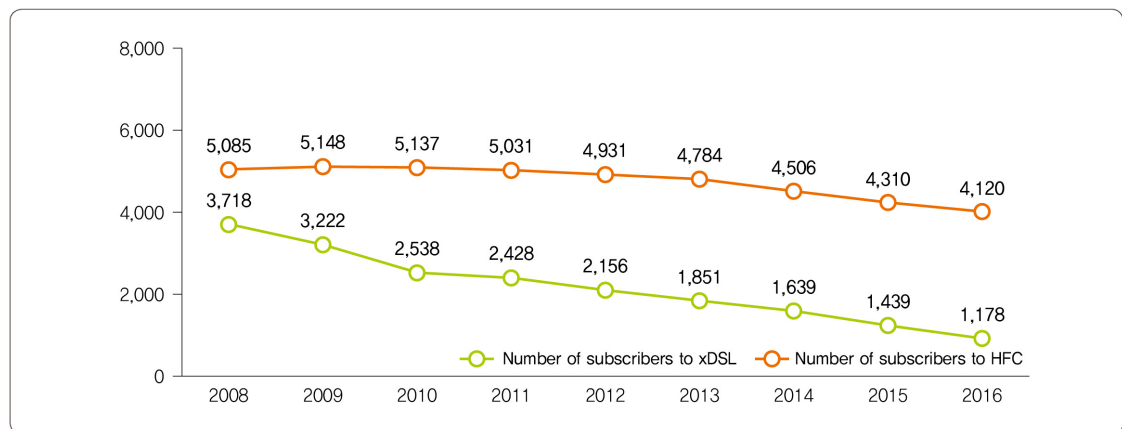
| Number of Broadband Internet Subscribers |

(Unit : thousand)



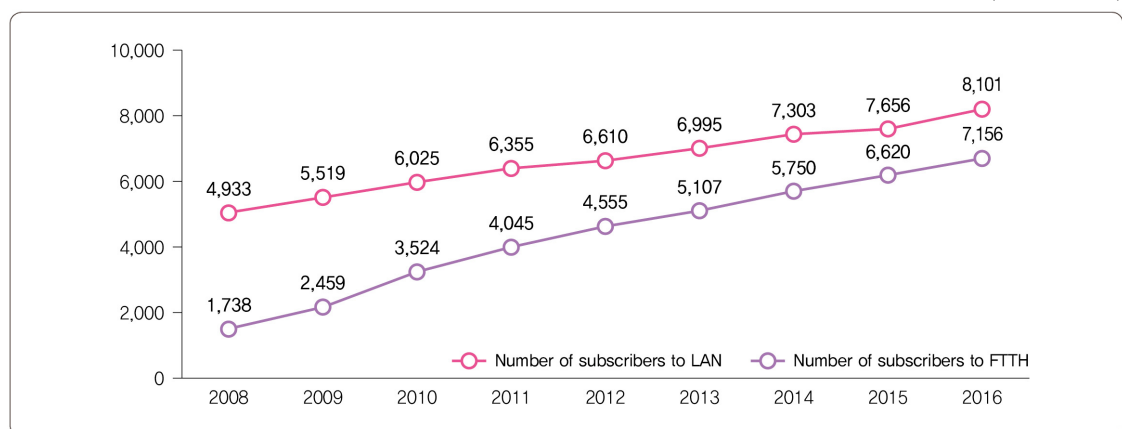
| Number of Broadband Internet (xDSL, HFC) Subscribers |

(Unit : thousand)



| Number of Broadband Internet (LAN, FTTH) Subscribers |

(Unit : thousand)



Note) Ministry of Science, ICT and Future Planning (2017)

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