

311st National Assembly
(Ordinary Session)

Committee on Culture,
Sports, Tourism,
Broadcasting and
Communications

Operational Report

October 9, 2012



방송통신위원회

KOREA COMMUNICATIONS COMMISSION

Contents

I . Overview	1
II . Key Projects	11
1. Create Broadcasting and Telecommunications Jobs and Increase Network and Contents Competitiveness	11
(Promote New Industries and Venture Businesses, Implement a "Smart Network," Improvement of Contents Competitiveness)	
2. Successfully Complete Digital Switchover and Create a Win-Win and Cooperative Broadcasting and Telecommunications Market	30
(Successfully Complete Digital Switchover, Activation of Competition in Broadcasting and Telecommunications Market, Win-Win Cooperative Market Environment)	
3. Establish Secure Cyber Environment and Consider for the Socially Vulnerable	47
(Realize a Society of Productive Communication, Secure Cyber Environment, Improve Rights and Interests of Users)	
III . Pending Issues	62

I . Overview

1 Principal Areas of Work

Clerical Works (Article 11 of the Act on the Establishment and Operation of the Korea Communications Commission)

- o Particulars relating to broadcasting

- o Particulars relating to communications

- o Particulars relating to radio wave study and management

- o Others deemed to be clerical work of the KCC by the Act and other laws

- ※ Particulars relating to reviewing of the fairness and public nature of broadcasting and of illegal information transmitted through the information and telecommunications networks handled by the Korea Communications Standards Commission (an independent private organization) (pursuant to Article 18 of the Act on the Establishment and Operation of the Korea Communications Commission)

Key Functions

- o Establish broadcasting and telecommunications convergence policies, activate convergence services and develop the related technologies, and establish radio wave policies.

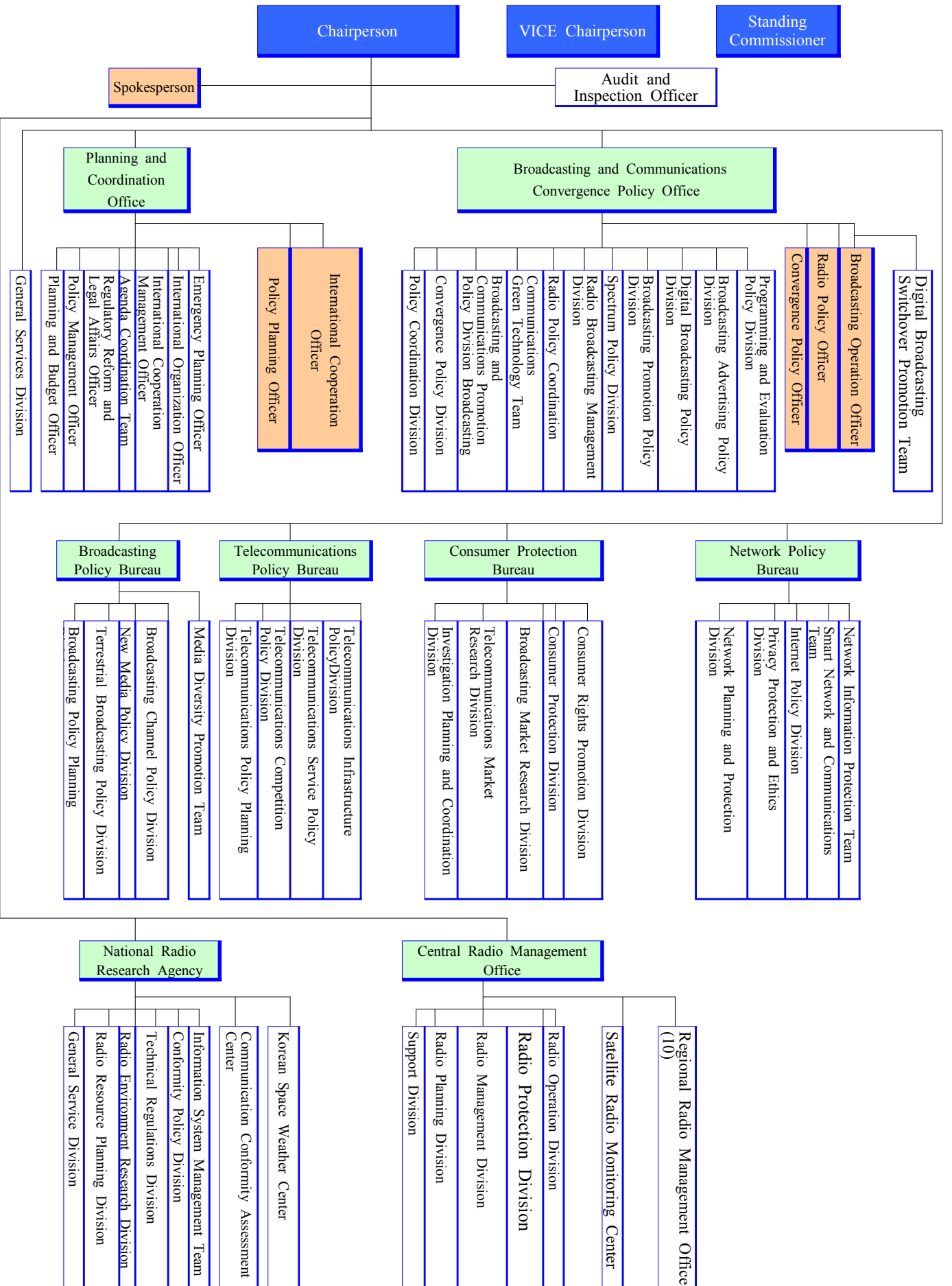
- o Establish broadcasting and telecommunications policies, and establish policies to activate the broadcasting and telecommunications market
- o Advance the broadband convergence network, and work towards preventing adverse effects of broadcasting and telecommunications
- o Establish policies to protect broadcasting and telecommunications users, investigate unfair acts of broadcasting and telecommunications service providers and mediate the related disputes

2

Organization

□ **Organization** (as of Oct. 2012): Headquarters, 2 offices, 4 bureaus, 6 officers, 34 divisions and 4 teams

※ Affiliated Government Offices: National Radio Research Agency, Central Radio Management Office



Personnel

(As of Oct. 2012)

Classification	Total	Political Affairs	General Affairs	Technical Affairs
Total	1,615	5	1,241	369
Headquarters	501	5	448	48
Affiliated Government Offices	1,114	-	793	321

Functions by Division

- o Headquarters

Department	Key Projects
<p>Planning and Coordination Office</p>	<ul style="list-style-type: none"> o Coordinate and adjust policies and budgets (including funds), handle operations in relation to the National Assembly o Handle operations in relation to organization · quota, legal affairs · regulatory reform, internal information system, and financial management o Handle operations in relation to international cooperation for broadcasting and telecommunications fields, trade and publicity for policies o Support KCC meetings and operations, establish emergency plans
<p>Broadcasting and Communications Convergence Policy Office</p>	<ul style="list-style-type: none"> o Promote and activate broadcasting and telecommunications convergence and related services, develop broadcasting, and telecommunications technologies o Activate broadcasting program production, foster specialized human resources o Establish radio wave promotion policies, distribute and allocate frequencies, inspect radio stations o Expedite broadcasting digital switchover, handle programming, establish assessment and analysis policies
<p>Broadcasting Policy Bureau</p>	<ul style="list-style-type: none"> o Establish broadcasting policies, activate competition in the broadcasting market o Handle permits and approvals for terrestrial · wired · channel broadcasting o Support balanced development of local broadcasting
<p>Telecommunications Policy Bureau</p>	<ul style="list-style-type: none"> o Establish telecommunications policies and policies to promote competition in the telecommunications market o Handle permits and approvals for telecommunications service providers o Handle mobile phone rate system and telecommunications tariff policies
<p>Consumer Protection Bureau</p>	<ul style="list-style-type: none"> o Establish policies to protect broadcasting and telecommunications service consumers o Investigate unfair acts of broadcasting and telecommunications service providers and mediate disputes o Promote establishment of policies to support people in below standard broadcasting environments
<p>Network Policy Bureau</p>	<ul style="list-style-type: none"> o Advance broadcasting and telecommunications networks and improve safety o Activate wired and wireless Internet services o Handle security-related operations, and prevent adverse effects of the Internet

o **Affiliated Organizations**

Organization	Key Projects
National Radio Research Agency	Develop and research radio resources and radio waves utilization methods
Central Radio Management Office	Control illegal radio stations, monitor radio wave and investigate and eliminate frequency jamming

3 2012 Budget and Fund

Budget Appropriation: KRW 1,120.4 billion

- o **(By Financial Source)** General Account: KRW 284.4 billion, Special Account for Inno-city Construction: KRW 10.1 billion, Broadcasting and Telecommunications Fund: KRW 825.9 billion
- o **(By Field)** Broadcasting: KRW 583.6 billion, Telecommunications: KRW 536.8 billion
- o **(By Function)** Labor Expenses: KRW 96.7 billion, Basic Expenses: KRW 15.3 billion, Project Cost: KRW 729.3 billion, Internal Trade and Adjustment Expenses: KRW 279.1 billion

(Unit: KRW 100M)

Classification		2011 (A)	2012 (B)	Fluctuation	
				(B-A)	%
Total <I+II> (Total Expenses= Total - internal trade - adjustment expenses)		8,653 (7,730)	11,204 (8,413)	2,551 (683)	29.5 (8.8)
By Fin an cia l So urc e	I. Budget	3,208	2,945	△ 263	△ 8.2
	<input type="checkbox"/> General Account	3,050	2,844	△ 206	△ 6.8
	<input type="checkbox"/> Special Account for Inno-city Construction	158	101	△ 57	△ 36.1
	II. Broadcasting and Telecommunications Development Fund (Total Expenses= Total - internal trade - adjustment expenses)	5,445 (4,522)	8,259 (5,468)	2,814 (946)	51.7 (20.9)
By Fie ld	<input type="checkbox"/> Telecommunications	5,409	5,368	△ 41	△ 0.8
	<input type="checkbox"/> Broadcasting (Culture and Tourism) (Total Expenses= Total - internal trade - adjustment expenses)	3,244 (4,522)	5,836 (3,045)	2,592 (724)	79.9 (16.0)
By Fu nct ion	<input type="checkbox"/> Labor Cost	947	967	20	2.1
	<input type="checkbox"/> Basic Expenses	158	153	△ 5	△ 3.2
	<input type="checkbox"/> Project Cost	6,626	7,293	667	10.1
	o Accelerate broadcasting and telecommunications conversion and digital broadcasting switchover	1,425	2,055	630	44.2
	o Improve broadcasting and telecommunications service quality and promote service use	975	1,016	41	4.2
	o Advance network infrastructures and strengthen information security	900	809	△ 91	△ 10.1
	o Improve the rights and interests of consumers and establish a fair competition environment	232	235	3	1.3
	o Establish a foundation for a radio wave broadcasting industry and support overseas market entry	765	697	△ 68	△ 8.9
	o Conduct broadcasting and telecommunications R&D and secure a foundation for R&D	1,993	2,085	92	4.6
	o Other administrative supports	336	305	△ 31	△ 9.2
	<input type="checkbox"/> Internal Trade (Public Capital Management Fund Deposit)	500	200	△ 300	△ 60.0
	<input type="checkbox"/> Adjustment Expenses (Manage Residual Fund)	422	2,591	2,169	514.0

4

Competent Laws and Associated Organizations

Competent Laws (16 laws)

Classification	Law
Convergence (3)	<ul style="list-style-type: none"> o Act on the Establishment and Operation of the Korea Communications Commission o Internet Multimedia Broadcast Services Act o Framework Act on Broadcasting Communications Development
Broadcasting (5)	<ul style="list-style-type: none"> o Broadcasting Act o Special Act on the Digitalization of Terrestrial Television Broadcasting and the Activation of Digital Broadcasting o Korea Educational Broadcasting System Act o Foundation for a Broadcast Culture Act o Act on the Broadcast Advertising Agency, etc.
Telecommunications (7)	<ul style="list-style-type: none"> o Telecommunications Business Act o Act on Promotion of Information and Communications Network Utilization and Information Protection, etc. o Act on the Protection, Use, etc. of Location Information o Framework Act on Telecommunications o Internet Address Resources Act o Information and Communications Construction Business Act o Protection of Communications Secrets Act
Radio Wave (1)	<ul style="list-style-type: none"> o Radio Waves Act
Total	16 laws

□ Associated Organizations

Organization	Representative	Key Functions	Applicable Act
Korea Broadcasting System (KBS)	Kim In-kyu	Provide broadcast service, distribute broadcasting culture and implement related projects as a national backbone broadcasting service provider	Article 43 of the Broadcasting Act (Installation, etc.)
Educational Broadcasting System (EBS)	Gwak Deok-hun	Provide broadcasting contents for educational, knowledge, information, cultural and liberal arts fields and conduct R&D on educational broadcasting	Article 7 of the Korea Educational Broadcasting System Act
Foundation for Broadcast Culture	Kim Jae-wu	Conduct studies and implement academic projects for development and improvement of the broadcast culture	Article 4 of the Foundation for Broadcast Culture Act
Korea Broadcast Advertising Corporation (KOBACO)	Lee Won-chang	Activate a broadcast advertising industry by performing as an advertising agency, promoting balanced development of broadcast advertising and implementing broadcast and telecommunications advertising and promotion projects	Article 24 of the Act on the Broadcast Advertising Agency, etc. (Establishment of the Korea Broadcast Advertising Corporation)
Korea Internet Security Agency (KISA)	Lee Ki-joo	Establish a wholesome Internet environment, lead next-generation Internet technologies, manage Internet address resources, prevent · respond to Internet incidents, enhance privacy protection standards and handle illegal spam	Article 52 of the Act on Promotion of Information and Communications Network Utilization and Information Protection, etc. (Korea Internet Security Agency)
Korea Communications Agency (KCA)	Yang Yoo-suk	Conduct studies on policies to promote radio wave utilization, provide support and training for broadcasting, telecommunications and radio wave fields, manage broadcasting and telecommunications development fund collection and operation	Article 66 of the Radio Waves Act (Korea Communications Agency)

II. Key Projects

1

Create Broadcasting and Telecommunications Jobs and Increase Network and Contents Competitiveness

1-1. Promote New Industries and Venture Businesses

◆ Create new jobs by fostering seven new industries and venture businesses that have huge potential for development of smart TV, cloud computing and NFC markets and realize synergies of industrial links that will bring significant changes to the daily lives of people.

A. Develop New "Smart" Industries

□ Overview

- o Purpose and goals: to promote new smart industries that have huge potential for development of smart TV, cloud, NFC (near field communication), M2M (machine to machine) and location based service markets, and realize synergies of linking industries to bring significant benefits to the daily lives of people.

□ Accomplishments

- **(Broadcasting and Telecommunications R&D, etc.)** Established broadcasting and telecommunications R&D plans for 2012 (February), selected an R&D implementation agency (March, May), inspected project progress (June - July), executed a technical demand survey for 2013 (August) and commenced operation of the Project Planning Committee (September).
- **(NFC)** Provided nationwide NFC-based mobile payment service targeting nine strategic affiliate stores (February), operated an NFC pilot project at Yeosu Expo 2012 (May - August) and commenced an historical sites information service in downtown Seoul (September).

※ Nine Affiliated Stores: Home Plus, Lotte Mart, GS25, Family Mart, Starbucks, Café Bene, SK Energy, GS Caltex, Lotte Department Store

- **(3DTV Broadcasting)** Promoted high-resolution 3D live broadcasting for the 2012 London Olympic Games using a temporary DTV channel (CH.66) and improved national awareness, while verifying live broadcasting operation capabilities.

< 2012 London Olympic Games 3D Broadcasting Overview >

- | |
|--|
| <ul style="list-style-type: none">▪ (Experimental Station Permit) Permit for CH.66 at Mt. Gwanak for 3D transmission▪ (Relay Broadcasting Time) 17:00 - 08:00 from Jul. 28 to Aug. 13 (Korean Time)▪ (Relay Type) Live broadcast + highlights of major events▪ (Major Events) Swimming (Park Tae-hwan), gymnastics (Yang Hak-seok), athletics, basketball, diving, etc.▪ (Receiving Households) Approx. 50,000 households for direct reception and 1.5 million households through smart TV (application) |
|--|

- o **(TV e-Commerce)** Selected a project to support interactive broadcasting program production linked with smart devices (May) and conducted interim inspection of an interactive broadcasting program production support project (July).
- o **(Location-based Service)** Operated an 'LBS Business Support Center' to enable LBS service providers to exchange information, provide consulting services and resolve difficulties, and organized/operated the 'LBS Win-Win Strategy Forum' to activate group purchases by small-scale LBS service providers (May~).
 - Organized a small and venture business LBS idea contest and selected five nominees (August).
- o **(Cloud)** Introduced and implemented an outstanding cloud service certification system to expand cloud service demand in Korea by securing users' reliability (February).
 - Prepared a draft for the 'Act for Cloud Computing Development and User Protection' (June).
- o **(Smart TV)** Established web-based (HTML5) open TV platform standardization plans (May), prepared plans to support TV application development activation (June), and implemented · operated 'TV Application Development' Center (July).
- o **(M2M)** Organized and operated a task force team in response to the launching of global M2M (machine-to-machine) standard cooperation systems and promoted domestic standardization of M2M application services.
 - Organized M2M service standardization consortiums by key

field (end of July).

※ 12 companies from four fields (smart home, smart car, health-care, smart grid)

□ Future Plans

- o Establish the Cloud Act (deliberate with related government offices, promote legislation).
- o Establish 'Comprehensive M2M Activation Plans' (Oct. 30)
- o Start nationwide high-resolution 3D terrestrial experimental broadcasting through regular broadcasting channels.

※ Experimental broadcasting scheduled for commencement in mid-October through SBS (metropolitan area) and MBC and EBS (nationwide)

- o Implement the 'Smart Seoul' pilot project to experience NFC services at major museums and exhibitions in downtown Seoul (Oct. 2012 - Feb. 2013)
- o Prepare plans to support a cloud data center in order to promote expansion of new IT services (big data and smart work, etc.) (Oct. 30)
- o Operate the Committee for New Broadcasting and Telecommunications R&D Projects of 2013 (from November)
- o Select new projects for 2013 and establish broadcasting and telecommunications R&D project implementation plans

(December)

- o Host an LBS Festival (tentatively named) that includes LBS idea contest awards, a policy forum and a strategic conference to promote a location-based service industry (December).
- o Complete a project to support an interactive broadcasting program production linked with smart devices and report results (December).

B. Foster Small Venture Businesses

□ Overview

- o Purpose and goals: To promote small-scale and venture businesses by establishing small & venture business strategies, supporting established firms, supporting job creation in venture businesses, and strengthening technological competitiveness in response to trends of global competition.
- o To establish mid-to-long-term measures for job creation in the broadcasting & telecommunications industry in order to promote job creation, the foremost task of the government, in full scale

□ Accomplishments

- o Concluded an MOU with Google to foster Internet startups (January) and promoted the Global K-Startup Program to

accelerate development of promising venture businesses (starting from April).

※ Through the Global K-Startup Idea Contest, 30 teams were selected (Feb. - Mar.) and provided with funding and development support.

- Organized a 'field-centered' job fair through which small businesses pay visits directly to "meister" schools and colleges of related fields in order to help address unemployment issues for young people as well as the shortage of workers of small businesses.

※ Sungkyunkwan University (Jun. 8), Mirim Girls' Information and Science High School (Jun. 12), BEXCO (Sep. 6), Daegu University (Sep. 20)

- o Provided a test environment for application developers and small businesses by establishing SMAC (Smart Mobile Application Development Support Center) in non-capital areas (5 regions).

※ 5,184 uses of SMAC in five regions (as of the end of August)

- [Southeastern Region] Busan IT Industry Promotion Agency Consortium (Jan.), [Honam Region] Gwangju IT Industry Promotion Agency Consortium (Jan.), [Chungcheong Region] Daedeok HRD Center Consortium (Nov. Dec.), [Daegu and Gyeongsang Region] Daegu University Consortium (Feb.), [Gangwon Region] Gangneung - Wonju National University (Jan.)

- o Established 'broadcasting and telecommunications small & venture business market promotion strategies' outlining plans to support small businesses by growth stage (foundation, growth, stagnation, re-launch) and details relating to establishing a

win-win development environment for small and large businesses (March).

- o Organized a town hall meeting with people from high schools, colleges and large · medium · small · single-person businesses to collect opinions about employment issues and listen to their difficulties (April, May).
- o Established 'Hope for Young People, Measures for Creative Jobs' containing three promotion strategies and key projects with a goal to create 30,000 broadcasting and telecommunications jobs by 2014 (May).

< The Three Strategies and Key
Promotion Projects >

① Increase Employment through Business Establishment

- Implement infrastructures for application development and contents production and provide one-stop support on business establishment techniques, management training and overseas market entry to single-person creative businesses, etc.
- Start R&D for businesses in early phases of establishment and produce broadcasting content to create a boom of business establishment by young people.

② Resolve Supply – Demand Imbalances in Employment Market

- Increase fostering of human resources in sync with employment demands for next-generation convergence, mobile, smart advertising and radio wave fields.
- Organize 'Mobile · Media Job Fairs' for mentoring high school and university students.

③ Establish Virtuous Cycle of Growth – Employment – Welfare

- Develop new smart industries, increase labor costs for government-supported projects, introduce overseas internship programs, promote a “smart work” system and improve treatment for workers

- o Supported development of specialized technologies by small businesses, such as super compact base stations, and implemented an NFC technology test bed to provide technical support to small businesses (May).

Future Plans

- o Start a 'mentoring program for young developers' to provide theoretical and onsite training opportunities to young developers in mobile fields (October).

- o Provide technical consulting to small and venture businesses in NFC fields (starting mid-October).
- o Organize a 'broadcasting and telecommunications employment TFT' to inspect implementation of job creation policies (Oct. 26).
- o Organize an exhibition displaying outcomes of broadcasting and telecommunications R&D projects (November).
- o Provide a business establishment fund and support overseas market entry to outstanding teams from the Global K-Startup program (from December) and additionally organize a 'field-centered job fair' (fourth quarter, three times).

1-2. Implement a "Smart Network"

◆ Maintain world's top-level network competitiveness by encouraging investment expansion by spreading LTE service throughout the country and securing new frequencies in preparation of exponential mobile traffic increases.

A. Maintain World's Highest Network Competitiveness

Overview

- o Purpose and goals: To prepare for wired/ wireless traffic increases by commercializing a giga-level Internet service that is ten-times faster than the current service and to maintain the world's top-level network competitiveness.

□ Accomplishments

- o Operated a Network Development Council participated by experts from industrial, academic, research and government sectors, such as communication service providers, network equipment manufacturers, National Information Society Agency (NIA) and the Electronics and Telecommunications Research Institute (ETRI) (from March).
 - Discussed strategies for giga-level Internet commercialization and next-generation network development
- o Selected a giga-level Internet service pilot project developer and signed an agreement (April).
 - Five service providers, such as KT Consortium, LGU+ Consortium, CJ Hello Vision Consortium and T-Broad
- o All three mobile common carriers expanded LTE service areas by completing LTE network implementation in 84 cities throughout the country (May).

< LTE Implementation Status and Plans by Service Provider >

Classification	November, December	June 2012	December 2012
SKT	- All over Seoul - Goyang/ Anyang/ some parts of Seongnam	- 84 cities (Apr.) - Expand to eup/ myeon units (Jun.)	-
KT	-	- Seoul (Jan.), 25 cities (Mar.) - 84 cities (May)	- Expand to eup/ myeon units (Dec.)
LGU+	- 84 cities	- Expand to eup/ myeon units (Mar.)	-

- o Provided giga-level Internet pilot service for an event at Yeosu

Expo 2012 (May).

- Provided giga-level Internet service to 500 apartment units used as lodging for overseas participants in Yeosu Expo 2012 from 105 countries.
- o Jointly implemented and opened a Wi-Fi network with three communication service providers in 1,000 public locations (June).
 - Improved convenience of wireless Internet use by providing free Wi-Fi to 1,000 public locations including public service centers at government offices, bus terminals and cultural facilities.
- o Organized a giga-level Internet experience training program targeting “meister school” students (July, August).
 - Jointly organized a program with five giga-level Internet pilot service providers (program participated by 86 students from Sudo Electric Technical High School, Wonju Medical Instruments High School, Kumoh Technical High School and Gangseo Technical High School).
- o Developed and demonstrated services using giga-level Internet (September)
 - Demonstrated six services including Korea’s first UHD super-high resolution service and auto-stereoscopic 3D digital signage at IT EXPO Busan.

Future Plans

- o Provide giga-level Internet pilot service (from October)
 - Approx. 7,000 households in 17 areas including Seoul, Busan, Yeosu and Sejong City.
- o Complete implementation and inspection of a broadband subscriber network in rural regions (October - November).
 - Implement networks in 925 administrative “Ri’s”, which are small rural villages with less than 50 households.
- o Implement traffic map system including domestic wired and wireless network resources and traffic status info. in order to prepare for increased traffic and respond better to traffic jams.
 - Establish traffic map implementation plans and complete traffic map implementation (December).
- o Inspect giga-level Internet commercialization progress (December).
- o Expand LTE network of the three mobile common carriers to nationwide eup and myeon areas (December).
- o Establish mid-to-long-term network development plans to spread giga-level Internet commercial services, activate BcN implementation in rural regions, and expand public Wi-Fi (December).

B. Mobile Gwanggaeto Plan

Overview

- o Purpose and goals: To establish plans to secure additional frequencies for mobile communication in order to respond to rapid mobile traffic increase (Jan. 20, 2012) and to promote related follow-up measures.

※ Since smartphones were introduced in November 2009, mobile traffic has increased by approx. 114 times as of July 2012. Compared to September 2011, mobile traffic is forecast to increase by 11~13 times by 2020.

□ Accomplishments

- o Prepared plans to secure and supply new frequencies of 600MHz or higher by 2020

<Mobile Gwanggaeto Plan>

Time	Short Term (~2013)	Mid Term (~2016)	Long Term (~2020)
Frequency (Width)	700MHz band (40MHz) 2.1GHz band (60MHz) 1.8GHz band (70MHz)	2.6GHz band (30MHz) 2GHz band (40MHz) 3.5GHz band (160MHz)	Additionally secured band (200MHz)
Total	170MHz	230MHz	200MHz

- o Implemented follow-up measures to secure usable frequencies
 - Reviewed frequency sharing plans so that the public can use the 1.8GHz band (international mobile communication band) for mobile communication (from February)
 - Discussed direction for 2.6GHz band control through the Korea-Japan frequency control meeting (April) and international conferences (APG/AWG, September)

※ AWG : Asia Pacific Telecommunity Wireless Group, APG : Asia Pacific Telecommunity Conference Preparatory Group

- Selected priorities for candidate bands by operating an 'IMT candidate band assessment team' to discover additional mobile

communication frequencies (June).

Future Plans

- o Review allocation plans for frequencies that can be secured on a short-term basis (December).
- o Improve laws and systems to promote a frequency sharing, transfer and lease system (2013).

1-3. Improvement of Contents Competitiveness

◆ Expand advertising market by lifting regulations and creating a new smart advertising market, and improve global competitiveness by strengthening contents production and distribution.

A. Introduce Competitive System to Broadcast Advertising Market

Overview

- o Purpose and goals: To promote establishment of government funded corporations and approve private labs in order to introduce a competition system to the broadcast advertising market according to the Broadcast Advertising Agency, etc. Act (Feb. 22).

Accomplishments

- o Reorganized the 'Korea Broadcast Advertising Corp' in accordance with legislation to introduce a competition system into the broadcast advertising market (May 23).

- Organized meetings of the New Corporation Establishment Committee (six times), appointed executives (May 14), and launched the new corporation (May 23).
- o Established an enforcement decree and notification in order to specify the particulars set forth by the law in terms of approval of private labs and bundling of services, etc.
- Established the enforcement decree (May 22), notified media lab approval (Jul. 26), notified detailed criteria for imposition of fines (Aug. 17), and established notification of bundling of services to support small-scale broadcasting companies (Sep. 11).
- Introduced competition system into the advertising market by approving a private media lab (Media Create) (Aug. 22).
- o Prepared systematic supporting devices for small-scale broadcasting companies in order to achieve balanced development of and to realize diversity in the broadcast advertising market.
- Designated small-scale broadcasting companies for support through bundling of services by the media lab and established a notification for bundling of services specifying details related to the scale of support by the small-scale broadcasting company, etc. (Sep. 11).

Future Plans

- o Prepare strategic plans for broadcasting advertising promotion (Dec.)

B. Strengthen Contents Production & Distribution Base

□ Overview

- Purpose and goals: To support contents production and distribution, to foster human resources, and to establish infrastructures in order to activate the contents industry, which is rising as a key element for competition in the global market.

□ Accomplishments

- Established a Digital Broadcasting Contents Support Center, a composite facility offering one-stop service (production, editing, transmission and distribution, etc.) to be used jointly by small-scale contents producers.

< Digital Broadcasting Contents

Support Center >

- Scale: Site: 10,702㎡, Total Area: 56,594㎡, 20 ground levels and 4 underground levels
- Key Facilities: Six studios (1 large, 1 medium, 4 small studios), 2 OB vans and 17 editing rooms
- Total Project Cost: KRW 227.6 billion (KRW 110.4 billion from KCC, KRW 117.2 billion from the Ministry of Culture, Sports and Tourism) over 4 years (2010 - 2013)
- Users: PPs and independent production companies, etc.

- Organized and operated Technical Advisory Committees by field* to implement the optimal broadcasting infrastructure (February).

* Broadcasting system, OB van, lighting, distribution, transmission, archive, cloud and network / security, etc.

- Organized and operated a working-level committee for

operational consultations and process management between the KCC and the Ministry of Culture, Sports and Tourism (February).

* KCC, Ministry of Culture, Sports and Tourism, project promotion teams (KCA, KOCCA) and audit team

- Organized and operated a TF for efficient management and operation plans following construction of the center (July).

* 12 members from four organizations (KCC, Ministry of Culture, Sports and Tourism, KCA and KOCCA)

o Fostered professional human resources for broadcasting contents production and convergence technology in order to enhance expertise of on-the-job personnel and to secure future growth engines.

- Specialized training by broadcasting job group (PD, reporter, writer) (March)

- Organized a team of mentors to start a pro bono* public program for 'social talent donation' by specialized personnel from the media (April).

* An act of individuals providing their specialized knowledge or services free of charge for social and public interest

- Provided training to persons working in the broadcasting industry and customized training by job group (PD, writer, reporter) (developed 1,700 persons as of September).

o Organized broadcasting contents showcases in promising areas abroad, such as Oceania (February), Central Asia (May) and Europe (June) in order to promote contents export.

- Secured a basis for broadcasting contents publicity and for global market expansion by domestic broadcasting service providers.
- Broadcasting program export amount rapidly increased by six times from 2003 to 2010.

< Showcase Organization >

Classification	2008	2009	2010	2011
Number	4	6	5	5
Country	France, Hungary, Vietnam, UAE	Thailand, France, U.S., Hungary, China, Philippines	U.S., France, Hungary, Ecuador, Uruguay, Malaysia, Indonesia	U.S., Kazakhstan, Uzbekistan, Brazil, Peru, Columbia, Turkey, Egypt, UAE, Rumania, Poland

< Broadcasting Program Exports >

(Unit: \$10M)

Classification	2003	2004	2005	2006	2007	2008	2009	2010
Export Amount	35,559	70,306	121,763	133,917	150,953	160,120	170,228	214,942

※ Export by Country in 2010: 53.9% to Japan, 13.2% to Taiwan, 8.8% to China, 7.0% to Central and South America (KOCCA, Broadcasting Contents Export and Import Status in 2010 and Forecast)

- o Supported production of high-quality contents for public interest as well as creative and competitive contents in order to improve international competitiveness of the broadcasting industry and to enhance the quality of broadcasting to ensure public rights and interests.
- Supported production of interactive programs and multilingual caption service in IPTV and digital cable TV (April, seven

projects selected).

- Supported production of programs, 3D contents and premium documentary films for public rights and interests in order to increase the quality of public broadcasting and to strengthen competitiveness of broadcasting contents (May, 112 programs selected).
- Provided televising rights for programs for which production is supported to small-scale broadcasting companies (August, 103 televising rights to 39 companies).
- Supported additional production of programs and 3D contents upholding public rights and interests (September, 27 programs selected).
- o Analyzed the contents distribution environment and studied composite politic measures for developing a broadcasting and telecommunications contents industry under the “smart” competitive environment in order to prepare plans for contents industry promotion.
 - Organized a research team to draw up composite politic plans for contents industry promotion (May).
 - Organized meetings by sub-research team for contents industry environment analysis and distribution & promotion policies (June)
 - ※ Organized a distribution sub-committee participated by produces, PPs and distributors in order to establish distribution strategies in the N-screen environment
- o Increased domestically produced animation programming targets

in order to promote the animation industry (Enforcement Decree of the Broadcasting Act and Programming Notification revised and executed, July).

- Expanded to 'general service PPs and PPs with 50% or more animation programming' in addition to 'terrestrial broadcasting.'

□ Future Plans

- o 'Pay the Right Price for Contents' campaign (Oct. 25)
- o Host a Single-Act Play Festival (Oct. 25 - 27)
- o Organize interim report for the broadcasting infrastructure implementation project (Oct. 26).
- o Support televising rights to broadcasting companies abroad providing broadcasting contents in Korean language (107 televising rights as of the end of October).
- o Organize showcases in areas where broadcasting contents markets are underdeveloped (November).
- o Organize an International 3D Festival to promote a 3D industry environment (December).
- o Prepare plans to manage and operate a Digital Broadcasting Contents Support Center (December).

2 Successfully Complete Digital Switchover and Create a Win-Win and Cooperative Broadcasting and Telecommunications Market

2-1. Successfully Complete Digital Switchover

◆ **Ensure viewing right for the people and successfully complete terrestrial analog TV broadcasting by December 31 to start the digital broadcasting era in full scale.**

A. Support Households Directly Receiving Analog Broadcast

□ Overview

- o Purpose and goals: To provide government support from 2011 for completing the terrestrial analog to digital broadcasting switchover by December 31, 2012

□ Accomplishments

- o Provided support for DTV purchases and digital converters to households that will not be able to access TV programs due to the completion of analog broadcasting in order to ensure the minimum of viewing rights.
- Completed government support to 285,000 households directly receiving analog broadcasting service as of September 28, 98.6% of households are enabled to watch digital broadcasts.
 - ※ As of the present, 1.4% (24,300) of households will not be able to watch TV as a result of the analog broadcasting completion. The number is estimated to decrease further when taking into consideration voluntary switchover through DTV purchases and improvement of public viewing facilities.
- o In particular, people neglected from information supply, such as the elderly and the disabled, were personally encouraged to

apply for digital switchover by persons visiting them in order to ensure that these people would not be left out of the digital switchover.

- Discovered people who needed assistance through village leaders and centers for the disabled and are currently encouraging and acting as a proxy for the application process.
- Visited 146,000 elderly people living alone to identify government support candidates and provided support for 7,017 persons.
- Providing returned converters for free to approx. 1,500 elderly living alone and about 36,000 persons with Class 1 disabilities experiencing inconvenience in moving by themselves and cannot afford the KW 20,000 fee.

Future Plans

- o Continuously provide government support in order to minimize the number of households not yet completing the digital switchover.

B. Sequentially Complete Analog Broadcasting and Increase National Publicity

Overview

- o Purpose and goals: To promote sequential shutdown of analog broadcasting by region (Aug. - Dec. 2012) and provide a customized publicity service in order to prevent inconveniences experienced by the people that are not yet switched over by 04:00 on Dec. 31, 2012.

□ Accomplishments

- o Confirmed completion date and time after consulting with broadcasting companies and local governments (Aug. 16).

< Analog Broadcasting Completion Date and Time by Region >

Ulsan	Chungcheongbuk-do	Gyeongsangnam-do	Busan	Daejeon · Chungcheongnam-do
14:00 on Aug. 16	14:00 on Sep. 24	14:00 on Oct. 4	14:00 on Oct. 9	14:00 on Oct. 16
Jeollabuk-do	Gangwon-do	Gwangju · Jeollanam-do	Daegu · Gyeongsangbuk-do	Capital Area
14:00 on Oct. 23	14:00 on Oct. 25	14:00 on Oct. 30	14:00 on Nov. 6	04:00 on Dec. 31

- o Completed shut-down of regional terrestrial analog broadcasting in Ulsan (Aug. 16), Chungcheongbuk-do (Sep. 24) and Gyeongsangnam-do (Oct. 4)
- o Encouraged voluntary digital switchover by publicizing the benefits of digital switchover through public advertising, information posters and campaigns, etc.
- o Encouraged households directly receiving analog broadcasting to receive government support through caption notices and virtual broadcasting completion.
- o Completed presentations to rural village leaders (33,752 persons in 1,325 eup and myeon areas), helpers for the elderly living alone (5,395 persons in 234 si and gun areas) and centers for the disabled (3,742 persons in 239 si and gun areas) by July.
- o Extensively publicized completion date and time by region through local news, special programs, public advertising on TV

and countdown captions in order to prevent confusion caused by the sequential shut down.

Future Plans

- o Receive applications for support by region in order to support households not converting to digital broadcasting even after the analog broadcasting is shut down (for three months) and continuously operate the Digital Broadcasting Switchover Support Center (for six months).

C. Solve the Problem of Fade Zones and Improve the Broadcasting Reception Environment

Overview

- o Purpose and goals: To continuously solve the problem of fade zones and improve broadcasting reception facilities in rural villages and apartment housing in order to implement a clean digital broadcasting reception environment.

Accomplishments

- o Completed digital switchover in backbone broadcasting stations (100%) and auxiliary broadcasting stations (107.5%) by June 2012 and installed low-power repeaters through joint effort of the KCC and broadcasting companies (71 out of 144 installed).
- o Provided satellite broadcasting receivers for free in case

households directly receiving analog broadcasting cannot watch existing channels after digital switchover (approx. 3,000 households as of September).

- o Currently upgrading public viewing facilities to digital type in rural villages through joint effort of the KCC and KBS (345 out of 383 facilities completed).
- o Supported and encouraged public viewing facility improvement in apartment housing.
 - For public rental housing, facility improvement completed in 804 complexes with costs jointly shared by the KCC, LH and SH (June).
 - For private apartment housing, support is provided by both Digital Watching 100% · Skylife. For analog public watching complexes, support is provided preferentially considering the analog broadcasting shut down dates by region.

Future Plans

- o Complete digital switchover of public viewing facilities in villages and installation of small-power repeaters (starting December).

2-2. Activation of Competition in Broadcasting and Communications Market

◆ **Establish foundation for balanced development of the industrial and public qualities of broadcasting and for media to improve diversity of public opinions, and accelerate wholesome competition in the market through opening up of the telecommunications market and increased competition.**

A. Activate Broadcasting Market & Improve Quality of Broadcasting to Enhance Public Rights and Interests

□ Overview

- Purpose and goals: To increase broadcasting operation hours and improve the process for selecting public channels in order to increase the public value of broadcasting and accelerate wholesome competition in broadcasting markets.

□ Accomplishments

- Established 'basic plans for re-approval of terrestrial and DMB broadcasting' (May) in order to have a better review process for re-approving broadcaster's permits when their terms are up for renewal (December).
- Estimated and announced the results of the 'broadcasting service providers ratings share in 2012' in order to ensure diversity of public opinions on broadcasting (July).
- Legislated documents necessary for approving channels in order to clarify the selection process (July) and established regulations

for authorization procedures and operation methods in relation to welfare channels for the disabled in preparation for their compulsory transmission (September).

- o Prepared politic measures for DCS service and publicly recommended that people eschew subscribing to KT SkyLife because violated broadcasting-related laws and regulations (August).

- o Increased terrestrial TV daily broadcasting hours from 19 to 24 hour in order to increase viewers' rights and interest as well as programming autonomy according to changes in the broadcasting environment (September).

- o Appointed executives of public broadcasting companies
 - Foundation for Broadcast Culture directors and auditors (July - August), KBS directors (August), EBS directors (September).

Future Plans

- o 24-hour broadcast programming for terrestrial TV (from October onwards)

- o Operate a 'Broadcasting System Research Team' to improve the broadcasting system (from October onwards).

- o Select public channels in 2013 and acknowledge them as welfare channels for the disabled (November).

- o Vote on re-approval of terrestrial/ terrestrial DMB broadcasting service providers (November).

- o Complete revision of the ratings share estimation criteria (notification) (December)

B. Expand Competition in Communications Market and Increase User Convenience

Overview

- o Purpose and goals: To increase competition in the communications market by activating a mobile communications reselling service and implement a more open terminal/mobile device supply system, etc.

Accomplishments

- o Accelerated competition in the mobile communications market by activating the MVNO service ('thrifty phone').
 - Permitted number portability between mobile common carriers and reselling service providers so that users can benefit from reselling their service with their own numbers (May).
 - Promoted three-year exemption of spectrum fees to lower the

cost burden of bundling for service providers (revised Enforcement Decree of the Radio Waves Act).

- LTE service started by bundling service providers (CJ Hello Vision, Annex Telecom) (September)

※ Large distributors, such as Home Plus and E-mart, are scheduled to enter the thrifty phone market after the end of 2012.

— < MVNO Service Market Status > —

- o **(Subscribers)** 928,000 subscribers as of Aug. 2012 (1.75% of all subscribers in the mobile communications market)
- o **(Service Providers)** A total of 24 service providers as of Sep. 2012
- o **(Rates)** 20 – 50% cheaper than existing mobile common carriers

- o Increased consumers' options by securing more variety of distribution centers
- Improved computer system and opened a lost · stolen terminal information management center (May 1).
- Improved application of discount rates previously applied only to terminals distributed by mobile common carriers to second-hand terminals and terminals distributed by manufacturers and marts, etc. (KT on May 31, SKT · LGT on June 1).
- Started a self-supply system publicity website (May 1), distributed publicity posters and leaflets (mobile common carriers and manufacturers, May) and commenced subway advertising (June - July).
- Provided an integrated testing and certification environment so

that the interoperability test of each mobile common carrier can be done at a single spot (September).

□ Future Plans

- o Encourage companies to offer more LTE service rate options to allow customers to select the amount of voice, data and text services according to their needs (from October).
- o Established 'standards for rational management and utilization of communications network' (draft) by collecting opinions of stakeholders (December).
 - ※ Organized a public talk on the standards (draft) (Jul. 13)
- o Prepared plans to improve and restructure the entire ICT environment centering on backbone communications service providers as soon as the communications market competition assessment for 2012 is completed (December).
- o Encourage release of terminals for a self-supply system by manufacturers and distributors and strengthen publicity about it (continuously).

C. Strengthen International Competitiveness of the Broadcasting and Communications Industry

□ Overview

- o Purpose and goals: To publicize Korea's ICT, strengthen global politic leadership and expand the foundation for global market

entry by businesses through successful hosting of the ITU Plenipotentiary Conference.

- ※ ITU Plenipotentiary Conference 2014: For three weeks from Oct. 20 to Nov. 7, 2014, BEXCO, Busan
 - To be attended by approx. 3,000 government representatives including ministers and vice ministers (approx. 150) of the 193 ITU member states

□ Contents

- o To establish a master plan for the event so that Korea can advance as an ICT diplomacy power and ICT · Hallyu industries can increasingly enter global markets through hosting of the ITU Plenipotentiary Conference.

- ※ [Direction of Basic Plans] ① The world's best conference ② An ICT festival bringing together all people of the world ③ Global ICT diplomacy leader ④ A festival enjoyed by all

- o To organize preparation by planning stage (Sep. 2012 - Jul. 2013) and promotion stage (Aug. 2013 - Dec. 2014) considering around two years of preparation until Oct. 2014.

- ※ Increased members of the existing preparation team to approx. 30 and launched stage 1 preparation and the planning team (scheduled in October)

- o To open blogs and organize a logo contest in order to increase public awareness about the Plenipotentiary Conference, and to operate a publicity booth at important ITU events.

□ Future Plans

- o Launch an official preparation team (end of October).
- o Establish basic plans for the Plenipotentiary Conference and promote domestic and international publicity (fourth quarter).

2-3. Win-Win Cooperative Market Environment

◆ Establish market environment of cooperation among large, medium and small businesses by increasing support to small businesses through TV home shopping channels, and promoting a fair trade environment among large platform providers, such as web portals, and small contents providers.

A. Establish a Win-Win and Cooperative Environment

□ Overview

- o Purpose and goals: To create a market environment for win-win cooperation among large, medium and small businesses by promoting support to small businesses through TV home shopping channels, and through cooperation among large platform companies, such as web portals, and small contents providers.
- o To foster a fair trade environment for the broadcasting market by preventing disputes concerning re-transmission of contents between terrestrial and paid broadcasting companies and assessing market influence of broadcasting and telecommunications combined products.

□ Accomplishments

- o Supported opening of a TV home shopping channel for small businesses (Home and Shopping) (January) and imposed the condition of 'plans for win-win cooperation with small businesses' when reviewing re-approval of GS Home Shopping and CJ O'shopping (February).
- o Prepared 'terrestrial broadcasting re-transmission system improvement plans' (draft) outlining improvement of the dispute settling procedures among broadcasting service providers, and introduced the right to instruct broadcasting maintenance and recommencement (February).
- o Organized two training sessions on utilization of the open API* and the latest ICT (HTML5, etc.) through cooperation with web portals and K-internet.

* Application Programmer Interface: Open search and map data of web portals made available to all for development of application programs and services

□ Future Plans

- o Inspect fulfillment of the re-approval conditions by TV home shopping companies (throughout the year).
- o Additionally organize open API training sessions (second half of the year)
- o Prepare the Broadcasting Act revision plans in relation to

re-transmission of terrestrial broadcasting contents (December)

B. Activate Fair Contents Trading

□ Overview

- o Purpose and goals: To strengthen the basis for win-win cooperation among contract production companies and broadcasting companies for qualitative growth of the contract production market, and to promote system improved for fair contract production environment
- o To create a win-win cooperation environment by establishing a basis for fair trade among communications service providers, manufacturers and contents developers.

□ Accomplishments

- o Implemented a cooperation model with broadcasting service providers in order to secure a foundation for growth of contract production companies, and increased clarity of regulations applied to contract production.
- Signed an MOU on equal distribution of earnings from indirect advertising in programs of contract production companies (February).
- Introduced contract production authorization standards by reflecting the input levels of production elements, such as funding and directing, etc. (Feb. 23, Programming Notification

(revised)).

- o Organized and operated a team in charge of expanding the scope of communications market competition assessment and system improvement in response to the expansion of the ICT market and communications service convergence (March~).
- o Organized a 'Broadcasting Market Competition Assessment Committee' to establish a fair competition environment in the broadcasting market (April), established 'broadcasting market competition assessment plans' (May), and prepared the 'broadcasting market competition assessment delimitation for 2012' (draft) (September).
- o Established guidelines for provision of broadcasting programs in order to prevent unfair refusal of programs by PPs (May).
- o Established guidelines on channel contract procedures in order to prevent unfair acts in relation to channel contracts by paid broadcasting service providers, such as SO and IPTV companies (July).
- o Prepared the Telecommunications Business Act revision plans in order to expand the scope of the current regulation banning unfair profit distribution between mobile common carriers and CPs to include wired communications service providers, such as web portals (June).
- o Expanded guidelines for application targets in order to establish

a basis for fair trade in the mobile contents open market.

- From the existing mobile common carriers' open market to manufacturers' open market (Samsung Apps and Smart World of LG Electronics) (June).

□ Future Plans

- o Revise the Telecommunications Business Act to introduce regulation banning unfair profit distribution between wired communications service providers and CPs (2nd half of the year).
 - o Scheduled to prepare screening criteria for the banned acts in relation to distribution of program charges and payment procedures between SOs and PPs (2nd half of the year).
 - o Inspect implementation of 'mobile contents open market win-win cooperation guidelines' through a private-government council comprising the KCC, open market companies and contents developers (2nd half of the year).
 - o Revise the Broadcasting Act to introduce a contract production dispute settlement system (submission to the National Assembly in October).
- ※ Promote re-legislation of the Broadcasting Act revision automatically abolished according to closing the 18th National Assembly

- o Complete broadcasting market competition assessment for 2012 (December)

3

Establish Secure Cyber Environment and Consider for the Socially Vulnerable

3-1. Realize a Society of Productive Communication

◆ Realize a productive communication society by improving Internet regulations, increase ethics training and publicity, and establishing a cooperative system with Internet service providers.

A. Spread a Wholesome Communication and Internet Ethics and Culture

Overview

- o The real name system was introduced and operated (Jul. 2007) centering on the web boards of domestic portals in order to prevent abusive postings, etc.

- However, improvement of the system is demanded according to changes in the Internet communication environment, such as rapid expansion of overseas SNS through Twitter, etc. since 2010.

※ Operational Report for 2012: Promoted reexamination of the real-name system in order to realize a productive communication society (Dec. 29, 2011)

Accomplishments

- o Organized and operated a TF from the relevant government

offices (KCC, Ministry of Public Administration and Security, Ministry of Justice, and National Police Agency, etc.)

- o Organized events led by 'Create a Beautiful Internet World' for a wholesome Internet culture and promoted various training programs using on/ offline channels.
 - A wide range of training (54,511 persons as of the end of September) and publicity (June - July, buses and subways) activities including Internet ethics classes.
- o Decision on the unconstitutionality of the Internet real-name system decided by the Constitutional Court (Aug. 23).
- o Established measures following the decision on the unconstitutionality of the real-name system (Sep. 28, National Policy Coordination Meeting).
 - Prepared plans to prevent damages to Internet users according to suspension of the effects of the system.

Future Plans

- o Collect opinions from various sectors of society through a report to the National Assembly and public hearings (October).
- o Promote revision of laws including the 'Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.' (November).

B. Prevent Distribution of illegal and Harmful Information, such as Pornography

Overview

- o Purpose and goals: To continuously implement measures preventing distribution of illegal and harmful information to prevent damages to users by pornography and illegal spam.

□ Performance

<Prevent Online Distribution of Pornography >

- o The KSS is operating 1,377 units for reporting of pornographic materials and installed a 24-hour control center to extensively monitor the Internet for pornographic materials and harmful information (throughout the year).
 - Administered promotion measures to block information which is clearly illegal, such as child pornography, through an autonomous deliberation committee centering on major web portals (7,170 cases, Feb - Aug. 2012).
- o Deliberated and made correction requests for illegal information including pornographic materials centering on the KCC (throughout the year).
- o Introduced and implemented a registration system for cloud storage service providers pointed out as a breeding ground of pornography from May 2012 (114 websites registered).
 - ※ 75 unregistered companies prosecuted (Jul.12)
- o Developed and distributed pornography blocking software for smartphones (Jun. 2012) and PCs (2008) to protect adolescents.
 - Specified that the software installation should be notified upon at service subscription (Jun. 2012~) and requested cooperation of parents of elementary, middle and high school students through newsletters (Ministry of Education, Science and Technology, Aug.

30, 2012).

< Distribution of SW Blocking Pornography for PC (KSS, Unit: Case)>

Year	2008	2009	2010	2011	Aug. 2012	Total
SW Distribution	123,129	1,178,446	569,326	692,275	489,194	3,052,370

<Prevent Distribution of Illegal Spam >

o Measured and disclosed the amount of spam distributed during the first half of 2012 (September).

- Measured spam distribution by mobile phone and e-mail service providers in the first half of 2012 and disclosed rankings and amount of spam transmission by service and service provider.

※ Amount of spam reception through mobile phone text per person per day decreased by 42.9% from the first half of 2011, spam reception through e-mail decreased by 31.4% from the first half of 2011.

- o Commenced a 'real-time spam blocking service for web boards' to analyze and block spam posting in real-time from web boards (from April, used by 97 websites as of Aug. 2012).
- o Prepared 'fax spam handling plans' outlining autonomous regulatory plans for web fax service providers (who are capable of mass-transmission of spam), technical measures and sanctions on spam senders (September).

Future Plans

- o Promote pornography blocking software for PCs and smartphones to be established as compulsory for adolescents and at homes (throughout the year).

- Review legislation of the supply of a pornography blocking service by mobile common carriers targeting adolescent users.
- o Increase monitoring personnel in response to a demand for online pornography screening and correction (30 -> 60) and promote prompt procedures of communications screening (once -> twice a week).
- o Promote improvements for combating harmful activities in cyber space and blocking of pornography through cooperation with parents and civic groups (new budget allocation in 2013).
- o Inspect implementation status of measures to protect youth and prepare plans to improve the validity of the system according to the 'Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.' (October - November).
- o Prepare and promote legislation of the 'Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.' revision plans in relation to spam (first half of 2013).
- Upwardly increase criminal penalties and fines for malicious spam, and strengthen obligation of information and communications service providers to prevent/report spam, etc.
- o Implement and operate a composite spam monitoring system (Dec. 2012)
- o Promote measures to block spam from zombie PCs (first half of 2013).

3-2. Safe Cyber Environment

◆ **Strengthen privacy protection, prevent DDoS and hacking, and improve information security global leadership in order to create a secure and reliable cyber environment.**

A. Increase Privacy Protection

□ Overview

- o Purpose and goals: To prepare measures for improved privacy protection on the Internet while actively responding to privacy incidents, such as illegal collection of location information and personal information leakage, etc.

□ Accomplishments

- o Implemented and operated the 'Internet Resident Registration No. Clean Center' to provide technical support and consulting for converting to the 'no resident registration number collection' system for small-scale service providers (May).
- o Founded a forum and organized a public seminar to improve the regulatory system for privacy protection in the "smart" environment (May).
 - ※ Held discussions on domestic and international issues on privacy protection, such as 'Rights to be Forgotten' and 'Big Data,' etc.
- o Implemented revision to the 'Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.' in order to introduce a new system restricting resident registration number collection on the Internet to prevent personal information leakage (August).
- Revised enforcement decree and notification outlining

regulations and detailed implementation plans (August).

- o Promoted the 'Protect My Information on the Internet' campaign to publicize and educate about the new system introduced according to the newly revised 'Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.' (September - October)
- o Investigated and administered sanctions on businesses violating laws concerning personal information and location information protection (throughout the year).
 - Investigated and imposed administrative sanctions (fines, etc.) on 13 social commerce service providers and Nexon.

Future Plans

- o Establish a privacy protection center in the greater China region in order to detect and delete personal information of domestic users exposed to Chinese websites engaged in malicious activities. (November)

B. Preemptively Prevent Hacking

Overview

- o Purposes and goals: To improve Internet safety by strengthening the preventative and handling system for Internet infringement incidents (i.e. "hacking") that are being intellectualized and organized in line with overall ICT development.

□ Accomplishments

- Improved the standard of companies' information security measures
 - Revised and announced the 'Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.' (February) and revised the 'Enforcement Decree' (August) specifying improvement of security management standards for companies and establishment of information security management system certification as a compulsory requirement
 - ※ Contents of the 'Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.' (revision). The revision calls for an improved safety diagnosis system that unifies the information security management certification system, introduces a rating system, and requires installation of an information security officer as part of an information security inspection program).
- Prevented Internet infringement incidents and strengthened handling measures.
 - Investigated the status of domain registered websites in Korea and increased detection target of websites for concealing malignant codes (1.8 million -> 2 million).
 - Established government-wide 'information security day (second Wednesday in July) to improve public awareness of information security, and organized information security events.
 - ※ Hacking defence contest (July 3), international information security conference (July 11), cyber attack scenario contest (July 11), strategy talk with invited CEOs (July 12), information security training for developing countries (July 9 - 13), youth IT security camp (Aug. 4 - 5).

□ Future Plans

- o Establish and revise notifications relating to improvement of information security of companies (November).
 - ※ Related Notifications: Notification on pre-inspection of information security (establishment, notification on information security measures · notification on information security management system certification (revision)).
- o Implement and operate a system to inspect malignant acts using cloud services (i.e. web storage) and mobile applications (December).
- o Strengthen continuous monitoring of Internet infringement incidents, such as hacking and DDoS attacks.

C. Prevent Voice Phishing (Control Calling Number Manipulation)

Overview

- o Criminal organizations based in overseas countries, such as China, are attempting voice phishing using manipulated numbers by assuming false names as public organizations. This results in a series of damages to users.

※ A total of 34,332 cases causing about KRW 361.1 billion of damage occurred from 2006 to 2011. As of the end of July 2012, the count of voice phishing attempts and the amount of damage are 4,207 and KRW 46 billion respectively. Damage continues to be incurred (figures from the National Police).

Accomplishments

- o Promoted installation of a clause in the Telecommunications Business Act prescribing prevention of voice phishing damage as a compulsory requirement of service providers (revision plan submitted to the National Assembly in September).

※ Fines imposed upon common carriers if they fail to block manipulated telephone numbers or correctly transmit calls under their original numbers, provide information to users on international call transmission, and/or implement technical measures

- Established 'calling number manipulation prevention guidelines' to encourage voluntary participation by service providers prior to the legislation and distributed the guidelines to common carriers, etc. (July).

o Prepared composite measures to handle electronic bank fraud resulting from phishing that is becoming increasingly sophisticated, such as by linking a phone call to a false website or a text to a false website (May 2010).

※ Scheduled to operate a 'Phishing Response Team' managed by the Korea Internet Security Agency in order to systematically handle voice phishing (calling number manipulation), spam and false websites (Jan. 2013).

<Key Contents of the Measures>

- ◆ **(Technical)** Block calls and text messages from phones being maliciously manipulated, prohibit calling number changes for text messages transmitted from mobile phones, display identification symbols for text messages transmitted from the Internet, and develop an international call blocking service, etc.
- ◆ **(Administrative)** Increased user protection by removing subscriber circuits used in phishing, strengthened phishing site monitoring and reporting procedures, and introduction of a phishing alert system, etc.

Future Plans

o Prepare and implement detailed plans for implementing comprehensive phishing prevention measures (from Oct. 2012).

o Block international calls assuming false names as public organizations or financial institutions (from Jan. 2013).

3-3. Improve Rights and Interests of Users

◆ Improve smartphone VoIP fee reduction for the vulnerable, promote exemption of the VAT, deduction of service charges, and strengthen supply of information on communications fees and electromagnetic waves.

A. Increase Consideration for the Socially Vulnerable

□ Overview

- Purpose and goals: To increase support for distributing specialized broadcasting reception equipment for the disabled (i.e persons with hearing disabilities, sight disabilities, etc.) and production of broadcasting contents for the disabled.
- To provide smart media training to the socially vulnerable, such as the elderly and disabled, in order to lower information gaps due to increased smartphone proliferation.
- To operate a communications relay service and reduce fees in order to improve accessibility and convenience of communications services for the disabled and low income groups.

□ Performance

- Included Internet phone in the scope of communications fees reduction through revision of the related laws and regulations (February) and simplified fee reduction application procedures (February).
- ※ Currently implementing a policy to lower communications fees for mobile phones, local · long-distance calls, Internet phones and super high-speed Internet service for the socially vulnerable (5.14 million people in 2011, KRW 563.7 billion reduced).

- o Implemented an Internet phone fees reduction system to lower the burden of communications fees on the disabled and low income groups (Revised Enforcement Decree of the Telecommunications Business Act and Notification, February).

- ※ Reduce monthly call charges by 50% for the disabled and people of national merit, exempt subscription costs and basic charges for basic living expenses of recipients and provided free call service for up to 450 minutes a month.

- o Established communications guidelines for the disabled in Braille, voice notice services and voice guidance on the websites of communications service providers (June)

- o Increased the number of broadcasting companies receiving support on production of programs for the disabled to 61 companies (Budget for 2012: KRW 3.2 billion).

- ※ Targets: 28 companies in 2008 -> 37 in 2009 -> 46 in 2010 -> 53 in 2011 -> 61 as of the end of September 2012

- o Established notifications specifying the details of call support to people with hearing impairment and speech disorders, and a communications relay service, and thus secured a systematic foundation for providing ITC services to the vulnerable and low income groups.

Future Plans

- o Additionally distribute approx. 20,000 broadcasting reception equipment for the disabled (9,170 closed caption receivers, 7,500 descriptive video service receivers and 3,000 receivers for the elderly with hearing difficulties) (throughout the year).
- o Continuously provide a variety of smart media training

programs, including information on methods for using SNS, to the elderly through cooperation with the three major mobile common carriers (throughout the year).

- o Improve mobile phone fee reduction structure in order to achieve more rational fee reduction for the socially vulnerable in line with the proliferation of smartphone use (December).
- o Grant unified number (107) to communications relay services in order to support communications services for people with hearing impairment and speech disorders (scheduled for implementation in Jan. 2013).

B. Improve User's Right to Know

Overview

- o Purpose and goals: To expand information offered in order to foster a well-informed society having sufficient information about the rapidly changing broadcasting and telecommunications market so people can make better choices.
- o To provide appropriate information on the harmfulness of electromagnetic waves in order to assuage peoples' concerns about cell phone radiation and to inform them how to protect themselves from electromagnetic waves.

Accomplishments

- o Conducted a survey on electromagnetic waves measured at base stations in residential areas (5,552 radio stations) and household

appliances (36 products) and announced the results (February).

- No cases were found whereby protection standards were exceeded. All results indicated safe levels.
- o Assessed and announced voice call and wired · wireless Internet service quality in order to increase users' right of choice (April).
- o Provided education about electromagnetic waves to people neglected from information supply, such as the elderly, etc. (from May).
- o Arranged to have communication service charges displayed separately from terminal installments so that customers can more easily recognize them, and made drastic improvements to unify terminologies and forms, etc. (June).
- o Integrated and systemized the dispersed communications fees information*, provided necessary information to users at the appropriate time, and implemented a 'communications fees portal' with enhanced accessibility using social media and smartphone applications.
- Currently preparing detailed implementation plans by operating the 'communications fees portal promotion council' participated by the Korea Telecommunications Operators Association and the three main mobile common carriers.

* To share information on the rate system and service agreement, recommended rate programs, experts' reviews, and user's experiences and information.

- o Announced results of a study on the impact of electromagnetic waves on the human body (May) and disclosed the mobile

phone electromagnetic waves absorption rates that were measured (July).

- Importantly, children were found to be more vulnerable to electromagnetic waves than adults.
- o To prevent damages incurred by unexpected/unsuspected charges (bill shock) resulting from increased use of mobile communication services and introduction of new communication services, a notification service was prepared prescribing the entities and counterparts for prior notice of overages, services subject to notice, and methods of notification (July).
- o Established mobile phone user guidelines for children and adolescents who are more susceptible to electromagnetic waves (September).

Future Plans

- o Conduct communications service quality assessment for 2012 on LTE service, etc. (2nd half of the year).
- o Inspect implementation of billing improvements by service providers (October).
- o Develop and distribute educational programs to prevent damage to people with hearing impairments (December).
- o Implement a web portal for communications fees (Smart Choice) and provide information on fees and market trends to users on a regular basis (December).

III. Pending Issues

1 Follow-up Measures for Decision on Unconstitutionality of the Real Name System

□ Overview

o It is necessary to draw up follow-up measures according to the decision on the unconstitutionality of the real name system (Constitutional Court, Aug. 23).

- An increase of abusive postings through abuse of the right of free speech (aka “right of expression”) and, accordingly, the possibility of perpetrating harm to either individuals or society (personal libel, slander, defamation, sedition, etc.).

※ Established follow-up measures for the decision on the unconstitutionality of the limited real name system (National Policy Coordination Meeting, Sep. 28).

□ Contents

- o **(Strengthen Self-Regulation)** Increase monitoring personnel of web portals and develop and distribute an automatic abusive post blocking system for small businesses.
- o **(Increase Damage Prevention)** Clarify standards for temporary measures and handling methods, and establish regulations to reduce liability for reparation for cases of deleting defamatory information under autonomous judgment of businesses.

※ Stipulate liability for damages of web portals in case of damages to users by leaving illegal posting

- o **(Strengthen Remedies for Violation of Rights)** Introduce an online dispute settlement system to lower the period of deliberation by the KCC on illegal information, and reorganize defamation dispute settlement division to a center-level facility.
- o **(Improve Education · Publicity · Public - Private Cooperation)** Encourage interest and participation by people through nationwide campaigns for good postings and good reply donations, and organize a politic deliberation council participated by the government, web portals and private organizations.

Future Plans

- o Prepare a revision to the 'Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.' by collecting opinions from each sector, through talks and public hearings, and, ultimately, debate in the National Assembly (November).

2

Investigation on Terminal Subsidies for Mobile Phone Market

Overview of Subsidies

- o A subsidy is the collective term for encouraging grants from mobile phone terminal manufacturers and discounts for terminal purchases provided by mobile service providers to subscribers using the financial resources of mobile common

carrier sales promotion budgets, etc.

- Since June 2000, subsidy payment had been prohibited according to the 'Enforcement Decree of the Telecommunications Business Act.' However, starting in March 2008, it was allowed for voluntary marketing competition by companies and was banned only when discriminately provided to users.

※ Since the launch of the KCC, corrective order and fine imposition (KRW 31.9 billion) have been implemented twice in September 2010 and September 2011.

□ Market Conditions and Measures

- o Since LTE was launched in Nov. 2011, the market has been intermittently overheating. As a result, KCC encouraged market stabilization by requesting emergency suspension of the service to three mobile common carriers and organizing talks among the CEOs.
- The result of recent market monitoring indicates that competition over government subsidies has overheated and therefore a fact-finding mission was commenced to investigate unfair user discrimination practices (Sep. 13, 2012).
- o Around 20 investigators are inspecting head offices and nationwide agencies of the three mobile common carriers and analyzing their computer data.

□ Future Plans

- Organize results of fact-finding and deliberate on correction measures (December).

3 Introduce Electromagnetic Wave Class System

□ Overview

- Purpose and goals: To revise the 'Radio Waves Act' to introduce an electromagnetic class system to wireless facilities (including mobile phones) in order to assuage people's concern about the harmfulness of electromagnetic waves (May).
- To promote establishment of a notification prescribing electromagnetic class criteria and details relating to class marking according to the revised Radio Waves Act.
 - ※ The World Health Organization (WHO) categorized mobile phone electromagnetic waves as 'possible to cause cancer' (May, 2011).

□ Accomplishments

- Prepared a notification draft by organizing an electromagnetic class system study team (February - August).
- Completed administrative notice of the electromagnetic class system notification (draft) and organized a public hearing (September).

□ Overview of Notification (Draft)

- **(Target of Marking)** Radio base stations, such as mobile phone and mobile communications stations, about which people are most concerned.
- **(Class Criteria)** Mobile phones categorized into two classes, and radio station into four classes.
- **(Marking Method)** To be placed clearly on the packaging of mobile phones or the corresponding wireless facilities to be easily recognizable.

□ Future Plans

- Establish a notification for electromagnetic wave classes (November).