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KCC Orders Corrective Measures against Procedural Violations of Subscription Contracts by Mobile Carriers and High-Speed Internet Service Providers

The Korea Communications Commission (Chairman Kyung-jae Lee) held a general meeting on Wednesday, August 21, 2013, ordered SK Telecom, KT, and SK Broadband to rectify their procedural violations of subscription contracts, and urged 38 businesses -- including 4 mobile carriers such as LGU+ and 34 high-speed Internet service providers under 5 MSOs (multiple-system operators) -- to correct discrepancies between their subscription contracts and user guides.

KCC conducted investigations on a total of 38 high-speed Internet service providers -- 4 mobile carriers and 34 multiple-system operators -- to see if they comply with the procedures specified in their subscription contracts and notify subscribers of the key points of their contracts upon the execution of such.

KT, SK Broadband, and SKT Telecom have issued incomplete subscription contracts or have not issued contracts directly to users.

KCC determined that the acts fall under the "Prohibited Acts

(violation of procedures stipulated in subscription contracts)" specified in the Telecommunications Business Act and ordered the violators to: (1) stop issuing incomplete subscription contracts or rectify their non-issuance of subscription contracts to users; (2) publish the fact that they have been ordered by KCC to take corrective measures, and; (3) make improvements.

Meanwhile, with respect to the fact that LGU+, SK Broadband, and MSOs (multi-system operators) issued subscriber guides regarding the key points of subscription contracts -- which are inconsistent with the subscription contracts -- upon their execution or failed to issue subscriber guides or notify users of the contents, KCC decided that such was not part of the prohibited acts stipulated in the Telecommunications Business Act. Nonetheless, it decided to urge the businesses to rectify the situation in an effort to maximize their subscribers' convenience.

KCC will continue to make improvements in various systems and institutional arrangements to protect users' interests throughout the entire process including users' subscription, use, and termination of telecommunications services while encouraging all the relevant firms to improve their telecommunications services and maximize their subscribers' interests voluntarily.

Attachment: Overview of the results of the fact-finding investigation on subscription contracts and other relevant procedures of mobile carriers and high-speed Internet service providers

< **Attachment** >

Overview of the Results of the Fact-finding Investigation on
Subscription Contracts and Other Relevant Procedures of
Mobile Carriers and High-Speed Internet Service Providers

□ **Investigation background**

- Telecommunications business operators must comply with the procedures stipulated in subscription contracts and ensure that users are clearly aware of the key points of the contracts -- including the guaranteed minimum Internet speed and ways of compensating for damages -- upon the execution of subscription contracts with users.

KCC was advised that users' rights were being violated due to the negligence of service providers to notify users of essential information at the time of execution of subscription contracts.

□ **Investigated Service Providers: See the attachment.**

□ Investigation Results

○ **Procedural Violations of Subscription Contracts (KT, SKB, & SKT)**

- SKT and SKB apparently issued high-speed Internet service contracts to their subscribers yet failed to mention some key points of the contracts in their subscriber guides, whereas KT did not issue to users subscription contracts although it enabled them to download and print out the contracts online.

- KCC concluded that such acts are in violation of subscription contracts as stipulated in "Prohibited Acts" in Article 52 of the Telecommunications Business Act.
 - o **The subscriber guides differ from subscription contracts, or major points of subscription contracts are not provided to users. (LGU+, SKT, KT, SKB, TBROAD, CJ Hellovision, C&M, Hyundai HCN, CMB, etc.)**
 - Their subscriber guides are inconsistent with their subscription contracts. Otherwise, they did not provide their users with subscriber guides.
 - KCC determined that such acts do not constitute violations of laws or subscription contracts, yet they are likely to infringe upon users' interests.
- **Corrective Measures**
- o KCC ordered KT, SKB, and SKT to take corrective actions regarding their issuance of incomplete subscription contracts or non-issuance of subscription contracts, to publish the fact that they have been ordered to take corrective measures, and to improve their work performance.

KCC ordered 38 businesses including LGU+ to improve their work procedures by aligning their subscriber guides with their subscription contracts and notifying their users of the change or issuing new subscriber guides to them.

[Attachment]

List of Businesses Subjected to Fact-finding Investigation on
Subscription Contracts

- o Four mobile telecom and high-speed Internet service providers**
 - SK Telecom, KT, LGU+, and SK Broadband

- o Multi-system Operators (MSOs) engaged in high-speed Internet services (34 firms)**
 - (10 subsidiaries of TBROAD) TBROAD Dongdaemun Broadcasting, TBROAD Gangseo Broadcasting, TBROAD Nakdong Broadcasting, TBROAD Saerom Broadcasting, TBROAD Jeonju Broadcasting, TBROAD Hanbit Broadcasting, TBROAD Ginam Broadcasting, TBROAD Seodaemun Broadcasting, TBROAD Dobong-Gangbuk Broadcasting, and TBROAD Nowon Broadcasting
 - (5 subsidiaries of CJ Hellovision) CJ Hellovision, CJ Hellovision Daegu Donggu Broadcasting, CJ Hellovision Daegu Suseong Broadcasting, CJ Hellovision Yeongdong Broadcasting, and CJ Hellovision Ara Broadcasting
 - (3 subsidiaries of C&M) C&M Co., Ltd., C&M Gangnam Cable V, and C&M Gyeonggi Dongbu Cable V
 - (9 subsidiaries of Hyundai HCN) Hyundai HCN, Hyundai HCN Seocho Broadcasting, Hyundai HCN Dongjak Broadcasting, Hyundai HCN Chungbuk Broadcasting, Hyundai HCN Geumho Broadcasting, Hyundai HCN Saeronet Broadcasting, Hyundai HCN Gyeongbuk Broadcasting, Hyundai HCN Pohang Broadcasting, and Hyundai HCN Busan Broadcasting
 - (7 subsidiaries of CMB) CMB Hangang Cable TV, CMB Dongseo Broadcasting, CMB Daejeon Broadcasting, CMB Gwangju Broadcasting, CMB Jeonnam Broadcasting, CMB Daegu Suseong Broadcasting, and CMB Daegu Dongbu Broadcasting