

**ENFORCEMENT DECREE OF THE TELECOMMUNICATIONS
BUSINESS ACT**

(Unofficial Translation: the Korean-language version shall prevail.)

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[Wholly amended by Presidential Decree No. 20666 on 2008.2.29.]

CHAPTER I GENERAL PROVISIONS

(Purpose)

Article 1

The purpose of this Decree is to prescribe the delegated matters under the Telecommunications Business Act and the necessary matters for its enforcement.

(Contents of Universal Service)

Article 2

- (1) The contents of Universal Services as prescribed in Article 3-2 (3) of the Telecommunications Business Act (hereinafter to be referred to as "the Act") shall be as in the following paragraphs:
 1. Wire telephone service;
 2. Telephone service for emergency communications; and
 3. Telephone service at discounted or exempted rates for the groups of the disabled and low income earners.
- (2) The detailed contents of Universal Service under paragraph (1) shall be as in the following paragraphs:
 1. Wire telephone service: Telephone service falling under any of the following items among telephone services within a zone that is announced by the KCC considering the service method and conditions (hereinafter to be referred to as "call zone"):
 - a. Local telephone service: Telephone service that intermediates communication using subscriber telephone service (excluding island communication services under "c" below; the same hereinafter);
 - b. Local public telephone service: Telephone service that intermediates communication using public telephone service; or
 - c. Island communication services: Telephone service that intermediates communication between the land and islands or among islands using a wireless means.
 2. Telephone service for emergency communications: service falling under any of the following items among those for maintaining social order and safety of human

lives:

- a. Special-number telephone service determined and announced by the KCC among Common Services under subparagraphs 1 and 2 of Article 7;
 - b. Maritime Cellular phone service: Telephone service that intermediates communication between the land and vessels or between vessels among Common Services under subparagraph 2 of Article 7 ; or
3. Telephone service at discounted or exempted rates for the groups of the disabled and low income earners: Telephone services falling under any of the following items among those telephone services for the groups of the disabled and low income earners for the promotion of social welfare:
- a. Telephone service between local telephone service and other call zones (hereinafter to be referred to as "long distance telephone service");
 - b. Telephone directory service which is an ancillary service to local telephone service and long distance telephone services;
 - c. Cellular, PCS, and Paging services among Common Services under subparagraph 2 of Article 7 ; and
 - d. Internet subscriber access service.
- (3) Those eligible for service rate discount or exemption under subparagraph 3 of paragraph (2) above shall be those falling under any of the following subparagraphs: Provided, That the rate discount or exemption for those falling under subparagraph 8 shall be limited to cellular, PCS, and IMT 2000 services.
1. The disabled, their welfare facilities, and welfare organizations under the Welfare Services Act for the disabled
 2. Special schools under the Elementary and Secondary Education Act;
 3. Children's welfare facilities under the Child Welfare Act
 4. Those falling under any of the following items among the beneficiaries of the National Basic Living Security Act (hereinafter referred to as "beneficiaries") (household falling under any of the following items in case of local, long distance and Internet subscriber access services):
 - a. Beneficiaries aged less than 18 or 65 or higher; Provided, That the discount rate for cellular, PCS and IMT 2000 services shall be offered to basic livelihood allowance beneficiaries aged higher than 18 to less than 65 years old as well.
 - b. Heavily disabled persons under subparagraph 2 Article 2 of the Employment Promotion and Vocational Rehabilitation of Disabled Persons Act;
 - c. Anyone who requires treatment or recuperation for three or more months for a disease, injury or their sequela that does not fall under the diseases or injuries prescribed by the Ordinance of the Health, Welfare and Family

- Affairs Minister under subparagraph 2 of Article 7 of the Enforcement Decree of the National Basic Livelihood Security Act; and
- d. Any person who is prescribed to have difficulty working by the Ordinance of the Health, Welfare and Family Affairs Minister under subparagraph 5 of Article 7 of the Enforcement Decree of the National Basic Livelihood Security Act.
5. Korea Disabled Veterans Organization and April Nineteenth Uprising Association under the Act on the Establishment of Associations by Persons, etc. of Distinguished Services to the Nation;
6. Military or police personnel injured in wars, injured on duty, persons injured during April 19 Uprising, public officials injured on duty, persons injured for special distinguished services for the national or social development, and persons injured during June 18 Uprising for Freedom among those of distinguished services for the nation under the Act on the Honorable Treatment and Support of Persons, etc. of Distinguished Services to the Nation; or
7. Those injured during May 18 Uprising for Democracy among those of distinguished services for May 18 Uprising for Democracy under the Act on the Honorable Treatment of Persons of Distinguished Services to the 5·18 Democratization Movement.
8. Members of households that fall under any of the following items among those belonging to the second lowest income bracket under subparagraph 11 Article 2 of the Enforcement Decree of the National Basic Livelihood Security Act. In this case, the number of household members who shall be eligible for such rate discount or exemption shall be determined and announced by the KCC.
- a. Any person who participates in self-help projects under paragraph 5 of Article 9 of the Act;
- b. Any person who is eligible for abatement of the minimum amount payable by the insured among those have any of the rare intractable diseases stipulated under Item 4 sub-item c of Table No. 2 annexed to the Enforcement Decree of the National Health Insurance Act;
- c. Any person who is covered by national health insurance under Article 2 of the Enforcement Decree of the National Health Insurance Act;
- d. Any person who is provided with financial support for childcare under paragraph 1 of Article 34 of the Infant Care Act;
- e. Any person who is provided with financial support for infant education under paragraph 1 of Article 26 of the Early Childhood Education Act;
- f. Any person who is in receipt of the disabled persons allowance under Article 49 of the Welfare of Disabled Persons Act and the disabled child allowance

under paragraph 1 of Article 50 of the same act; or

- g. Any person who is entitled to protection under Article 5 of the Single-Parent Family Support Act. In this case, this category shall include those whose assessed income amount is 130/100 of the minimum subsistence cost or less.

(Designation of Telecommunications Carrier Providing Universal Service)

Article 3

- (1) The KCC shall designate a Telecommunications carrier providing Universal Service under Article 3-2 (4) (hereinafter referred to as "Universal Service carrier") through a review by the Information and Communications Policy Review Committee as prescribed in Article 44-2 of the Telecommunications Basic Act.
- (2) A Telecommunications carrier who is designated as a Universal Service carrier under paragraph (1) shall submit a written plan for provision of Universal Service which includes the method and cost required for providing the relevant services to the KCC every year not later than the ending day of the year preceding the provision of relevant services.

(Reimbursement of losses from Universal Service from Provision of Universal Service)

Article 4

- (1) The KCC may have the Telecommunications carriers who are not a Universal Service carrier share the fund for reimbursing the whole or part of the losses incurred from the provision of Universal Service by the Universal Service carriers (hereinafter referred to as the "fund to reimburse losses from Universal Service") in proportion to their turnovers.
- (2) A Universal Service carrier who intends to have his Universal Service loss reimbursed shall submit a Report on Universal Service Performance in provision of Universal Service which includes the cost for and income and losses from his provision thereof to the KCC within three months after the end of the relevant fiscal year.
- (3) The KCC may request an expert institute to examine the Report on Universal Service Performance under paragraph (2) if it is deemed necessary for its verification.

(Subject to Calculation of Reimbursement for Losses from Universal Service)

Article 5

- (1) The scope of the Universal Service that is subject to calculation of reimbursement for losses from Universal Service incurred by Universal Services shall be as in following paragraphs:
1. Local telephone service in zones where the cost required for providing services

among local telephone services falling under Article 2 (2) 1 a (referring to the cost calculated by using the formula announced by the KCC considering population density, number of lines, efficiency of communication network operation, etc.; the same in subparagraph 2 and Article 6 (1) hereinafter) exceeds the income (including the indirect benefits such as enhanced brand value or subscriber preference, etc., owing to provision of Universal Services; the same in subparagraph 2 and Article 6 (1) hereinafter);

2. Local public telephone service in zones where the cost required for providing services among local public telephone services falling under Article 2 (2) 1 b exceeds the income;
 3. Island communications services falling under Article 2 (2) 1 c; or
 4. Maritime Cellular phone service falling under Article 2 (2) 2 b.
- (2) "Telecommunications carriers prescribed by the Presidential Decree" under Article 3-2 (2) of the Act refers to the carriers of a service-based business, a value-added business and a regional paging service while "the amount prescribed by the Presidential Decree" refers to 30 billion won.

(Methods for Calculation of Reimbursement for Losses from Universal Service)

Article 6

- (1) The loss incurred by providing Universal Services falling under any of subparagraphs of Article (1) shall be the amount by deducting the income from the cost required for providing the services.
- (2) The interim reimbursement for losses from Universal Service shall be calculated by multiplying the amount calculated as provided under paragraph (1) by the loss reimbursement ratio announced by the KCC: Provided, That in case of Maritime Cellular phone service under Article 5 (1) 4, the management efficiency target subsidy announced by the KCC shall be the interim reimbursement for losses from Universal Service.
- (3) The reimbursement of losses from Universal Service shall be the amount by deducting the amount under the following paragraphs from the interim reimbursement for losses from Universal Service calculated in accordance with paragraph (2):
 1. The amount a Telecommunications carrier, who provides the Universal Services falling under any of subparagraphs of Article 5 (1), shares based on the turnovers of the Telecommunications Service (excluding Value-Added Service) other than the relevant Universal Services.
 2. The amount calculated by the KCC considering the sharing capability of the Telecommunications carrier that shares the fund for Reimbursement of losses from

Universal Service (hereinafter to be referred to as "loss sharing operator").

- (4) The loss sharing operator shall share the fund for reimbursement of losses from Universal Service calculated pursuant to paragraph (3) in proportion to its turnovers of Telecommunications Service (excluding Value-Added Service).
- (5) The KCC shall determine and announce specific matters necessary for the discount or exemption ratios of the telephone service rates for the groups of the disabled and low income earners and the methods for computing the fund for reimbursement of losses from Universal Service.

CHAPTER II TELECOMMUNICATIONS BUSINESS

(Types and Contents of Common Service)

Article 7

The Common Service under Article 4 (2) of the Act shall have the types and contents under the following paragraphs: Provided, That it shall exclude Telecommunications Service that transmits or receives electromagnetic signals of voice, data, video, etc. using any of the services falling under the following paragraphs, without changing their contents or types.

1. Transmission Service: Telecommunications Service that transmits or receives electromagnetic signals of voice, data, video, etc. using telegraphic, telephone, Internet service, etc. without changing their contents or types
2. Service provided using allocated radio frequency: Telecommunications Service that transmits or receives electromagnetic signals of voice, data, video, etc. through radio stations, which are established to use radio frequencies allocated under Article 11 or 12 of the Radio Act, without modifying their contents or patterns; or
3. Telecommunications Line Lease Service: Telecommunications Service that leases telecommunications lines.

(Scope of Premises)

Article 8

The "premises prescribed by the Presidential Decree" under Article 4 (2) 2 of the Act shall be those falling under any of the following paragraphs:

1. One building or structure;
2. One lot (limited to those owned by one person or shared) and buildings or structure on it;
3. Two or more buildings and their lot possessed by one person (limited to cases where the straight distance between buildings is 500m or less); or
4. A zone the KCC announces with a review by the Information and Communication Policy Review Committee under Article 44-2 of the Framework Act on Telecommunications among buildings or lots neighboring the buildings or lots under subparagraphs 1 through 3.

(Application for License)

Article 9

(1) Any person who intends to obtain a license under Article 5 (1) of the Act may file an application in the name of the representative of the corporation or of the

stockholders etc. of the corporation to be established.

- (2) The KCC shall have the subject matters of the announcement reviewed in advance by the Information and Communications Policy Review Committee under Article 44-2 of the Framework Act on Telecommunications prior to announcing them under Article 5 (4) of the Act: Provided, That this shall not apply to a license on the small businesses in the proviso clause of Article 5 (2) of the Act.

(Documents Attached to Application for License)

Article 10

- (1) Any person who applies for a license for Common business under Article 5 (1) of the Act shall attach documents of the following paragraphs to its application to the KCC:
 1. Articles of incorporation(including a corporation to be founded; the same hereinafter in this Article);
 2. The shareholder's register of the corporation or other document showing the stocks held by its shareholders; and
 3. Business plan.
- (2) The government official who receives a license application under paragraph (1) shall verify the digital corporate registration register details using the administration information network under Article 21 (1) of the e-Government Act; Provided, That if the applicant does not consent to the verification, he shall be required to attach an official copy of corporation registration.

(Exceptions to Review by Information and Communication Policy Review Committee)

Article 11

"Small businesses prescribed by the Presidential Decree" in the proviso clause of Article 5 (2) of the Act shall refer to the business providing Service the KCC announces among those under Article 7 subparagraph 2.

(Issuance of License, etc.)

Article 12

- (1) The KCC shall issue the license for Common carrier after recording all the matters of the following paragraphs in the license register for Common carriers when the KCC grants a license for Common business under Article 5 (1) of the Act or a modified license for the addition of Common Service under Article 10 (1):
 1. License Number. and date;
 2. Trade name, title or representative's name;
 3. Type, contents and service zone of Telecommunications Service;

4. Location of Principal office;
 5. Paid-in capital or appraisal value of assets;
 6. Details and locations of Principal business facilities;
 7. Matters concerning technical personnel; and 8. License conditions.
- (2) A Common carrier whose license issued under paragraph (1) is lost or worn-out may request the KCC to re-issue the license by indicating the reason.

(Criteria for Public Interests Examination)

Article 13

- (1) The term "public interests as prescribed by the Presidential Decree" in the main text of Article 6-3 (1) of the Act means the maintenance of national security, public peace and order.
- (2) The term "critical management matters as prescribed by the Presidential Decree" in Article 6-3 (1) 3 of the Act means the matters falling under each of the following paragraphs:
1. Appointment or dismissal of the CEO of a Common carrier, or appointment or dismissal of one third or more of its directors;
 2. Transfer or acquisition of a common business; and
 3. Launch of a new Common Business by a Common carrier.
- (3) The term "the case prescribed by the Presidential Decree" in Article 6-3 (1) 4 of the Act means the case where a de facto change in the management right of a Common carrier as it has been agreed among stockholders who are not the largest stockholder of a Common carrier to jointly exercise their voting rights.

(Scope of Common carriers Subject to Public Interests Examination)

Article 14

- The scope of Common carriers subject to notification or request for review under Article 6-3 of the Act shall be any of the following paragraphs:
1. The Common carriers that operate or control the essential communication under Article 64 (1);
 2. The Common carriers that own artificial satellites for which a space station is deployed under subparagraph 30 Article 27 of the Enforcement Decree of the Radio Act; and 3. The Common carriers that the KCC designates and announces under Article 39 (2).

(Procedures for Public Interests Examination, etc.)

Article 15

- (1) Any person who intends to notify or to request for the examination under Article

- 6-3 (2) or (3) of the Act shall submit documents indicating the matters under the following subparagraphs to the KCC:
1. Name and address of the notifier or applicant (in case of a corporation, the name and address of the corporation and those of its representative);
 2. Purposes or reasons for the notification or application for the examination; and
 3. Specific details of the fact falling under any of the subparagraphs of Article 6-3 (1).
- (2) The KCC may request the submitted documents be supplemented within a given period if it is deemed necessary.
- (3) The Public Interest Review Committee shall notice the KCC of the matter requested by the KCC to the Committee under Article 6-3 (4) of the Act within three months after referred to the Committee, except for cases which involve extraordinary reasons.
- (4) The KCC shall notice the outcome of the public interest examination under paragraph (3) to the notifier or applicant.

(Composition of Public Interests Review Committee)

Article 16

- (1) The term "relevant central government agencies as prescribed by the Presidential Decree" in main text of Article 6-4 (2) of the Act means such agencies as those falling under the following paragraphs:
1. The Ministry of Strategy and Finance;
 2. The Ministry of Foreign Affairs and Trade;
 3. The Ministry of Justice;
 4. The Ministry of National Defense;
 5. The Ministry of Public Administration and Security;
 6. The Ministry of Knowledge Economy.
- (2) The term of office of the committee members shall be two years and the consecutive appointment may be permitted. The term of office of the members who are government employees shall be limited to their service period in the current position.

(Operation of Public Interest Review Committee)

Article 17

- (1) The chairman of the Public Interest Review Committee shall represent the Committee and control all its affairs.
- (2) If the chairman is unable to operate his duties due to an inevitable reason, the member the Chairman nominates in advance shall act on his behalf.

- (3) The chairman shall convene and preside over the committee meetings.
- (4) The committee shall start by the attendance of a majority of all incumbent members and shall resolve with a majority vote of those present.
- (5) The committee shall have one secretary in order to deal with its administrative affairs, and the secretary shall be nominated by the chairman among the KCC employees.
- (6) Other necessary matters for the operation of the committee shall be determined by the chairman with a resolution of the committee.

(Imposition and Payment of Periodic Penalty Payment, etc.)

Article 18

- (1) The KCC determines the amount of periodic penalty payment referred to in Article 7-2 of the Act taking into account reasons for not complying with the corrective order, the amount of profit to be gained by that, etc.
- (2) The dates of complying with the corrective orders referred to in Article 7-2 (2) of the Act shall be classified by the following paragraphs:
 1. Date on which stock certificates are issued in the case where stock are to be disposed of;
 2. Date on which the terms of the contract are amended in the case where terms of a contract are to be modified; and
 3. Date on which the relevant act is suspended in the case where an act which impedes public interests is to be suspended.
- (3) To impose a periodic penalty payment as referred to in Article 7-2 of the Act, the KCC shall notice, in writing, the amount to be imposed per day, reasons for the imposition, payment term, receiving agencies, methods and places to file an objection.
- (4) A person who has been noticed under paragraph (3) shall pay the periodic penalty payment within 30 days from the date he receives the notice: Provided, That when he is unable to pay the periodic penalty payment within the period due to a natural disaster or other inevitable reasons, he shall pay it within 30 days from the day on which the reason disappears.
- (5) When the corrective order is not performed even after 90 days elapse from the completing date set by the corrective order, the KCC may collect the periodic penalty payment on the day which every 90 days elapse by counting from the completing date.
- (6) Article 49 shall apply to the repeated demand for the periodic penalty payment.

(Modification of License)

Article 19

- (1) Any person who applies for an approval of a revision to its license for Common business under Article 10 (2) of the Act shall attach the documents of the following paragraphs to its application for the revision approval to the KCC:
1. Addition of Common Service: business plan
 2. Revision of essential matters of the license: Documents that verify the revised plan.
- (2) The KCC shall announce instructions for the license modification application under Article 10 (1) the main text of the Act, such as the specific review criteria for approval of a revision for adding Common Service to the licensed service categories, procedures and time for the application, relation with the new license, etc.
- (4) "Common Service prescribed by the Presidential Decree" in the proviso clause of Article 10 (1) of the Act refers to a service of leasing telecommunications line facilities under subparagraph 3 of Article 7. (4) "Essential matters prescribed by the Presidential Decree in Article 10 (2) of the Act refers to the matters related to Article 12 (1) 8.

(Application for authorization of Acquisition or Merger, etc.)

Article 20

- (1) Any person who intends to acquire the whole or part of a common business under Article 13 (1) 1 of the Act shall attach the documents of following subparagraphs to its application for approval of acquisition of common business and submit them to the KCC:
1. A copy of the transfer-acquisition contract;
 2. Articles of incorporation of the transferor and transferee, and documentation relating to the transfer and acquisition;
 3. The shareholder's register of the transferee or other documents relating to the stocks, etc. ownership of shareholders, etc;
 4. Current business status of the transferor and transferee; and
 5. Business plan after the acquisition.
- (2) Any person who intends to merge with a corporation that runs a common business pursuant to Article 13 (1) 2 of the Act shall attach the documents of following paragraphs to its application for authorization of acquisition and merger of common business and submit them to the KCC:
1. A copy of the merger agreement;
 2. The Articles of incorporation and documentation relating to the merger of the parties concerned ;
 3. Shareholder's register or documents concerning stocks, etc. ownership of the

- shareholders, etc. of the corporation surviving the merger or being newly established through the merger;
4. Current business status of the merging parties; and
 5. Business plan after the merger.
- (3) Any person who intends to sell telecommunications line facilities under Article 13 (1) 3 of the Act shall attach the documents of following paragraphs to its application for authorization of sale of telecommunications line facilities, and submit them to the KCC:
1. Contract and other documentation relating to sale of telecommunications line facilities;
 2. The Articles of Incorporation of the seller and the buyer and other documentation relating to the sale;
 3. The shareholder's register of buyer's or documents concerning stocks, etc. ownership of the shareholders, etc.;
 4. Current business status of the seller and the buyer; and
 5. Business plan after the sale.
- (4) Any person who intends to hold 15/100 or more of the total issued shares of or to become the largest shareholder of a Common carrier under Article 13 (1) 4 of the Act shall attach the documents of following paragraphs to its application for authorization of holding shares issued by (or becoming the largest shareholder of) a Common carrier submitted to the KCC:
1. A copy of stock acquisition agreement and other documentation relating to the share acquisition;
 2. The Articles of Incorporation of the person or corporation that intends to acquire shares or become the largest shareholder, and of the other party;
 3. The current shareholding status of the person or corporation that intends to acquire shares or become the largest shareholder, and of the other party;
 4. The current business status of the person or corporation that intends to acquire shares or become the largest shareholder, and of the other party;
 5. The purposes, reasons and analysis on the effect of share acquisition;
 6. Plan to appoint concurrent officers (limited to the cases where officers of the buyer corporation plan to serve as (an) officer of the seller corporation); and
 7. Business plan after the acquisition of the shares (limited to the case where becoming the largest shareholder)
- (5) The government employee who receives an application for authorization of acquisition, merger, share acquisition or modification of the largest shareholder under paragraphs (1) through (4) shall verify the digital corporate registration register details of the party who acquires, mergers, sells, or becomes the largest

shareholder using the government administrative information under Article 21 (1) of the e-Government Act. If the applicant does not consent to the verification, he shall be required to attach a official copy of corporate registration.

- (6) The KCC shall issue a license for Common carrier when it approves the application for acquisition or merger under paragraph (1) or (2).

(Criteria of Main Telecommunications Line Facilities)

Article 21

"Main telecommunications line facilities prescribed by the Presidential Decree" in the proviso clause of the main text of the Article 13 (1) of the Act shall refer to such facilities for exchanging, transmission or line tracks under subparagraphs 8 through 10 of Article 3 of the Regulations on Technical Criteria on Telecommunications Facilities, whose total sale prices amount five billion won or more.

(Notification on Sale of Telecommunications Line Facilities)

Article 22

Any person, who intends to notify the sale of telecommunications line facilities under the proviso clause of the main text of Article 13 (1) of the Act, shall attach the documents of following paragraphs to its notification on sale of telecommunications line facilities and submit them to the KCC:

1. A copy of contract on sale of telecommunications line facilities and other related documentation;
2. Types, contents and sale prices of the telecommunications line facilities subject to the sale
3. Plans for service provision and user protection after the sale.

(Foundation of Corporation for Providing Common Service)

Article 23

(1) Any person, who intends to obtain approval for founding a corporation to provide part of the Common Service licensed under Article 13 (2), shall attach the documents of following subparagraphs (including digital documents) to its application for the approval for the foundation of a corporation to provide Common Service and submit them to the KCC: Provided, That such documents may be omitted when they may be verified using the administration information network under Article 21 (1) of the e-Government Act.

1. The Articles of Incorporation of the corporation to be founded;
2. The shareholder's register or other document concerning the stocks, etc. ownership of shareholders, etc of the corporation to be founded;
3. Current business status of Service to provide (limited to Common carriers who

already provide Service that they plan to provide by founding the corporation);
and

4. Business plan of the corporation to be founded.

(2) The KCC shall issue a license for Common carrier when it approves the application for founding a corporation under paragraph (1).

(Application for Suspension of Business, etc.)

Article 24

Any person, who intends to obtain approval for the suspension or discontinuance of a business under Article 14 (1) of the Act, shall submit the documents of following subparagraphs to the KCC:

1. Details and a map of the zone of the business to be suspended or discontinued;
2. Documents indicating details of the main telecommunication facilities of the business to be suspended or discontinued;
3. License (limited to the case when the whole business is discontinued) and
4. Statement indicating the reasons.

(Criteria, Procedure, etc. for Revocation of License)

Article 25

- (1) Table 1 annexed shall indicate the criteria for dispositions revoking licenses or registration, or suspending or discontinuing a business under Articles 15 (2) or 28 (3).
- (2) When the same Telecommunications carrier commits multiple violations, dispositions shall be made according to the criteria under the following paragraphs:
 1. In the case where the criteria for the disposition on the heaviest violation suggest the revocation of a license or discontinuance of a business, the disposition shall be the revocation of the license or discontinuance of the business; or
 2. In the case where the criteria for the dispositions on each violation suggest the suspension of business, the suspension periods shall be added up. In this case, the total aggregate period for the suspension shall not exceed one year.
- (3) The KCC shall, in the event that it has issued a disposition revoking a license or a registration, suspending or discontinuing a business under paragraph (1), promptly announce thereof and notice, in writing, the relevant Telecommunications carrier thereof, without delay.

(Application for Registration)

Article 26

- (1) To register a service-based business under Article 19 (1) of the Act, the applicant

shall attach the documents of following paragraphs to its application for registration of a service-based carrier(including a digital document) and submit them to the KCC:

1. The business plan for the service-based business;
 2. The articles of incorporation of the applicant corporation (including a corporation to be founded; the same hereinafter in this Article);
 3. Details, locations and communication network topology of main facilities for the business ;
 4. Terms and conditions including details related to user protection (including matters concerning the total amount of prepaid call cards to be issued), current status of establishment of user protection agencies and plans for the operation, ; and
 5. A copy of guarantee insurance policy.
- (2) The government official who receives an application under paragraph (1) shall verify the corporate registration register details and national technical qualification certificates of the technical personnel using the administration information network under Article 21 (1) of the e-Government Act; Provided, That when the applicant does not consent to such online verification, he shall submit the relevant documents (a copy in the case of national technical qualification certificates).

(Issuance of Registration Certificate)

Article 27

- (1) The KCC shall, upon receipt of an application for registration under Article 26 (1), verify whether the applicant satisfies the registration requirements under Article 28, record all the matters of the following paragraphs in the register of service-based carriers and issue the registration certificate of a service-based carrier within thirty days from the date receiving the application to the applicant:
1. Number and date of registration;
 2. Trade name, title or representative's name;
 3. Location of principal office;
 4. Paid-in capital;
 5. Types of services to provide;
 6. Details and locations of main service facilities for the business;
 7. Matters concerning technical personnel;
 8. Registration Conditions; and
 9. Total amount of prepaid call cards to be issued (limited to a service-based carrier).
- (2) When the registration application under Article 26 requires supplement or correction, the KCC may request such supplement or correction within seven days if it is deemed necessary, and may also extend the period for such supplement or

correction as requested by the applicant. In this case, the period spent for such supplement or correction shall not be included in the period under paragraph (1) for handling such supplement or correction.

- (3) The service-based carrier may request the KCC to re-issue its issued registration certificate under paragraph (1) when it is lost or worn out.

(Requirements for Registration of Service-based business)

Article 28

Table 2 annexed shall indicate the requirements for registration of a service-based business under Article 19 (4) of the Act.

(Procedure for Notification of Value-Added business)

Article 29

- (1) Any person who intends to notify its value-added business under the main text of Article 21 of the Act shall submit to the KCC the notification form of value-added business (including a digital notification form) attaching a diagram of communication networks (including a digital document, but limited to the cases where a new type of value-added service is notified, which, deeming it necessary, is requested by the KCC).
- (2) The government official who receives a notification under paragraph (1) shall verify the corporate registration register details using the joint use of the administration information under Article 21 (1) of the e-Government Act; Provided, That if the applicant does not consent to such verification, he shall attach the document.
- (3) When the notification details under paragraph (1) have defects or need further documentation, the KCC may request the correction or supplement within seven days, or may extend the period for such supplement as requested by the applicant.
- (4) The KCC shall issue a certificate of notification for value-added business to the applicant when a value-added business is notified under paragraph (1). (5) The value-added carrier may request the KCC to re-issue its certificate of notification issued under paragraph (4) when it is lost or worn out.

(Exemption from Notification of Value-Added Service Operator)

Article 30

- (1) "A small scale value-added business satisfying the criteria under the Presidential Decree" in the proviso clause of Article 21 of the Act shall mean a value-added carrier providing Value-added Services using the Internet who satisfies all of the following paragraphs:
 1. When the paid-in capital is 100 million won or less; or

2. When the size of telecommunications facilities corresponds to the criteria announced by the KCC.
- (2) A value-added carrier who did not notify under paragraph (1) shall notify pursuant to the main text of Article 21 within one month from the day a reason arose when he comes to fail falling under any of the subparagraphs of paragraph (1) above.

(Revision of Registered or Notified Matters)

Article 31

- (1) "Matters prescribed by the Presidential Decree" in Article 22 of the Act shall mean the matters under the following paragraphs:
 1. Trade name, title or address;
 2. Representative;
 3. Types of services to provide;
 4. Paid-in capital (limited to the cases of service-based carriers); and
 5. Total amount of prepaid call cards to be issued (limited to the cases of a service-based carrier).
- (2) To revise any matters under the subparagraphs of paragraph (1), the applicant shall attach documents that help verify such revisions (including digital documents) to the application for revision to registration of service-based business(or application for revision to notify of value-added business) (including digital documents) submitted to the KCC.
- (3) The KCC shall issue a registration or certificate of notification indicating the revisions when it registers or accepts them based on applications for request or notification of change of registration details under paragraph (2).
- (4) The government official who receives an application for notification of modification of registration details under paragraph (2) shall verify the corporate registration register details(limited to the cases when any revision is being made to the trade name, title, address, representative or paid-in capital of the corporation) or tax-payer registration details (limited to cases when any revision is being made to the trade name, title, or address of an a sole proprietor) using the administrative information network under Article 21 (1) of the e-Government Act; Provided, That if the applicant does not consent to such verification, he shall attach the relevant documents.

(Notification of Transfer or Acquisition of Business, etc.)

Article 32

- (1) To notify the transfer or acquisition of a service-based business or value-added business under Article 25 of the Act, the applicant shall submit its application for

- transfer or acquisition (including online digital report) to the KCC together with the documents of following paragraphs (including online digital report):
1. A copy of the transfer or acquisition contract;
 2. Documents of each subparagraph of Article 26 (1) or supporting documents under Article 29 (1); and
 3. Registration Certificate or Certificate of Notification
- (2) To notify the merger of a service-based business or value-added business under Article 25 of the Act, the applicant shall submit his merger notification form (including online digital notification form) to the KCC together with the documents of following paragraphs (including online digital documents):
1. A copy of the merger agreement;
 2. Documents of each subparagraph of Article 26 (1) or supporting documents under Article 29 (1); and
 3. Registration certificate or certificate of notification.
- (3) To notify the succession of a value-added business under Article 25 of the Act, the applicant shall submit its succession notification form (including online digital notification form) to the KCC together with the documents proving it is the successor (including online digital documents).
- (4) The government official who receives a notification under paragraph (1) through (3) shall verify the corporate registration register details of the transferee, or merger party (i.e. the surviving or newly founded corporation), national technical qualification certificates, and the family register of the successor using the administration information network under Article 21 (1) of the e-Government Act. When the applicant does not consent to such online verification, he shall submit such documents (a copy in case of national technical qualification certificates) in hardcopy.
- (5) The KCC shall issue a registration certificate of a service-based business or certificate of notification for a value-added business to the applicant when the transfer, acquisition or merger of a service-based carrier or value-added business is accepted under paragraph (1) or (2).

(Notification of Suspension or Discontinuance of Business)

Article 33

To notify the suspension or termination of a service-based business or value-added business or the dissolution of the corporation that is a service-based carrier or a value-added carrier, the applicant shall submit its notification of suspension, discontinuance or dissolution on a service-based(or value-added) business (including online digital notification) to the KCC together with a document that certifies the users

have been notified of the service suspension or discontinuance; Provided, That, such documents may be omitted when they may be verified using the administration information network under Article 21 (1) of the e-Government Act.

CHAPTER III TELECOMMUNICATIONS OPERATION

(Authorization of Terms and Conditions)

Article 34

- (1) The Common carrier shall obtain authorization of its terms and conditions for those services falling under any of the following paragraph pursuant to the proviso clause of Article 29 (1) of the Act:
1. Turnovers of service in the preceding year exceed the amount announced by the KCC for different service categories among those services that are provided by the Common carrier who has the largest market share based on its domestic turnovers amount by service category in the preceding year; or
 2. The service falling under subparagraph 1 that is provided by a Common carrier when its business is combined with another Common carrier that provides a service falling under subparagraph 1, pursuant to Article 12 (1) 1 or 4 of the Monopoly Regulation and Fair Trade Act.
- (2) The KCC shall designate and announce the Common carriers and services that fall under paragraph (1) by the end of June each year: Provided, That the KCC shall designate and announce the Common carriers and services that fall under paragraph (1) 2 without delay after the day the business is combined under the same subparagraph.
- (3) Notwithstanding the provision of paragraph (1) concerning the authorization of changes to Terms and Conditions, a Common carrier may notify to the KCC on minor matters to modify which are prescribed by the KCC.

(Application for Authorization of Terms and Conditions etc.)

Article 35

To notify or obtain authorization of the Terms and Conditions for Telecommunications Service (including notification or authorization of modification of registration details) under Article 29 (1) of the Act, the applicant shall submit its Terms and Conditions including matters falling under the following to the KCC together with supporting data for calculation of the service rates under Article 29 (6) of the Terms and Conditions Act:

1. Types and contents of the Telecommunications Service;
2. Zones where the Telecommunications Services are provided;
3. Telecommunications Service rates, including charges and net cost;
4. Matters concerning the responsibility of the Telecommunications carrier and its users; and
5. Necessary matters for provision or use of the Telecommunications Service.

(Services Subject to Discount or Exempt Rates)

Article 36

Telecommunications Service subject to the discount or exempt rates under Article 32 of the Act shall be as in the following paragraph:

1. Telecommunications Service for the communications concerning the rescue from danger to human life and property, and from disaster, or for the communications of the disaster victims;
2. Telecommunications Service by the whole or part of lease line services used by such agencies responsible for military, public order and national security when such leased lines and a part of in-house communication networks belonging to the Nation, local governments or government-sponsored institutions are integrated into the telecommunications network of a Common carrier;
3. Telecommunications Service for communication required for military operations in wartime;
4. Telecommunications Service for newspapers and news service under the Act on Freedom and Service Guarantee of Newspapers, and news reports by broadcasting stations under the Broadcasting Act;
5. Telecommunications Service for required communications for promoting the use and growth of information and communications service;
6. Telecommunications Service for communications by Any person who needs protection for the improvement of social welfare;
7. Telecommunications Service for communications required for the promotion of interchange and cooperation between North and South Korea; and 8. Telecommunications Service for communication specially required for the operation of postal and telegraphic services.

(Provision of Transmission or Line Facilities, etc.)

Article 37

A system operator, network operator, or relay operator under the Broadcasting Act may provide their transmission and line facilities or cable broadcasting facilities (hereinafter referred to as the "transmission or line facilities etc.") to a Common carrier, pursuant to Article 32-4 (1) of the Act, by means falling under any of the following paragraphs:

1. Sale or lease of transmission or line facilities, etc.;
2. Third-party performance of the call or switching operations, etc. by using transmission or line facilities, etc.; or
3. Methods corresponding to subparagraphs 1 and 2, which are determined through consultation between a system operator, network operator, or relay operator and

the Common carrier.

CHAPTER IV PROMOTION OF COMPETITION OF TELECOMMUNICATIONS BUSINESS, etc.

(Criteria, Procedures and Methods of Assessment of Competition Status)

Article 38

- (1) All of the following paragraphs shall be considered to determine the unit market in order to assess the competition status under Article 33-4 (2) of the Act:
 1. Demand substitutability, supply substitutability of services;
 2. The geographic scope of the service provision;
 3. Transaction stages for service provision, including retail (referring to the transaction between the Telecommunications carrier and the end-user of the service provided by the Telecommunications carrier) and wholesale (referring to the transaction when the telecommunications facilities, etc. originally installed for providing retail service are provided to another Telecommunications carrier); and
 4. Characteristics of the users, including differences in purchasing or negotiating power or peculiarity of demand, etc.
- (2) The assessing the state of competition shall operate by considering all the matters synthetically under the following paragraphs for the unit market determined under paragraph (1):
 1. Market structure such as market share and entry barriers, etc.;
 2. The user's countering ability, including easiness of obtaining information on service use and switching the service provider, etc.;
 3. Behaviors of the Telecommunications carriers, including levels of rates and quality competition or level of technology innovation, etc.; and
 4. Market performance, including rates and quality levels, the size of excess margin of the Telecommunications carrier, etc.
- (3) The KCC may seek opinion from experts or stakeholders if it is deemed necessary to assess the competition status.

(Criteria of Common carriers)

Article 39

- (1) "Common carriers meeting the criteria prescribed by the Presidential Decree" in Articles 33-5(2), 34(3), 34-3 (3) or 34-4(3) shall refer to the carriers whose total domestic turnovers occupy 50% or more of market share as the case their turnovers in the preceding year exceed the amount the KCC announces by services.
- (2) The KCC shall designate and announce the Common carriers falling under Articles 33-5(2), 34(3), 34-3(3) or 34-4(3), by the end of June each year.

(Notification of Agreements on Interconnection, etc.)

Article 40

- (1) The applicant shall submit the documents of following paragraphs to the KCC to notify or obtain an authorization of an agreement on a provision, a joint utilization, an interconnection, a joint use of telecommunications facilities or information provision or the revision or termination of such an agreement under Article 34-6 (1) or (2) of the Act:
1. A copy of the agreement;
 2. Documents indicating the amount payable or chargeable by the parties, and its settlement method, and the methods for implementation of the agreement;
 3. Documents indicating the conditions for the provision, joint utilization, interconnection, joint use of Telecommunications facilities or provision of information, or the costs of such an agreement;
 4. Drawings outlining of the provision, joint utilization, interconnection, joint use of Telecommunications facilities or provision of information; and
 5. Documents comparing the new and old agreements (limited to the cases when an application is made for notification or authorization of a revised agreement).
- (2) The KCC shall examine the documents received under paragraph (1) to determine if their contents satisfy the criteria concerning the provision, joint utilization, interconnection, joint use of Telecommunications facilities or provision of information under Article 33-5 (3), 33-7 (3), 34 (2), 34-3 (2), or 34-4 (2) of the Act.
- (3) The KCC shall examine the documents received under paragraph (1) pursuant to Article 21 (3) of the Framework Act on Telecommunications to determine if the details fit the criteria under Article 33-5 (3) of the Act and if the provided in-house telecommunications facilities are installed for use for in-house private telecommunications.

(Report of Prohibited Acts)

Article 41

- (1) Any person may request the KCC to take measures falling under any of the paragraphs of Article 37 (1) of the Act by notifying the fact if he believes a prohibited act has been committed in violation of Article 36-3 (1). (2) To report under paragraph (1), the documents of following paragraphs shall be submitted to the KCC:
1. The name (corporation name and representative's name in case of a corporation) and address of the person who reports;
 2. The trade name or title (representative's name in case of a corporation) and

- address of the person reported;
 - 3. Details of the prohibited act; and
 - 4. Necessary measures to correct the prohibited act.
- (2) The KCC may request the reporting documents that are submitted under paragraph (2) be supplemented within a given period if it is deemed necessary.
- (3) The KCC may seek opinion from experts or stakeholders if it is deemed necessary to assess the competition status.

(Types and Criteria of Prohibited Acts)

Article 42

- (1) The types and criteria of the prohibited acts under Article 36-3 (3) of the Act shall be indicated in Table 3 annexed.
- (2) The KCC may announce detailed criteria for the types and criteria of the prohibited acts under the provisions of paragraph (1), if it is deemed necessary to apply them to specific Telecommunications fields or prohibition acts.

(Investigation of Facts)

Article 43

A public official who intends to visit and investigate an office and business premises of a Telecommunications carrier or a business premises of a person who is entrusted with the Telecommunications carrier's operation pursuant to Article 36-5 (2) of the Act shall allow concerned parties of the relevant office or business premises to attend such investigation.

(Measures on Prohibited Acts)

Article 44

The "other matters as prescribed by the Presidential Decree to be necessary for measures under subparagraphs 1 through 9" in Article 37 (1) 10 of the Act refer to the matters under the following paragraphs:

1. Submission of an performance plan necessary for measures under subparagraphs 1 through 9 of Article 37 (1) of the Act; and
2. Reporting on the performance of the measures under subparagraphs 1 through 9 of Article 37 (1) of the Act.

(Performance Period of Corrective orders)

Article 45

The period in which the Telecommunications carriers shall comply with corrective orders by the KCC under Article 37 (2) of the Act shall be indicated in Table 4 annexed.

(Offenses Subject to Imposition of Penalty Surcharge and Its Amount)

Article 46

The categories of offenses subject to penalty surcharge under Article 37-2 (3) of the Act, statutory maximum penalty surcharge on them and the criteria for its calculation shall be indicated in Table 5 annexed.

(Calculation Method for Penalty Surcharge)

Article 47

- (1) The "turnovers to be prescribed by the Presidential Decree" in the main text of Article 37-2 (1) of the Act means the average annual turnovers for three preceding business years of the Telecommunications Service related to the prohibited acts committed by the relevant Telecommunications carrier; Provided, That if three years have not elapsed since the commencement of business as of the first day of the relevant business year, it shall mean the amount by converting the turnovers from the commencement of the business to the end of preceding business year into average annual turnovers, and if the business is commenced in the business year, it shall mean the amount by converting the turnovers from the commencement of business to the date of offense into average annual turnovers.
- (2) "when the turnovers is unavailable or difficult to calculate as prescribed by the Presidential Decree" in the proviso clause of Article 37-2 (1) of the Act means cases falling under any of the following paragraphs:
 1. When the business has not been initiated or when there are no actual sales occurred due to sales suspension, etc.; or
 2. Other cases when it is difficult to objectively calculate the turnovers.

(Imposition and Payment of Penalty Surcharge)

Article 48

- (1) To impose a penalty surcharge under Article 37-2 of the Act, the Communications Committee shall notify the subject person of the payment thereof clarifying in writing the offense, the imposed penalty surcharge amount, the protest filing method and period, etc. after investigating and confirming the relevant offense.
- (2) Any person who has been noticed as referred to in paragraph (1) shall pay the penalty surcharge to the designated Financial institution by KCC within 20 days from the date he receives the notice; Provided, That when he is unable to pay the penalty surcharge within the period due to a natural disaster or other inevitable reasons, he shall pay it within 7 days from the date on which the reason disappears.

- (3) The Financial institution that receives a penalty surcharge under paragraph (2) shall issue a receipt to the person who has paid it.

(Demand for Payment of Penalty Surcharge)

Article 49

- (1) A demand under Article 37-2 (5) of the Act shall be made in writing within 7 days from the day when the initial payment due date elapses.
- (2) When a demand notice is issued under paragraph (1), the extended payment due date of any penalty surcharge in arrear shall be 10 days or less from the day when such demand notice is issued.

(Services Subject to Pre-selection)

Article 50

"Telecommunications Service prescribed by the Presidential Decree" in the latter part of Article 38-3 (1) of the Act shall refer to long distance calls.

(Provision of Directory Service)

Article 51

- (1) Telecommunications carriers that provide directory service under Article 38-6 (1) of the Act may provide the information of the following paragraphs:
1. Name in full or trade name of the users;
 2. Phone number of the users; and
 3. Address of the users up to eup, myeon, or dong level.
- (2) The Telecommunications carriers shall obtain the users' consent to the directory service in a way which enables their identity authentication and the proof of their consent at a later date via their signature or digital signature, etc.
- (3) The users may withdraw their consent under paragraph (2) at any time, and the Telecommunications carrier shall, without delay, take necessary actions to discontinue the directory service for the users who have withdrawn their consent to the directory service; Provided, That, in case of a booklet, this shall not apply to cases when the user fails to express his withdrawal 30 days before its publication.

CHAPTER V PROTECTED OF TELECOMMUNICATIONS FACILITIES

(Designation of Territorial Zone for Submarine Cable, etc.)

Article 52

- (1) The Common carrier shall submit the documents of following paragraphs to the KCC to apply for the designation of a territorial zone for its submarine cable under Article 50 (3) of the Act:
 1. Necessity of the territorial zone designation; and
 2. The section and width of the territorial zone (referring to the indication by latitude and longitude coordinates).
- (2) The KCC may request the Common carrier that requested for the designation of a territorial zone for its submarine cable to submit the documents of following paragraphs in addition to those under paragraph (1) if required to designate the territorial zone.
- (3) The KCC shall seek the opinion of the head of the relevant National government agencies under Article 50 (4) of the Act by forwarding the data submitted under paragraphs (1) and (2).
- (4) The KCC shall notice the applicant Common carrier of whether a territorial zone is designated not within 60 days from the date of application unless there exists a certain unusual situation, and in the event that a territorial zone of a submarine cable is designated, shall, without delay, announce it.
- (5) When the KCC announce the submarine cable territorial zone designated under paragraph (4), the Common carrier shall publish its location on its Web site, etc. and may also install buoys and other zone markers in the designated zone.

CHAPTER VI SUPPLEMENTARY PROVISIONS

(Protection of Confidential Information concerning Communication)

Article 53

- (1) The Telecommunications carrier shall maintain the communication data provision log under Article 54 (5) of the Act for one year.
- (2) The status of communication data provision shall be reported and notified within 30 days from the end of each half year as provided under Article 54 (6) and (7) of the Act, respectively.
- (3) The "organization exclusively responsible for duties related to confidential information on user communication" (hereinafter referred to as "exclusive organization") in Article 54 (8) shall perform the functions under the following paragraphs:
 1. General supervision of operations concerning the protection of confidential information on user communications;
 2. Prevention of illegal or unfair acts by the Telecommunications carrier's employees or third-parties infringing confidential information on user communications;
 3. Reporting the status of communication data provision under Article 54 (6) of the Act;
 4. Noticing the details of communication data provision logs under Article 54 (7) of the Act;
 5. Handling of complaints or suggestions raised by the users concerning confidential information on communications;
 6. Education of the employees responsible for operations concerning confidential information on communications; and
 7. Other things necessary to protect confidential information on users communication.
- (4) The exclusive organization shall be established in the headquarter with an executive-level employee from the Telecommunications carrier as being the head of the organization.
- (5) The Decision Makers under Article 54 (9) shall include a judge, prosecutor, grade IV or higher officials (including grade V officials in cases when a grade V government employee serves as chief of an investigation or information investigation agencies) of investigation agencies (including military investigation units, national or regional tax office; the same hereinafter) or Information investigation agencies, general service government employees belonging to Senior Civil Service Corps: Provided, That in cases of national or marine police, it shall include government officials of police senior superintendent or higher ranks (including superintendents in the case when a superintendent serves as the head of the unit agency), and in cases of military

investigation units, it shall include prosecutors or officers of lieutenant colonel or higher ranks (including majors if a major serves as the head of the unit).

- (6) Documents under Article 54 (9) of the Act shall indicate the job grade and name in full of the person who approves them; Provided, That in cases of intelligence investigation agencies under subparagraph 6 of Article 2 of the Regulations on the Planning and Coordination of Intelligence and Security Operations, only the job grade of the approving authority may be indicated, and in cases of courts, both the job grade and name in full of the approving authority shall be indicated.

(Notice of Caller Identification, etc.)

Article 54

- (1) The Telecommunications carrier shall not impose any charges on a transmitter who expresses his refusal to transmitting his phone number as provided in the latter part of Article 54-2 (1) of the Act.
- (2) Any person who wants to be informed of the transmitter's phone number under Article 54-2 (2) of the Act shall request to the Telecommunications carrier in writing by attaching materials falling under any of the following which may verify a specific fact that he has been bothered with abusive words, intimidation or harassment ("telephone intimidation etc." hereinafter in this Article):
1. Materials that record the date and details of telephone intimidation etc. in writing;
 2. Tape, etc. that recorded the details of telephone intimidation etc.;
 3. Documents evidencing crime reports made to a police office on telephone intimidation etc.;
 4. Supporting data evidencing counseling with a counseling center on damages by telephone intimidation etc.; and
 5. Other materials or data equivalent to those under paragraphs (1) through (4). (3) "Cases prescribed by the Presidential Decree" in Article 54-2 (2) of the Act shall refer to cases of telephone service use under the following subparagraphs:
 1. Telephone for reporting international terrorism (111);
 2. Telephone for reporting crimes (112);
 3. Telephone for reporting spies and international crimes (113);
 4. Telephone for reporting or counseling on cyber terrorism (118);
 5. Telephone for reporting fire or disaster (119);
 6. Telephone for reporting marine accident or crimes (122);
 7. Telephone for reporting smuggling (125); and
 8. Telephone for reporting drug-related crime (127).

(Restriction and Suspension of Operations)

Article 55

- (1) When the KCC orders a Telecommunications carrier to restrict or suspend the whole or part of telecommunications operation under Article 55 of the Act, the KCC may allow for calls to be made through, depending on the scope and degree of such restriction or suspension, in the order listed below for specific tasks.
1. The first priority
 - a. National security;
 - b. Military and security affairs;
 - c. Civil defense alert; and
 - d. Radio management
 2. The second priority
 - a. Disaster relief;
 - b. Telecommunications, navigation safety, weather, fire fighting, power, gas, water, transportation and press;
 - c. Services of the central and local governments other than those under a. or b.; and
 - d. Operations of the foreign diplomatic establishments or UN agencies.
 3. The third priority
 - a. Operations of agencies subject to control of resources or defense companies; and
 - b. Operations of the government-sponsored institutions or medical care institutions.
 4. The Fourth priority: Operations others than those under subparagraphs 1 through 3.
- (2) Telecommunications operation restricted or suspended under paragraph (1) shall be limited to the minimum necessary for securing important communications.
- (3) The Telecommunications carrier shall, without delay, report to the KCC of the details when he restricts or suspends the whole or part of his telecommunications operation.

(Approval of International Telecommunications Operation)

Article 56

- (1) The "international telecommunications operation as prescribed by the Presidential Decree" in Article 59 (2) of the Act means the operations falling under any of the following paragraphs:
1. Installation and lease of a satellite for providing international Telecommunications Service; and
 2. Trans-boundary provision of Common Service under Article 59-2 of the Act.

- (2) Any person who intends to obtain approval under Article 59 (2) of the Act shall submit the documents of following paragraphs to the KCC:
1. A copy of the agreement or contract;
 2. Comparison table between the new and old agreements or contracts (limited to cases when an application is filed for approval of their revision); and
 3. Documents certifying that the agreements or contracts have been terminated (limited to cases when an application is filed for approval of their termination).

(Revocation of Approval of Contract on Cross-Border Provision of Common Service)

Article 57

- (1) The following paragraphs are the criteria for the revocation of approval of a contract for cross-border supply of Common Service or for the suspension of cross-border provision of Common Service under Article 59-2 (3) of the Act:
1. In case of the first violation: Service suspension or suspension of subscriber recruitment for up to six months.
 2. In case of 2nd violation: Approval revoked.
- (2) The KCC shall announce the details of its disposition for revocation of approval or suspension of service under paragraph (1) and shall so notice the Telecommunications carrier of the same in writing.

(Report of Statistics)

Article 58

- (1) The Telecommunications carrier shall report the following types of statistics to the KCC pursuant to Article 62 (1) of the Act:
1. Status of Telecommunications facility: Line, switching, transmission or power supply facilities by service.
 2. Status of use of telecommunications: Turnovers and number of calls by service, distance stage, period, time zone, country (including performance by foreign Telecommunications carrier), call zone and between call zones.
 3. Status of telecommunications users: Number of subscribers by service, city or province or call zone.
 4. Data related to call volumes: Data related to call volumes by service, distance stage, period, hour, city or province, country (including call volumes by foreign Telecommunications carrier), call zone and between call zones; and provision of facilities and interconnection related mutual settlement data.
 5. Accounting related data: Accounting related data, including business reports prepared by provision businesses and by services.
 6. Monthly total of prepaid calling service and details of calling service usage received from users (limited to

service-based carriers).

- (2) The KCC shall determine the preparation format, submission methods, report period and other necessary matters for the statistics under paragraph (1).

(Submission of Data)

Article 59

- (1) The Common carriers under Article 62 (2) of the Act and their shareholders shall submit the documents of following paragraphs to the KCC:
1. Status of the issued shares by the corporation (including equity stocks; the same hereinafter);
 2. Status of stock holding by the shareholders (including equity shareholders; the same hereinafter) who hold shares issued by corporation and their specially interested person (including equity shares; the same hereinafter);
 3. Purpose of stock holding and reasons for revisions (limited to the shareholders of Common carriers);
 4. Date the shareholders under subparagraph 2 acquire shares and details of funds used for the share acquisition (limited to the shareholders of Common carrier);
 5. Types of shareholding (limited to the shareholders of Common carrier); and
 - 6 Supporting documents related to the matters of subparagraphs 1 through 5
- (2) Those carriers who are required to submit documents under paragraph (1) shall submit the relevant documents to the KCC within the due date provided under the following paragraphs:
1. Within 30 days from the closing of shareholder's register in case of Common carrier whose shares are listed on Korea Stock Exchange or registered on KOSDAQ under Article 2 (13) or (15) of the Securities Exchange Act; or
 2. By January 30th each year in case of Common carrier who does not fall under subparagraph 1.

(Methods for Calculation of Penalty Surcharge)

Article 60

- (1) The "turnovers calculated as prescribed by the Presidential Decree" in the main text of Article 64 (1) of the Act means the average annual sales for three preceding business years of the Telecommunications Service of the relevant Telecommunications carrier: Provided, That if three years have not elapsed since the commencement of business as of the first day of the relevant business year, it shall mean the amount by converting the turnovers from the commencement of the business to the end of preceding business year into average annual sales, and if the business is commenced in the business year, it shall mean the amount by

converting the turnovers from the commencement of business to the date of offenses subject into average annual sales.

- (2) "When the turnovers is unavailable or difficult to calculate as prescribed by the Presidential Decree" in the proviso clause of Article 64 (1) of the Act means cases falling under any of the following paragraphs:
1. When actual sales is unavailable since business was not started or suspended, etc.; or
 2. When the Telecommunications carrier has refused the submission of data for calculating the turnovers or has submitted false data; or
 3. Other cases when it is difficult to objectively calculate the turnovers amount.

(Offenses Subject to Imposition of Penalty Surcharge and Its Amount)

Article 61

- (1) The categories of offenses subject to the imposition of a penalty surcharge and its amount to be imposed under Article 64 (2) of the Act shall be indicated in Table 6 annexed .
- (2) To determine the amount of a penalty surcharge pursuant to paragraph (1), the KCC shall consider the peculiarities of telecommunications business provided, level of offenses, and their frequency, etc.
- (3) Articles 48 and 49 of the Act shall apply to the imposition, payment and demand for payment of a penalty surcharge under Article 64 of the Act.

(Extension of the Payment Due Date and Installment Payments of Penalty Surcharge)

Article 62

- (1) Any person who intends to apply for the extension of a penalty surcharge payment due date or for its installment payments under Article 64-2 of the Act shall file an application with the KCC with documents certifying reasons for the extension of payment due date or installment payments no later than ten days prior to the relevant payment due date.
- (2) The "amount as prescribed by the Presidential Decree" in the first part of the main text of Article 64-2 (1) of the Act means the amount by multiplying the turnovers under Article 47 by 1/100, or 300 million won
- (3) Any extension of the Payment Due Date under Article 64-2 of the Act shall not exceed one year from the day following the relevant payment due date.
- (4) The intervals between and their frequency of installment payments under Article 64-2 of the Act shall not exceed four months and the three times, respectively.
- (5) The KCC may collect the penalty surcharge in a lump sum revoking its approval for extension of payment due date or installment payments if the person who has been

permitted under Article 64-2 of the Act to pay in an extended payment due date or in installments comes to fall under any of the following paragraphs:

1. When he fails to pay the penalty surcharge within the payment due date though its installment payments have been decided;
2. When he fails to comply with the KCC order for the change of a collateral or other orders for preserving a security; or
3. When it is deemed that the whole or remainder of a penalty surcharge is uncollectable because of a mandatory enforcement, commencement of open sale, adjudication of bankruptcy, dissolution of a corporation or Delinquent account procedure on national or local taxes in arrears or similar reason.

(Classification and Appraisal of Collaterals, etc.)

Article 63

Articles 29 through 34 of the National Tax Act and Articles 13 through 17 of its Enforcement Decree shall apply to the collaterals provided under Article 64-2 of the Act

(Important Communications)

Article 64

(1) The "Important Communications" in Article 65 (2) 3 of the Act means the following paragraphs:

1. Communications related to government operations for military security affairs, public peace and order, civil defense alarm transmission and radio wave control; or
2. Other communications announced by the KCC in order to efficiently perform the government operations.

(2) The Government may grant a subsidy to the expenses required for the deployment and management of the important telecommunications in order to secure the important communications under paragraph (1).

(Entrustment of Authority)

Article 65

The KCC shall entrust the authority falling under the following paragraphs to the Director of the Central Radio Management Office pursuant to Article 68 (1) of the Act:

1. Registration of a service-based business under Article 19 (1) of the Act;
2. Acceptance of notification of a value-added business under the main text of Article 21 of the Act;
3. Acceptance of a revised registration of a service-based business and of a revised notification of a value-added business under Article 22 of the Act;

4. Acceptance of notification of the transfer or acquisition of a service-based business or a value-added business, and of the merger or succession of a corporation under Article 25 of the Act;
5. Acceptance of notification of the suspension or discontinuance of a service-based business or a value-added business, and of dissolution of a corporation, under Article 27 of the Act; or
6. Registration revocation or order of suspension of a service-based business under Article 28 (1) of the Act;
7. Order of discontinuance or suspension of a value-added business under Article 28 (2) of the Act;
8. License for felling or transplanting plants under the first part of Article 42 (3) of the Act.
9. Hearing on disposition for registration revocation of a service-based business or on discontinuance order of a value-added business under Article 63 (2) of the Act;
10. Imposition and collection of a penalty surcharge under Article 64 of the Act or extension of the payment term or permission for installment payment under Article 64-2 of the Act; Provided, That Common carrier are excluded.
11. Corrective order under Article 65 (1) of the Act; Provided, That Common carrier are excluded.
12. Orders of discontinuing the provision of Telecommunications Service or the removal of telecommunications facilities under Article 65 (3) of the Act; Provided, That Common carrier are excluded.
13. Imposition and collection of a fine under Article 78 of the Act; Provided, That Common carrier are excluded.

ADDENDA <Presidential Decree No. 20666, Feb. 29, 2008>

(Enforcement Date)

Article 1

This Decree shall enter into force on the date of its promulgation.

(Transitional Measures on Financial Guarantee Insurance)

Article 2

The guarantee insurance of a service-based carrier purchased pursuant to the previous provisions at the time the Ministry of Information and Communication Ordinance No. 111 – Amendment to the Telecommunications Business Act Enforcement Decree is valid shall be considered to have been purchased pursuant to this Decree till its expiry notwithstanding the amended provisions under Table 2 annexed.

(Transitional Measures on Beneficiaries of Rate Discount or Exemption Telephone Service)

Article 3

Any person who is entitled to rate discounted or exempted telephone service under Article 2-2 (2) 4 a of the previous provisions of the Enforcement Decree of the Telecommunications business Act at the time the Ministry of Information and Communication Ordinance No. 141 – Amendment to the Telecommunications Business Act Enforcement Decree is valid shall be considered to be entitled to the rate discount or exemption telephone service under this Decree.

(Exceptions to Bundling)

Article 4

The amended provisions of Table 3 IV 6 shall apply to only the Telecommunications Service of the Common carrier (including Telecommunications Service provided by a service-based business or a value-added business operated by the Common carriers) starting from 10 March 2007.

(Transitional Measures on License or Registration)

Article 5

(1) A value-added carrier who provides transmission Service under the amended provisions of subparagraph 1 of Article 3 of the Enforcement Decree of the Telecommunications Business Act at the time when the Ministry of Information and Communication Ordinance No. 227, partial amendment to the Telecommunications Business Act Enforcement Decree shall obtain license for Common carrier under

Article 5 of the Act from the KCC or register with the KCC as a service-based carrier under Article 19 of the Act no later than 14 December 2009.

- (2) The registration criteria concerning the financial ability under the amended provisions of Article 28 and Table 2 annexed shall not apply to the Telecommunications carrier who needs to newly register their service-based business under paragraph (1) till 14 December 2009.

(Transitional Measures Concerning Transmission Service)

Article 6

A Telecommunications carrier who was licensed by the Minister of Information and Communication to lease telecommunications line facilities under the previous Article 3 subparagraph 3 of the Enforcement Decree of the Telecommunications Business Act or to provide Common Service other than those provided by using allocated radio frequencies under subparagraph 4 of the same article before the Enforcement Decree of the Telecommunications Business Act was partially amended by the Ministry of Information and Communication Ordinance No. 227 shall be considered to have been licensed for the transmission service under the amended provision of Article 7 subparagraph 1.

(Transitional Measures Concerning Services Provided by Using allocated Radio Frequencies)

Article 7

A Common carrier licensed by the Minister of Information and Communication to provide services using allocated radio frequencies under Article 3 subparagraph 4 of the previous Enforcement Decree of the Telecommunications Business Act before the enforcement of the Ministry of Information and Communication Ordinance No. 227 – partial amendment to the Enforcement Decree of the Telecommunications Business Act shall be considered to have been licensed as a Common carrier who provides services using allocated radio frequencies under the amended provision of Article 7 subparagraph 2.

(Transitional Measures on Telecommunications Line Lease Service)

Article 8

A Telecommunications carrier licensed by the Minister of Information and Communication to lease telecommunications line under Article 3 subparagraph 3 of the previous Enforcement Decree of the Telecommunications Business Act before the enforcement of the Ministry of Information and Communication Ordinance No. 227 – partial amendment to the Enforcement Decree of the Telecommunications Business Act

shall be considered to have been licensed as a Common carrier who leases telecommunications line facilities under the amended subparagraph 3 of Article 7 .

(Transitional Measures on Internet Phone)

Article 9

The Internet phone service belonging to the Common Service under subparagraph 5-2 of Article 3 of the previous Enforcement Decree of the Telecommunications Business Act before the enforcement of the Ministry of Information and Communication Ordinance No. 227 –partial amendment to the Enforcement Decree of the Telecommunications Business Act shall be considered as Common Service under this Decree notwithstanding the amended proviso clause in the main text of Article 7.

(Transitional Measures on Application for Registration of Service-based carriers)

Article 10

The registration certificate of a service-based carrier issued under Article 12-1 (1) of the previous Enforcement Decree of the Telecommunications Business Act before the enforcement of the Ministry of Information and Communication Ordinance No. 227 – partial amendment to the Enforcement Decree of the Telecommunications Business Act shall be considered as a registration certificate issued under this Decree: Provided, That a service-based carrier who operates prepaid phone card business under the previous provisions at the time when the Ministry of Information and Communication Ordinance No. 227 – partial amendment to the Enforcement Decree of the Telecommunications Business Act was in force shall renew its registration under the amended provision of Article 22 of the Act by 14 June 2008.

Table 1 - Disposition Criteria for Revocation of License, etc. of Telecommunications carrier (under Article 25 (1) dated 29 February 2008)

Table 2 - Requirements for Registration of a Service-based Business (under Article 19 (4) dated 29 February 2008)

Table 3 – Types and Criteria of Prohibited acts (under Article 42 (1) dated 29 February 2008)

Table 4 – Time Limit for Performing Corrective Orders (under Article 45 dated 29 February 2008)

Table 5 – Statutory Maximum Penalty Surcharge by Categories of Offenses and Criteria

for Calculation (under Article 46 dated 29 February 2008)

Table 6 – Amount of Penalty Surcharge by Categories of Offences (under Article 61 dated 29 February 2008)

[Annex 1]

Criteria for Disposition of Revocation of License of Telecommunications carrier(related to Article 25 (1))

Violating Acts	Applicable Legal Provision (「Telecommunications Business Act」)	Criteria for Disposition		
		Common carrier	Service-based carrier	Value-added carrier
1. When the permission is obtained by fraud or other illegal means, when registering by fraud and other illegal means, or when makes notification by fraud and other illegal means.	Articles 15 (1) (i), 28 (1) (i), and 28 (2) (i) of the Act.	Revocation of license	Registration revocation	Business closure
2. In the event of failure to perform the conditions under Article 5 (5) and (6) of the Act, and in the event of failure to perform the terms and conditions under Article 19 (2) of the Act.	Articles 15 (1) (ii) and 28 (1) (iii) of the Act.	Revocation of license or suspension of business for 9 months	Registration revocation or suspension of business for 9 months	
3. In the event of failure to perform the order under Article 7 (2) of the Act.	Article 15 (1) (iii) of the Act.	Suspension of business for 6 months		
4. In the event of failure to commence the business within the time required under Article 9 (1) of the Act (the time extended in the event of obtaining the extension of the term under Article 9 (2)).	Article 15 (1) (iv) of the Act.	Revocation of license or suspension of business for 3 months		

<p>5. In the event of obtaining the authorization under Article 29 (1) of the Act or failure to comply with the Terms and Conditions as notified</p>	<p>Article 15 (1) (v) of the Act.</p>	<p>Suspension of business for 6 months</p>		
<p>6. In the event of failure to perform the corrective order under Article 37 (1) of the Act or Article 65 (1) without justifiable reasons.</p>	<p>Articles 15 (1) (vi), 28 (1) (v), and 28 (2) (iv) of the Act</p>	<p>Revocation of license or suspension of business for 3 months</p>	<p>Registration revocation or suspension of business for 3 months</p>	<p>Business closure or suspension of business for 3 months</p>
<p>7. In the event of failure to commence the business within one year from registration or suspension of the business for one year of longer under Article 19 (1) of the Act, or failure to commence the business within one year from the date of notification or suspensions of the business for one year or longer under Article 21.</p>	<p>Articles 28 (1) (ii) and 28 (2) (ii) of the Act.</p>		<p>Registration revocation</p>	<p>Business closure</p>
<p>8. When the operation procedure of the Telecommunications carrier is recognized as clearly interfering with the interest of the user.</p>	<p>Article 65 (1) (ii) of the Act.</p>	<p>Suspension of business for 6 months</p>	<p>Suspension of business for 6 months</p>	<p>Suspension of business for 6 months</p>
<p>9. When failure to take the prompt measures necessary for repairs or the rectification of service interruption, etc. when an accident or other failure occurs at its Telecommunications Service.</p>	<p>Article 65 (1) (iii) of the Act.</p>	<p>Suspension of business for 3 months</p>	<p>Suspension of business for 3 months</p>	<p>Suspension of business for 3 months</p>

[Annex 2] <Amended on July 3, 2008>

Requirements to Register for Service-based Business (Related to Article 28)

Classification		Criteria for Registration
Financial capability		o A business that installs exchange facilities and provides the Common Service following the 「Provision of the Technical Criteria of Telecommunications Facilities」 (hereinafter referred to as the "switched resale") from the businesses under Article 4 (3) (i) of the Act: Paid capital of 3 billion won or more.
		o A business excluding the switched resale from the businesses under Article 4 (3) (i) of the Act (hereinafter referred to as the "switchless resale"): Paid capital of 300 million won or more.
		o Businesses under Article 4 (3) (ii) of the Act (hereinafter referred to as the "district communications business"): Paid capital of 500 million won or more.
Technological capability	Technology method	o The Telecommunications facilities and the Service provision method do not interfere with the telecommunications network and are appropriate to the pertinent laws and regulations, including the 「Provision of Technical Criteria of Telecommunications Facilities」 and others.
	Technical Personnel	o Switched resale: Three or more qualified persons in engineering positions in the communications field and two or more qualified persons in skilled positions
		o Switchless resale: One or more qualified persons in engineering positions in the communications field
User Protection Plan		o District communications business: One or more qualified persons in engineering positions in the communications field and one or more qualified persons in skilled positions.
		o Establish a permanent user protection agency with one or more of full-time staff.
		o Establish General Terms and Conditions including the following contents:
		- Specify the procedures and periods for handling of complains of users by their types;
		- Specify the action plan when it is impossible to provide Service;
	- In the event of undertaking the prepaid call card service, service method, such as balance confirmation, etc. unit of imposition of surcharge, valid period, contact in times of trouble, other restrictions and method for noticing thereof;	
	o The service-based carrier that undertakes the prepaid call card service shall subscribe the guarantee insurance with the government as the insured for the total amount of issuance for prepaid call cards and	

	submit the policy to the Director of Central Radio Management Office: Provided, That the minimum amount of the total amount of the subscription of guarantee insurance shall be 1/5 or more of the capital based on the registering of a "switchless resale;"
	In the event of modifying the total amount of issuance, it shall be submitted 30 days prior to the scheduled day of additional issuance for the prepaid call cards;
	In the event of continuing the prepaid call card service after the term of contract for the policy of guarantee insurance, renew the policy at least 30 days prior to its expiration and submit it.
	o Any person intending to register a district communications business shall establish and operate a communications network that would guarantee the right to select a carrier for the user.
	o In addition, the user protection criteria that the KCC determines and announced must be complied with.

1. In the event that a person registered for a switched resale intends to register a switchless resale, the requirements for registration of the switchless resale shall be considered as met.
2. "Technical personnel" refers to qualified persons in accordance with the 「National Engineering Qualification Act」, and such persons have to be employed in their respective positions as full-time executives or employees.
3. The prepaid call cards refers to communications Service that is to be provided only after carriers has received the rates in advance before providing the Service regardless of their name or form, such as telephone card, paper-type call card and others, and in the event that the user has used the prepaid call cards for a certain period and actually exhausted it, additional issuance on the prepaid call card may be made by as much as the exhausted amount within the scope of the total amount of issuance.

[Annex 3]

Types and Criteria for Prohibited Acts (related to Article 42 (1))

I. Refusal to Conclude an Agreement, etc.

"Prohibited act" following Article 36-3 (1) (i) of the Act, shall be applicable to any of the following subparagraphs:

1. Any act of unfair discrimination among Telecommunications carriers that provide the same or similar Service with respect to the scope, conditions, procedures, methods

and calculation of the charges for a provision of Telecommunications facilities, a LLU, a joint use of wireless Telecommunications facilities, an interconnection or a joint use of Telecommunications facilities, or a provision of information (hereinafter referred to as the "interconnection, etc.");

2. Any act of unfair delay or refusal in excess of the criteria announced by the KCC in accordance with Articles 33-5 (3), 33-6 (2), 33-7 (3), 34 (2), 34-3 (2) and 34-4 (2) of the Act regarding consultation for concluding an agreement for interconnection, etc, conclusion of the agreement, or modification to the concluded agreement or any act of delay or refusal, without any justifiable reasons, by the Common carrier under Articles 33-5 (2), 33-6 (1), 33-7 (2), 34 (3), 34-4 (3) and 34-4 (3) of the Act;
3. Any act of delay or non-performance of a concluded agreement on interconnection, etc. without any justifiable reasons;
4. Any act of unfair restriction or discrimination against value-added carriers with the lease, access, etc. of Telecommunications facilities in connection with the provision of the Telecommunications Service: or
5. Any other acts that are set forth by the KCC as acts, other than those of paragraph 1 through 4, of unfair discrimination, unjust refusal to conclude an agreement or failure to performance, with out any justifiable reasons, of the concluded agreement with respect to interconnection, etc.

II. Exploitation of Information

"Prohibited act" under Article 36-3 (1) (ii) of the Act shall be any of the following subparagraphs:

1. Any act of directly exploiting or providing a third party with information of other Telecommunications carriers acquired through the interconnections, etc. such as information related to technology, accounting and business or information related to users such as status of use, etc. for one's own business purpose.
2. Any acts of unfairly exploiting information of other Telecommunication carriers, other than subparagraph 1, acquired through the interconnection, etc. for its own business purpose, which are determined by the KCC

III. Unfair Calculation of the Service Rates, etc.

"Prohibited act" under Article 36-3 (1) (iii) of the Act shall be any of the following subparagraphs:

1. Any act of calculating the service rates for a Telecommunications Service or charges for an interconnection, etc. by violating Article 36-2 of the Act or provisions of the accounting related statutes and subordinate statutes such as the 「Commercial Act」,

- etc. or by conducting accounting in a manner different from the accounting criteria, etc. as prescribed by Article 13 (1) of the 「Act on External Audit of Corporations」;
2. Any act of calculating the service rates for a Telecommunication Service or charge for an interconnection, etc. by unjustly classifying the costs or profits of certain Telecommunications Services as the costs or profits of another Telecommunications Service;
 3. Any act of calculating the service rates for a Telecommunications Service or charges for an interconnection, etc. by classifying the costs or profits in a way of unjustly providing transaction requirements, such as fees, payment conditions, etc. to a third party, which has a contractual relationship, etc. with respect to the Telecommunications Service; or
 4. Any acts of calculating the service rates for a Telecommunications Service or charges for an interconnection, etc., other than those of subparagraphs 1 through 3, by unjustly classifying the costs or profits, which are determined by the KCC.

IV. Interference with the Interests of Users

Any act of providing the Telecommunications Service in a manner that clearly interferes with the benefit of telecommunications users under Article 36-3 (1) (iv) of the Act shall be any of the following subparagraphs:

1. Any act of following items relating to unjust claims for rates:
 - A. Any act of claiming rates in a manner different from the Service contract;
 - B. Any act of claiming rates that are different from the rates that the user should pay by manipulating the rate-related program, etc.;
2. Any act of the following items relating to the conclusion of a service contract:
 - A. Any act of concluding of a service contract without confirming the intention of the user when subscribing;
 - B. Any act of concluding a service contract without following the procedure of confirming the intention of the subscriber on the additional use of the Telecommunications Service;
 - C. Any act of concluding a service contract in violation of the procedures set forth under the statutes or subordinate statutes or Terms and Conditions.
3. Any act of the following items relating to the pre-selection system:
 - A. Any act of submitting the application for pre-selection modification to the Pre-selection Registration Center against the intention of the user;
 - B. Any act of handling the pre-selection related work by a person who ought not undertake the pre-selection related work under the relevant statutes or subordinate statutes, or an agreement, etc.;
 - C. A failure to modify the pre-selection even through it was confirmed as the

- justifiable modification application through the subscriber confirmation, etc. from the Pre-selection Registration Center.
4. Any act of the following items relating to the delay in rate payment (including those who are treated as the users of the Telecommunications carrier against their intention by ID theft, etc.):
 - A. Failure to take any measures necessary for confirmation, such as, verifying the IDs of the relevant uses, etc. while providing the information on delay in rate payment to the relevant institution, such as, the credit information institution, etc. pursuant to Article 17 of the「Act on Use and Protection of Credit Information」;
 - B. Failure to maintain data related to the provision of information on the delay in rate payment until the date of lapsing one year from the date of its provision or until the day to notify the fact that the reasons for the delay in rate payments have disappeared to the pertinent institutions, such as, the credit information institution, etc.; or
 - C. Failure to immediately notify the fact that the causes of delay in rate payment have disappeared to the institution providing the information on delay in rate payment after the expiration of the causes such as by the payment of delayed rates, etc.
 5. Any act of the following items relating to unfair discrimination against the users.
 - A. Any act of unjustly discriminating a user from other users in providing or proposing to provide Telecommunications rate, number and Telecommunications facilities, etc.;
 - B. Any act of providing a Telecommunications Service with unjustly discriminatory conditions to the contractual party for a long-term service or a large quantity of service; or
 - C. Any act of providing a Telecommunications Service with unjustly discriminatory conditions to the users who have switched the subscription from other Telecommunications carriers or who have promised not to switch the subscription to other Telecommunications carriers.
 6. Any act of interfering with or being likely to interfere with the interests of users by selling a Telecommunication Service in combination with other Telecommunications Services (hereinafter referred to as the "bundling"). In this case, in determining whether there is interference with the interests of users, the injuring effects on fair competition, such as cost savings, an increase in user benefits, a transfer of market power, etc. from the bundling shall be taken into account.
 7. Any acts of the following items relating to the interference with the free selection or use of a different Telecommunications Service;
 - A. Any act of installation, operation or proposal thereof of Telecommunications

- facilities that restricts the free selection of users; or
- B. An act that a service-based carrier forces a third party to use the Telecommunications facilities installed in the area
8. Any act, other than the act of subparagraphs 1 through 7, that is determined by the KCC, as clearly interfering with or being likely to interfere with the interest of the telecommunications user, such as not notifying the matters essential to the use of the Telecommunications Service, etc.

[Annex 4]

Period for Performance of Corrective Order (related to Article 45)

Matters of Order	Applicable Legal Provision	Period of Performance
1. Separation of organization providing the Telecommunications Service.	Article 37 (1) (i) of the Act	Within 6 months from the date of corrective order
2. Revision of internal accounting regulations, etc. for Telecommunications Service.	Article 37 (1) (ii) of the Act	Within 6 months from the date of corrective order
3. Disclosure of information on Telecommunications Service.	Article 37 (1) (iii) of the Act.	Within 1 months from the date of corrective order
4. Conclusion, Performance or Modification of an agreement between Telecommunications carriers.	Article 37 (1) (iv) of the Act.	Within 3 months from the date of corrective order
5. Modification of the Terms and Conditions of the Telecommunications carrier.	Article 37 (1) (v) of the Act.	Within 1 months from the date of corrective order
6. Modification of the Articles of Incorporation of the Telecommunications carrier.	Article 37 (1) (v) of the Act.	Within 6 months from the date of corrective order
7. Stopping of prohibited acts.	Article 37 (1) (vi) of the Act.	Within the period set forth by the KCC within 7 days from the date of corrective order
8. Disclosure of the fact that a corrective order was issued due to the prohibited act.	Article 37 (1) (vii) of the Act.	Within 1 months from the date of corrective order
9. Necessary measures for restoring the violated matters due to the prohibited acts to their original state, such as	Article 37 (1) (viii) of the Act.	Within 1 months from the date of corrective order

the retrieval of telecommunications facilities which have caused the prohibited acts, etc.		
10. Improvement of operation procedures for Telecommunications Service.	Article 37 (1) (xi) of the Act.	Within the period set forth by the KCC within 3 months from the date of corrective order
11. Submission of a performance plan for the measures of Article 37 (1) (i) through (9) of the Act.	Article 44 (i) of the Act.	Within the period set forth by the KCC within each period of subparagraphs 1 through 10
12. Performance report on the measures of Article 37 (1) (i) through (9) of the Act.	Article 44 (i) of the Act.	Within 10 days after the expiration of each period from subparagraphs 1 through 10

[Annex 5]

Upper Limit for Imposing the Penalty Surcharge for Each Type of Violating Act and the Criteria for Calculating the Penalty Surcharge (Article 46)

I. Upper limit for the imposition of the penalty surcharge for each type of violating acts.

1. Any act under Article 36-3 (1) (i) through (iii) of the Act: 2/100 or less of turnovers under Article 47 (1).
2. Any act under Article 36-3 (1) (iv) and any act which violates the provisions of Article 36-4 (1) through (6) of the Act: 1/100 or less of turnovers under Article 47 (1).
3. In the event that there is no turnovers or that it is difficult to calculate the turnovers: Within the range of 1 billion won or less, calculate taking into account the contents and degree of the violating acts according to the degree of significance of the violation (hereinafter referred to as the "degree of seriousness") following the criteria announced by the KCC.

II. Calculation Procedures and Criteria for the Penalty Surcharge

1. Penalty Surcharge Calculation Stages

The penalty surcharge shall be calculated taking into account the considerations under each subparagraphs Article 37-2 (2) and the matters influencing thereon, such as the details of the violating act, its influence on the relevant communication markets, etc. through the obligatory aggravation, additional aggravation and mitigation of the base amount.

2. Calculation Methods for Penalty Surcharge Calculation Stages and Considerations

A. Calculation of the Base Amount

- 1) The base amount shall be the amount that multiplies the imposition standard ratio by the turnovers (hereinafter referred to as the "relevant turnovers") of the service that is directly and indirectly influenced from the violating act during the term of the violation committed by the Telecommunications carrier: Provided That, it shall not exceed 3/100 of the relevant turnovers.
- 2) The imposition standard ratio shall be determined by classifying the degree of seriousness depending on the nature and degree of the violating act under Article 37-2 (2) (i) of the Act.
- 3) In calculating the relevant turnovers, the period of violation refers to the term from the date of commencement of the violation to the date of its completion, and the turnovers is determined based on the accounting data, such as business reports, etc. pursuant to Article 36-2 of the Act; Provided, That when the Telecommunications carrier refuses to submit the data required to calculate the turnovers or submits false data in accordance with Article 37-2 (1) of the Act, it may be estimated with the comprehensive consideration of the accounting information, such as the financial statements, etc. and the information on the business operation status, such as the number of subscribers and service rates, etc. of the relevant Telecommunications carrier or of those who provide similar services in the same industry, as well as past performance, business plans, market situation, etc.
- 4) In the event that there is no relevant turnovers or it is difficult to calculate, the amount of 800 million won or less shall be the base amount, depending on the degree of seriousness.

B. Obligatory Aggravation

- 1) The added amount shall be combined within the range of 50% of the base amount in consideration of the period and frequency of the act of violation under Article 37-2 (2) (ii) of the Act for the base amount; Provided, That the above has to be the amount with the obligatory aggravation for the larger amount after comparing to the amount equivalent to the size of the gain from the violating act under Article 37-2 (2) (iii) of the Act.
- 2) The period of the violating act shall be classified for short-term, mid-term and long-term to make the classified aggravation, and in the event that the same act of violation is repeated, it shall be aggravated in proportion to the frequency of the act of violation repeated.

C. Additional aggravation and/or mitigation

The additional aggravation or mitigation combines the amount adjusted to the obligatory aggravation and added or mitigated amount within the range of 50% of the amount through the obligatory aggravation for the act of violation considering the effect on the communications market, etc. with respect to the initiative of violating act influencing on each of the matters under Article 37-2 (2) of the Act to the amount through the obligatory aggravation, intentional or negligent act of violation, cooperation with an investigation into acts of violation, continuation or expansion of acts of violation during the investigation of acts of violation, change of the market share rate or number of subscribers from act of violation.

III. Detailed Criteria

The detailed considerations for each stage of the base amount, obligatory aggravation and additional aggravation and/or mitigation, and the detailed criteria for ratio of the aggravation and/or mitigation shall be determined and announced by the KCC

[Annex 6]

Amount of penalty surcharge for each type of violating act (Article 61 (1))

1. Penalty Surcharge amount compared to turnovers revenue

Violating Acts	Applicable Legal Provision	Amount of Penalty Surcharge		
		Common carrier	Service-based carrier	Value-added carrier
1. In the event of failure to perform the conditions imposed at the time of approval for a license, authorization, approval or registration.	Articles 15 (1) (ii), and 28 (1) (iii)	2/100 or less of turnovers	2/100 or less of turnovers	-
2. In the event of failure to perform of a corrective order for the Common carrier applicable to the disqualification of the license.	Article 15 (1) (iii)	2/100 or less of turnovers	2/100 or less of turnovers	-
3. In the event of failure to comply with the Terms and Conditions authorized or notified in accordance with Article 29 (1) of the Act.	Article 15 (1) (v)	2/100 or less of turnovers	-	-
4. In the event of failure to perform a corrective order which is issued with a recognition that the operation procedure of the Telecommunications carrier clearly interferes with the	Article 65 (1) (ii)	2/100 or less of turnovers	2/100 or less of turnovers	1/100 or less of turnovers

interests of the user.				
5. In the event of failure to perform a corrective order which is issued because of failure to take the prompt measures necessary for repairs or the rectification of service interruption, etc. when an accident or other failure occurs at its Telecommunications Service.	Article 65 (1) (iii)	2/100 or less of turnovers	2/100 or less of turnovers	1/100 or less of turnovers
6. In the event of failure to perform a corrective under Article 37 (1) or 65 (1) of the Act, without any justifiable reasons.	Articles 15 (1) (vi), 28 (1) (v), and 28 (2) (iv)	1/100 or less of turnovers	1/100 or less of turnovers	1/100 or less of turnovers

2. Amount of Penalty Surcharge in the case where the amount of turnovers is unavailable or is difficult to calculate.

Violating Acts	Applicable Legal provision	Amount of Penalty Surcharge		
		Common carrier	Service-based carrier	Value-added carrier
1. In the event of failure to perform the conditions imposed at the time of obtaining approval for a license, authorization, approval or registration.	Articles 15 (1) (ii) and 28 (1) (iii)	1 billion won or less	400 million won or less	-
2. In the even of failure to perform a corrective order for the Common carrier applicable to the disqualification of the license.	Article 15 (1) (iii)	800 million won or less	200 million won or less	-
3. In the event of failure to commence the business within the period under Article 9 (1) of the Act (extended period in the event of receiving an extension).	Article 15 (1) (iv)	800 million won or less	-	-
4. In the event of failure to comply with the Terms and Conditions authorized or notified in accordance with Article 29 (1) of the Act.	Article 15 (1) (v)	800 million won or less	-	-
5. In the event of failure to perform a corrective order which is issued with a recognition that the operation procedure of the Telecommunications carrier clearly interferes with the interests of the user.	Article 65 (1) (ii)	800 million won or less	200 million won or less	100 million won or less

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<p>6. In the event of failure to perform a corrective order which is issued because of failure to take the prompt measures necessary for repairs or the rectification of service interruption, etc. when an accident or other failure occurs at its Telecommunications Service.</p>	<p>Article 65 (1) (iii)</p>	<p>800 million won or less</p>	<p>200 million won or less</p>	<p>100 million won or less</p>
<p>7. In the event of failure to perform a corrective under Article 37 (1) or 65 (1) of the Act, without any justifiable reasons.</p>	<p>Articles 15 (1) (vi), 28 (1) (v), and 28 (2) (iv)</p>	<p>400 million won or less</p>	<p>100 million won or less</p>	<p>100 million won or less</p>