

Press release

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Revision of the Enforcement Ordinance of the Media Representative Act

- The Korea Communications Commission is taking follow-up measures after the enactment of the Media Representative Act according to schedule -

The proposed Enforcement Ordinance of the Act on the Media Representative, Etc. (Media Representative Act hereinafter), which stipulates the media representative license procedure, the broadcasting advertising commission rates, and prohibited practices of the broadcasting advertising market, was reported to the Korea Communications Commission today.

The Media Representative Act, which passed the Assembly plenary session on February 9, was proclaimed on February 22, and is scheduled to go into effect on May 23. The Enforcement Ordinance, reported today, will go through legislative proceedings from March 8, i.e. announcement of legislation, evaluation of regulations, and deliberation by the Korea Ministry of Government Legislation.

To take the follow-up measures of the Media Representative Act, which introduces a competitive system to the broadcasting advertising market

and provides effective support for small and medium-sized broadcasters, the Korea Communications Commission will enact the following Enforcement Ordinance.

① Licensing of media representatives, and changing and cancelling of licenses (Articles 2 through 7 of the Enforcement Ordinance, Annex 1)

Under the authority of the law, the Enforcement Ordinance stipulates that the licensing procedure be explained in detail, such as application documents for licensing and changing a license, determination of eligibility, the deadline for changing applications for highest share investors, and a detailed procedure for cancelling a license (reason for extending or reducing the period of suspension, standard for disposition by violation, and designation of an alternative media representative in case of cancellation of license and suspension of business).

② Restriction on ownership of media representatives (Articles 8 and 9 of the Enforcement Ordinance)

Under authority of the law, the Enforcement Ordinance stipulates that related parties are persons who actually exercise influence or such persons as spouses, relatives, executives and affiliates (e.g. with equities more than 30%) or who exercise influence on themselves; a corporate group is a corporate group and/or affiliated companies with total assets in excess of KRW10 trillion.

③ Broadcasting advertising commission rate (Article 11 of the Enforcement Ordinance)

Under authority of the law, the Enforcement Ordinance stipulates that the trustee fee terrestrial broadcasters pay to media representatives shall be at least 13% but no more than 16% of the broadcasting advertising sales, and the agency commission media representatives pay to advertising agencies shall be at least 70% but no more than 85% of the trustee fee received from broadcasters.

④ Detailed types of prohibited practices (Article 10 of the Enforcement Ordinance, Annex 2)

Under authority of the law, the Enforcement Ordinance stipulates that prohibited practices are practices that influence broadcasting programs, rejection, suspension and negligence of advertising sales, discrimination, non-payment of commissions, violation of accounting principles and abuse of a superior position; and prohibited practices of broadcasters are interference with management, refusal to deal, discrimination, and non-payment of commissions.

⑤ Designation of media representatives for small and medium-sized broadcasters (Article 12 of the Enforcement Ordinance)

Under authority of the law, the Enforcement Ordinance stipulates that media representatives should be designated in consideration of the nature and size of the advertising sales of the small and medium-sized broadcasters who requested the Korea Communications Commission to designate a media representative for them.

⑥ **Specification of other legal delegations** (Articles 2, 13, 14 and 20 through 23 of the Enforcement Ordinance)

In addition, to specify legal delegations, the Enforcement Ordinance stipulates the composition and operation of the committee on balanced development of broadcasting advertising, the registration of incorporation of the Korea Broadcast Advertising Promotion Corporation, exceptions to mandatory delegation, the business scope of the Media Representatives Association, and criteria for imposing penalties and fines.

With regard to the proposed Enforcement Ordinance reported today, the Korea Communications Commission explained the purpose of the legislation and key details to stakeholders on February 28, and listened to their opinions. Opinions regarding the proposed Enforcement Ordinance may be submitted during the period of announcement of legislation (March 8 - 28) at the websites of the Korea Communications Commission (<http://www.kcc.go.kr>) and e-People (<http://www.epeople.go.kr>).