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ACT ON BROADCAST ADVERTISING SALES AGENCIES, ETC.

[Enforcement Date 09. Jun, 2020.] [Act No.17347, 09. Jun, 2020., Amendment by
Other Act]

방송통신위원회 (방송광고정책과)02-2110-1275



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CHAPTER I GENERAL PROVISIONS

Article 1 (Purpose) The purpose of this Act is to promote competition in the market for broadcast advertising sales, establish order in fair trade, and thus contribute to vitalizing the market for broadcast advertising and realizing the public good and public interests as well as variety in broadcasting services by providing matters regarding broadcast advertising, including sales agency services for broadcast advertising, and matters necessary for the incorporation of the Korea Broadcast Advertising Corporation.

Article 2 (Definitions) The terms used in this Act are defined as follows: <Amended by Act No. 11690, Mar. 23, 2013; Act No. 14839, Jul. 26, 2017>

1. The term "broadcast advertising" means commercial broadcast defined in subparagraph 21 of Article 2 of the Broadcasting Act (including advertising defined in the Internet Multimedia Broadcast Services Act);
2. The term "terrestrial broadcasting business entity" means a terrestrial broadcasting business entity defined in subparagraph 3 (a) of Article 2 of the Broadcasting Act;
3. The term "terrestrial broadcasting program provider" means a program provider engaging in providing terrestrial broadcasting services using a broadcasting channel provided by a terrestrial broadcasting business entity under an agreement entered into with the terrestrial broadcasting business entity on the use of the broadcasting channel, among program providers defined in subparagraph 3 (d) of Article 2 of the Broadcasting Act;
4. The term "terrestrial broadcasting business entity for a local network" means a terrestrial broadcasting business entity for a local network who relays broadcasting transmitted by a terrestrial broadcasting business entity (including broadcast advertising) and to whom broadcast advertising sales shall be distributed proportionately;
5. The term "small or medium terrestrial broadcasting business entity" means a terrestrial broadcasting business entity aiming at propagating religion, a terrestrial broadcasting

business entity whose broadcast coverage is an area outside of the Special Metropolitan City or part of the Special Metropolitan City and an area outside of the Special Metropolitan City, or a terrestrial broadcasting business entity specializing in news reporting: Provided, That a terrestrial broadcasting business entity for a local network referred to in subparagraph 4 shall be excluded herefrom;

6. The term "general program provider" means a broadcasting program provider approved by the Minister of Science and ICT to operate program providing business with general programs in accordance with Article 9 (5) of the Broadcasting Act or a business entity approved by the Minister of Science and ICT to provide generally programmed contents in various areas, such as news reporting, education, and entertainment, in accordance with the proviso of Article 18 (2) of the Internet Multimedia Broadcast Services Act;
7. The term "broadcast advertising sales agency business" (hereinafter referred to as "advertising sales agency business") means the business of selling broadcast advertisements to sponsors, etc. after being entrusted therewith by a terrestrial broadcasting business entity, terrestrial broadcasting program provider, or general program provider;
8. The term "broadcast advertising sales agency" (hereinafter referred to as "advertising sales agency") means an entity who has obtained permission to operate advertising sales agency business defined in subparagraph 7 or in accordance with Article 6 (1) or who is deemed to have obtained such permission in accordance with Article 6 (2);
9. The term "broadcast advertising agency" (hereinafter referred to as "advertising agency") means an entity that requests an advertising sales agency to broadcast advertisements after being entrusted therewith by sponsors;
10. The term "sponsor" means a person who provides a broadcast advertisement to sell or advertise tangible or intangible goods, services, activities, information, etc.;
11. The term "combined sales of broadcast advertising" means selling broadcast advertisements of a terrestrial broadcasting business entity for a local network or a small or medium terrestrial broadcasting business entity in combination with broadcast advertising of another terrestrial broadcasting business entity.

Article 3 (Responsibilities of Advertising Sales Agencies to General Public) (1) When an advertising sales agency acts as an agency in selling broadcast advertisements, it shall contribute to the public good and interests of broadcasting and shall endeavor to develop

the broadcast advertising industry.

(2) No advertising sales agency shall hinder order in the trade of broadcast advertising.

Article 4 (Relationship to Other Statutes) Except as otherwise provided in any other statute, broadcast advertising sales agencies, etc. shall be governed by the provisions of this Act.

CHAPTER II BROADCAST ADVERTISING SALES AGENCIES

Article 5 (Broadcast Advertising Sales Agencies) (1) No terrestrial broadcasting business entity, terrestrial broadcasting program provider, or general program provider (hereinafter referred to as "broadcasting business entity") shall air any broadcast advertisement other than broadcast advertisements entrusted by an advertising sales agency: Provided, That the foregoing shall not apply to broadcast advertisements prescribed by Presidential Decree.

(2) Notwithstanding the main clause of paragraph (1), the Korean Broadcasting System established under the Broadcasting Act, a broadcasting business entity, the largest investor in which is the Foundation for Broadcast Culture established under the Foundation for Broadcast Culture Act, or the Korea Educational Broadcasting System established under the Korea Educational Broadcasting System Act may air broadcast advertisements entrusted only by the Korea Broadcast Advertising Corporation established under Article 24.

Article 6 (Permission Required for Advertising Sales Agencies) (1) A person who intends to operate an advertising sales agency business shall fulfill the following requirements and obtain permission from the Korea Communications Commission:

1. Public good, fairness, and practicability of a broadcast advertising sales plan;
2. Reasonableness and practicability of a plan for assisting terrestrial broadcasting business entities for a local network and small or medium terrestrial broadcasting business entities, including assistance in combined sales of broadcast advertising and the distribution of advertising sales;
3. Reasonableness of a business management plan, including the management of organizations and human resources;
4. Financial capacity and financial robustness;
5. Reasonableness of a support plan for the development of the broadcasting and advertising industries;

6. Other matters necessary for performing business affairs.

(2) The Korea Broadcast Advertising Corporation established under Article 24 shall be deemed to obtain permission referred to in paragraph (1). In such cases, the Korea Broadcast Advertising Corporation incorporated under Article 24 shall submit a plan for supporting the network of broadcasting business entities, the largest investor in which is the Foundation for Broadcast Culture established under the Foundation for Broadcast Culture Act, to the Korea Communications Commission.

(3) When the Korea Communications Commission grants permission under paragraph (1), it may attach conditions thereto as necessary for the development of the broadcasting and advertising industries, assistance to terrestrial broadcasting business entities for a local network and small and medium terrestrial broadcasting business entities, fair competition in the advertising market, the realization of public interests and diversity, and so forth in broadcasting.

(4) Matters necessary for detailed requirements, procedures for granting permission under paragraph (1), and other similar matters shall be prescribed by Presidential Decree.

Article 7 (Period of Validity of Permission) The period of validity of permission granted for a broadcast advertising sales agency business under Article 6 (1) shall be five years: Provided, That the period of validity of the first-granted permission after this Act enters into force shall be three years.

Article 8 (Permission for Change) (1) When an advertising sales agency with permission issued under Article 6 (1) intends to amend any of the following matters, it shall obtain permission therefor from the Korea Communications Commission:

1. Merger or division of the relevant corporation;
2. Full or partial transfer of a broadcast advertising sales business.

(2) A person who intends to become the largest investor (referring to a person who holds the largest voting shares or equities, when shares or equities held by the person who has invested in the relevant business entity are added to the shares or equities held by persons specially related to a person prescribed by Presidential Decree; the same shall apply hereinafter) in an advertising sales agency with permission issued under Article 6 (1) or intends to acquire de facto control of such advertising sales agency shall obtain approval therefor from the Korea Communications Commission.

(3) When the Korea Communications Commission intends to grant permission for change under paragraph (1) or approval under paragraph (2), it shall examine the matters specified in the subparagraphs of Article 6 (1).

(4) If a person becomes the largest investor or acquires de facto control without approval required under paragraph (2), he or she shall not exercise voting rights for shares or equities acquired without approval, and the Korea Communications Commission may order the person who acquires shares or equities to dispose of such shares or equities within a given period not exceeding six month, or may issue an order to take other measures necessary for rectification.

(5) Matters necessary for procedures, etc. for granting permission for change and approval under paragraphs (1) and (2) and cases where a person is deemed to hold de facto control of a business shall be prescribed by Presidential Decree.

Article 9 (Reporting) When an advertising sales agency changes any of the following matters, it shall report thereon to the Korea Communications Commission:

1. Representative;
2. Name or trade name of the corporation;
3. Location of the principal office.

Article 10 (Renewed Permission) (1) If an advertising sales agency with permission issued under Article 6 (1) intends to continue its advertising sales agency business after the expiration of the period of validity of the permission, it shall obtain a renewed permission from the Korea Communications Commission, but matters necessary for procedures, etc. for granting renewed permission shall be prescribed by Presidential Decree.

(2) When the Korea Communications Commission grants a renewed permission under paragraph (1), it shall examine the matters specified in the subparagraphs of Article 6 (1) and the following subparagraphs:

1. The number of occasions disciplinary sanctions have been imposed against the advertising sales agency under Articles 38 and 40 through 44;
2. The number of occasions the Korea Communications Commission has issued orders for rectification and the number of occasions the advertising sales agency has failed to comply with such orders;
3. Whether the advertising sales agency has fulfilled the conditions attached to the permission;

4. The level of contribution to the development of the broadcasting industry and the advertising industries;
5. The level of contribution to the realization of public utility, public interest, and diversity in broadcasting;
6. Progress of a support plan for terrestrial broadcasting business entities for a local network and small and medium terrestrial broadcasting business entities;
7. Other matters necessary for performing business affairs.

(3) Article 6 (3) shall apply mutatis mutandis where a renewed permission is granted under paragraph (1).

Article 11 (Revocation of Permission) (1) If an advertising sales agency falls under any of the following subparagraphs, the Korea Communications Commission may revoke its permission or may order it to suspend its business completely or partially for a given period not exceeding six months: Provided, That the foregoing shall not apply where its representative is changed within three months, if it falls under subparagraph 4:

1. If it obtains permission, permission for change, or renewed permission by fraud or other wrongful means;
2. If it fails to fulfill any conditions attached to permission granted under Article 6 (3);
3. If it fails to obtain permission for change or approval required under Article 8 (1) or (2);
4. If it becomes disqualified under Article 12;
5. If it owns shares or equities, in violation of Article 13;
6. If it fails to commence its advertising sales agency business within six months from the date it obtains permission;
7. If it fails to comply with an order for rectification issued under Article 37.

(2) Matters necessary for guidelines, procedures, etc. for the revocation of permission and business suspension under paragraph (1) shall be prescribed by Presidential Decree.

Article 12 (Grounds for Disqualification for Advertising Sales Agency Business) (1) No one shall operate an advertising sales agency business, unless the person is a corporation or unless three years have passed since permission granted for such person was revoked (excluding cases where permission is revoked under paragraph (2) 1 or 2 of this Article) under Article 11 (1). <Amended by Act No. 16821, Dec. 10, 2019>

(2) None of the following persons may become the representative of an advertising sales agency with permission given under Article 6 (1):<Amended by Act No. 12839, Oct. 15, 2014; Act

[No. 17347, Jun. 9, 2020](#)>

1. An incompetent under the adult guardianship, a quasi-incompetent under the limited guardianship, or minor;
 2. A person declared bankrupt and not yet reinstated;
 3. A person in whose case three years have not passed since his or her imprisonment without labor or greater punishment imposed upon him or her for a violation of this Act was completely executed or finally discharged;
 4. A person who is under suspension of the execution of his or her imprisonment without labor or greater punishment declared by a court for a violation of this Act;
 5. A person in whose case his or her imprisonment without labor or greater punishment imposed upon him or her for a crime specified in any provision of Articles 87 through 90, 92, and 101 of the Criminal Act, Articles 5 through 8, 9 (2), and 11 through 16 of the Military Criminal Act, and Articles 3 through 9 of the National Security Act was not completely executed or finally discharged or a person who is under suspension of the execution of his or her imprisonment without labor or greater punishment for such crime;
 6. A person subject to the security surveillance imposed under the Security Surveillance Act or the custody for medical treatment under the Medical Treatment and Custody Act.
- (3) If a person appointed as the representative of an advertising sales agency falls under any subparagraph of paragraph (2) or is discovered to have fallen under any subparagraph of paragraph (2) as at the time he or she was appointed, the person shall be automatically dismissed from office.<[Amended by Act No. 17347, Jun. 9, 2020](#)>

Article 13 (Restriction on Ownership of Advertising Sales Agencies) (1) When an advertising sales agency issues shares, it shall issue them as registered shares.

(2) No one shall own more than 40/100 of the total number of shares or equities of an advertising sales agency with permission granted under Article 6 (1), including shares or equities owned by persons specially related to a person prescribed by Presidential Decree (hereinafter referred to as "specially related persons").

(3) Notwithstanding paragraph (2), a company that belongs to an enterprise group that meets the criteria prescribed by Presidential Decree with regard to total assets, etc., among enterprise groups defined in subparagraph 2 of Article 2 of the Monopoly Regulation and Fair Trade Act, or one of its affiliated companies (including specially related persons), a

corporation that operates a general daily newspaper pursuant to the Act on the Promotion of Newspapers, Etc. (including specially related persons; excluding broadcasting business entities), or a corporation that operates a news agency pursuant to the Act on Promotion of News Communications (including specially related persons) shall not own more than 10/100 of the total number of shares or equities of an advertising sales agency.

(4) Notwithstanding paragraph (2), none of the following persons shall own shares or equities of an advertising sales agency:

1. A holding company defined in subparagraph 1-2 of Article 2 of the Monopoly Regulation and Fair Trade Act;
2. A political party defined in Article 2 of the Political Parties Act;
3. An advertising agency or advertising sales agency (including specially related persons).

(5) No one who owns shares or equities, in violation of paragraphs (2) through (4), shall exercise voting rights for shares or equities owned by him or her or the voting rights for the excess shares or equities.

(6) The Korea Communications Commission may order a person who owns shares or equities of an advertising sales agency, in violation of paragraphs (2) through (4), to rectify the violation within a given period not exceeding six months.

Article 14 (Reporting on Terms and Conditions of Use) An advertising sales agency shall determine standard rates and terms and conditions of use with respect to advertising sales agency services that it intends to provide and shall report thereon to the Korea Communications Commission. The same shall also apply where it is intended to amend such standard rates or terms and conditions.

Article 15 (Prohibited Acts by Advertising Sales Agencies) (1) No advertising sales agency shall do any of the following acts:

1. Any act that affects a broadcasting business entity's planning, production, scheduling, etc. of broadcasting programs without good cause;
2. Refusing, discontinuing, or neglecting advertising sales against a particular broadcasting business entity or advertising agency or discriminating against a particular broadcasting business entity or advertising agency when offering terms and conditions of transactions without good cause;
3. Selling any advertisement other than commercial broadcast specified in the Broadcasting Act and the Internet Multimedia Broadcast Services Act;

4. Not paying an advertising agency fee prescribed by Article 16 (2) without good cause;
5. Not keeping separate accounts for the advertising sales agency business under Article 17 (1) from accounts for other business affairs;
6. Compelling a broadcasting business entity or an advertising agency to enter into an unfair contract, taking advantage of its superior position.

(2) No broadcasting business entity shall do any of the following acts:

1. Unfairly interfering in business management of an advertising sales agency for the purpose of selling broadcast advertising;
2. Refusing or discontinuing broadcast advertising sales entrusted by an advertising sales agency or discriminating against a particular advertising sales agency without good cause when offering terms and conditions of transactions;
3. Not paying an entrustment fee prescribed by Article 16 (1) without good cause.

(3) Where necessary for investigating the facts as to whether a broadcasting business entity has engaged in a prohibited act prescribed in paragraph (1) or (2), the Korea Communications Commission may request materials from the advertising sales agency or broadcasting business entity, as prescribed by Presidential Decree. In such cases, the person requested to submit materials shall comply therewith unless there is a compelling reason not to do so.<Newly Inserted by Act No. 16821, Dec. 10, 2019>

(4) Detailed types of, and criteria for, the acts specified in paragraphs (1) and (2) shall be prescribed by Presidential Decree.<Amended by Act No. 16821, Dec. 10, 2019>

Article 16 (Broadcast Advertising Fees) (1) A broadcasting business entity who airs a broadcast advertisement entrusted by an advertising sales agency shall pay an entrustment fee for the broadcast advertisement to the extent that it does not exceed 20/100 of the amount of the broadcast advertisement sold.

(2) An advertising sales agency shall pay an advertising agency fee to the advertising agency who requested the advertisement to be broadcast to the extent that it exceeds 70/100 of the entrustment fee provided for the sale of a broadcast advertisement.

(3) Detailed guidelines and extent of fees referred to in paragraphs (1) and (2) shall be prescribed by Presidential Decree.

Article 17 (Accounting) (1) An advertising sales agency shall keep separate accounts for the advertising sales agency business from accounts for other business affairs in accordance with rules established and publicly notified by the Korea Communications Commission;

prepare and submit a business report to the Korea Communications Commission within three months after the end of each fiscal year; and keep relevant account books and evidentiary data.

(2) The Korea Communications Commission may verify details of a business report submitted by an advertising sales agency in accordance with paragraph (1).

(3) If necessary to conduct verification in accordance with paragraph (2), the Korea Communications Commission may order an advertising sales agency to submit relevant data or may conduct an inspection necessary for verifying facts.

CHAPTER III BALANCED DEVELOPMENT OF BROADCAST ADVERTISING

Article 18 (Formulation of Master Plans for Balanced Development of Broadcast Advertising)

The Korea Communications Commission shall endeavor to promote the balanced development of broadcast advertising and to vitalize the broadcast advertising industry and shall formulate and implement a master plan for the balanced development of broadcast advertising.

Article 19 (Designation of Advertising Sales Agencies) (1) Upon receipt of a request from a small or medium terrestrial broadcasting business entity to designate an advertising sales agency, the Korea Communications Commission may designate an advertising sales agency as prescribed by Presidential Decree.

(2) An advertising sales agency designated by the Korea Communications Commission to act as advertising sales agency under paragraph (1) shall sell broadcast advertising of a relevant small or medium terrestrial broadcasting business entity.

Article 20 (Assistance in Combined Sales of Broadcast Advertising) (1) An advertising sales agency who sells broadcast advertising for a terrestrial broadcasting business entity shall sell such broadcast advertising in combination with broadcast advertising of a terrestrial broadcasting business entity for a local network or a small or medium terrestrial broadcasting business entity.

(2) The ratio of an advertising sales agency's combined sales of broadcast advertising under paragraph (1) shall be at least the average ratio of sales combined with broadcast advertising of a terrestrial broadcasting business entity for a local network or small or

medium terrestrial broadcasting business entity out of sales of terrestrial broadcast advertising during the preceding five fiscal years.

(3) The Korea Communications Commission shall give public notice of the following matters each year to assist in combined sales of broadcast advertisements:

1. The average ratio of sales combined with broadcast advertising of a terrestrial broadcasting business entity for a local network or small or medium terrestrial broadcasting business entity among sales of terrestrial broadcast advertising during the preceding five fiscal years;
2. The terrestrial broadcasting business entities for a local network and small and medium terrestrial broadcasting business entities each advertising sales agency shall assist during the pertinent year and the level of assistance to each business entity in combined sales.

Article 21 (Mediation of Disputes over Distribution of Broadcast Advertising Sales) A

terrestrial broadcasting business entity shall distribute broadcast advertising sales with terrestrial broadcasting business entities for a local network in a reasonable and fair manner and may file for mediation with the Korea Communications Commission if a dispute arises in connection with such distribution.

Article 22 (Subsidization of Production of Programs for Public Good) (1) The Minister of Science and ICT and the Korea Communications Commission may grant a State subsidy or a subsidy from the Broadcasting and Communications Development Fund established under the Framework Act on Broadcasting Communications Development to terrestrial broadcasting business entities for a local network, and small and medium terrestrial broadcasting business entities for the production, etc. of programs for the public good in relation to the realization of diversity and local features in broadcasting. <Amended by Act No. 11690, Mar. 23, 2013; Act No. 14839, Jul. 26, 2017>

(2) The Minister of Science and ICT and the Korea Communications Commission may raise contribution rates prescribed in Article 25 of the Framework Act on Broadcasting Communications Development for granting subsidies pursuant to paragraph (1). In such cases, funds raised by raising contributions shall be utilized in granting subsidies pursuant to paragraph (1). <Amended by Act No. 11690, Mar. 23, 2013; Act No. 14839, Jul. 26, 2017>

(3) The Minister of Science and ICT and the Korea Communications Commission may grant an exemption or reduction of contributions prescribed in Article 25 of the Framework Act

on Broadcasting Communications Development to terrestrial broadcasting business entities for a local network, and small and medium terrestrial broadcasting business entities, taking advertising sales and other factors into consideration.<Amended by Act No. 11690, Mar. 23, 2013; Act No. 14839, Jul. 26, 2017>

- Article 23 (Committee on Balanced Development of Broadcast Advertising)** (1) The Korea Communications Commission shall establish and operate a committee on the balanced development of broadcast advertising (hereinafter referred to as the "Committee") in order to efficiently assist terrestrial broadcasting business entities for a local network, and small and medium terrestrial broadcasting business entities and evaluate the outcomes of providing assistance for the balanced development of broadcast advertising.
- (2) The Committee shall be comprised of 11 members prescribed in the following, including one chairperson:
1. Three persons recommended by terrestrial broadcasting business entities for a local network, and small and medium terrestrial broadcasting business entities;
 2. Three persons recommended by terrestrial broadcasting business entities, excluding broadcasting business entities specified in subparagraph 1;
 3. One person who has served as judge, public prosecutor, or attorney-at-law for at least five years in total;
 4. One person who has served as a certified public accountant for at least five years;
 5. One person who has served as a professor in broadcasting, advertising, public administration, economics, business administration, or law at a school defined in Article 2 of the Higher Education Act;
 6. Two persons who have abundant knowledge and experience relating to broadcasting or advertising.
- (3) Members of the Committee shall be commissioned by the Chairperson of the Korea Communications Commission with the consent of the Korea Communications Commission thereof.
- (4) The chairperson of the Committee shall be appointed by the Chairperson of the Korea Communications Commission from among members of the Committee.
- (5) The term of office for each member of the Committee shall be three years and may be renewed consecutively only once.

(6) The Committee shall deliberate on the following matters:

1. The master plan for the balanced development of broadcast advertising established under Article 18;
2. Evaluation of the outcomes of providing assistance to terrestrial broadcasting business entities for a local network, and small and medium terrestrial broadcasting business entities under Article 20;
3. Mediation of disputes over the distribution of broadcast advertising sales under Article 21;
4. Outcomes of projects for assistance for the balanced development of broadcast advertising;
5. Other matters necessary for the balanced development of broadcast advertising.

(7) Expenses incurred in the operation of the Committee may be subsidized from the Broadcasting and Communications Development Fund.

(8) Detailed matters necessary for the organization and operation of the Committee shall be prescribed by Presidential Decree.

Article 23-2 (Legal Fiction as Public Official in Application of Penalty Provisions) Any person other than a public official from among members of the Committee shall be deemed to be a public official in applying the provisions of Article 127 and Articles 129 through 132 of the Criminal Act.

[This Article Newly Inserted by Act No. 13930, Jan. 27, 2016]

CHAPTER IV KOREA BROADCAST ADVERTISING CORPORATION

Article 24 (Incorporation of the Korea Broadcast Advertising Corporation) There is hereby incorporated the Korea Broadcast Advertising Corporation (hereinafter referred to as the "Corporation") to promote the balanced development of advertising sales agencies and broadcast advertising, the vitalization of the broadcast advertising industry, and other similar matters.

Article 25 (Legal Personality) The Corporation shall be a legal entity.

Article 26 (Offices and Registration) (1) The location of the principal office of the Corporation shall be stipulated by its articles of incorporation.

(2) The Corporation may establish branches or offices at places necessary for performing its business affairs, subject to resolution by its board of directors.

(3) The Corporation shall be duly formed when it completes the registration for its incorporation with the registry office in the location of its principal office.

(4) Matters regarding registration for incorporation; registration for incorporation or relocation of a branch or office; registration of changes therein, pursuant to paragraphs (2) and (3), and other matters necessary for the registration of the Corporation shall be prescribed by Presidential Decree.

Article 27 (Capital and Shares) (1) The Corporation's capital shall be 300 billion won, which shall be fully invested by the Government.

(2) The timing for and method of paying the capital shall be determined by the Minister of Strategy and Finance.

(3) The Corporation's capital shall be divided into shares.

(4) Shares shall be registered, and the classes of shares and the value per share shall be stipulated by the Corporation's articles of incorporation.

Article 28 (Executive Officers) (1) The Corporation shall appoint 11 directors, including one president, and one auditor as its executives.

(2) Directors shall be classified as standing or non-standing directors, and the full number of standing directors shall be five persons, including the president.

(3) The president shall be appointed by the Chairperson of the Korea Communications Commission from among multiple candidates recommended by the Executives Recommendation Committee who undergo the examination and resolution by the Committee for Management of Public Institutions established under Article 8 of the Act on the Management of Public Institutions.

(4) Standing directors shall be appointed by the president.

(5) The auditor and non-standing directors shall be appointed by the Minister of Strategy and Finance.

Article 29 (Business) The Corporation shall conduct the following business affairs:

1. Selling broadcast advertising as an agency;
2. Projects for assistance for the balanced development of broadcast advertising, including assistance to terrestrial broadcasting business entities for a local network, and small and

medium terrestrial broadcasting business entities;

3. Projects related to the promotion of the broadcasting advertising industry, including the nurturing of the broadcast advertising production industry; the standardization of advertising; monitoring of the effects of advertising; the establishment and operation of infrastructure for distribution of advertising; surveys, research, and education related to advertising; and public service advertising;
4. Business affairs entrusted by the Korea Communications Commission in relation to surveys, verification, and calculation of audience ratings;
5. Other business affairs entrusted by the Korea Communications Commission for nurturing the broadcast advertising industry;
6. Business affairs incidental to projects and business affairs specified in subparagraphs 1 through 5.

Article 30 (Raising of Funds and Accounting) The Corporation shall raise funds necessary to perform its business affairs specified in Article 29 from the following financial sources:

1. Capital and reserves;
2. Profits generated from its projects and business affairs specified in Article 29;
3. Loans obtained from the Government or a financial institution;
4. Profits from the operation of its assets;
5. State subsidies or the Broadcasting and Communications Development Fund established under the Framework Act on Broadcasting Communications Development;
6. Other revenue.

Article 31 (Disposal of Profit or Loss) (1) The Corporation shall dispose of profits earned as a result of the settlement of accounts each fiscal year in the following order:

1. Compensation for losses carried forward;
2. Setting aside at least 1/10 of profits for the legal reserve until the reserve reaches to 1/2 of the capital;
3. Payment in the National Treasury;
4. Setting aside the profits for a reserve other than the legal reserve referred to in subparagraph 2.

(2) If necessary to achieve the Corporation's business objectives, it may make an investment in, or contribution to, projects related to the business affairs specified in Article

29.

Article 32 (Prohibition of Divulgence of Confidential Information) No current or former executive officer or employee of the Corporation shall divulge any confidential information acquired in the course of performing his or her duties.

Article 33 (Prohibition of Use of Similar Name) No person, other than the Corporation under this Act, shall use the name "Korea Broadcast Advertising Corporation" nor any similar name.

Article 34 (Supervision) (1) The Korea Communications Commission shall supervise the Corporation's business affairs.

(2) Except as otherwise provided in the Act on the Management of Public Institutions, the provisions of the Commercial Act prescribing stock companies shall apply to the Corporation: Provided, That Article 292 of the Commercial Act shall not apply to the Corporation.

CHAPTER V SUPPLEMENTARY PROVISIONS

Article 35 (Association of Broadcast Advertising Sales Agencies) (1) Advertising sales agencies and persons who operate a business related to advertising sales may establish an association of broadcast advertising sales agencies (hereafter referred to the "Association" in this Article) with authorization from the Korea Communications Commission, for the promotion of broadcast advertising sales agency business and the development of the advertising industry.

(2) The Association shall be a legal entity.

(3) Matters necessary for the business affairs of the Association, supervision over the Association, and so forth shall be prescribed by Presidential Decree.

(4) Except as otherwise provided in this Act, the provisions regarding incorporated associations in the Civil Act shall apply mutatis mutandis to the Association.

Article 36 (Submission of Data) If necessary for the Korea Communications Commission to perform its duties, it may request relevant data from advertising sales agencies and broadcasting business entities. In such cases, no advertising sales agency shall refuse to

submit data without good cause.

Article 37 (Order for Rectification) If an advertising sales agency falls under any of the following subparagraphs, the Korea Communications Commission may order the advertising sales agency to rectify its breach or violation within a given period:

1. If an advertising sales agency breaches a condition of the permission given under Article 6 (3);
2. If an advertising sales agency breaches its obligation to assist in combined sales of broadcast advertising under Article 20;
3. If an advertising sales agency violates this Act or an order issued under this Act.

Article 38 (Imposition and Collection of Penalty Surcharges) (1) If the Korea Communications Commission intends to suspend the business of an advertising sales agency because the advertising sales agency falls under any subparagraph of Article 11 (1) but the suspension of business is likely to be severely detrimental to a broadcasting business entity's business or is likely to harm public interests, the Korea Communications Commission may impose a penalty surcharge not exceeding 500 million won on the advertising sales agency instead of the suspension of business.

(2) If an advertising sales agency or broadcasting business entity violates Article 15 (1) or (2) or Article 20 (2), the Korea Communications Commission may impose a penalty surcharge not exceeding 500 million won on the advertising sales agency or broadcasting business entity.

(3) When the Korea Communications Commission intends to impose a penalty surcharge under paragraph (1) or (2), it shall take the following matters into consideration:

1. Details and the degree of each violation;
2. Duration and frequency of violations;
3. The amount of profits earned through any of the violations.

(4) Detailed guidelines for the imposition of penalty surcharges under paragraphs (1) and (2) shall be prescribed by Presidential Decree.

(5) If a person obligated to pay a penalty surcharge fails to pay the penalty surcharge by the payment deadline, the Korea Communications Commission shall give a reminder notice demanding payment of the said surcharge to the person within a given period and may collect it in the same manner as delinquent national taxes, if the person fails to pay it

within the given period.<Amended by Act No. 17347, Jun. 9, 2020>

Article 39 (Hearings) If the Korea Communications Commission intends to deny a renewed permission pursuant to Article 10 or revoke permission pursuant to Article 11, it shall hold a hearing.

CHAPTER VI PENALTY PROVISIONS

Article 40 (Penalty Provisions) Any of the following persons shall be punished by imprisonment with labor for not more than three years or by a fine not exceeding 50 million won:

1. A person who airs broadcast advertising, in violation of Article 5;
2. A person who operates an advertising sales agency business upon obtaining permission or renewed permission required under Article 6 or 10 by deception or other wrongful means;
3. A person who operates an advertising sales agency business without permission or renewed permission required under Article 6 or 10;
4. A person who breaches his or her obligation to assist in combined sales of broadcast advertising under Article 20 (2).

Article 41 (Penalty Provisions) Any of the following persons shall be punished by imprisonment with labor for not more than two years or by a fine not exceeding 30 million won:

1. A person who fails to obtain permission for change or approval in accordance with Article 8 (1) or (2);
2. A person who obtains permission for change or approval required under Article 8 (1) or (2) by deception or other wrongful means;
3. A person who does a prohibited act, in violation of Article 15 (1) or (2).

Article 42 (Penalty Provisions) Any of the following persons shall be punished by imprisonment with labor for not more than one year or by a fine not exceeding 20 million won:

1. A person who fails to comply with an order to rectify issued under Article 8 (4);

2. A person who fails to comply with an order to rectify issued under Article 13 (6);
3. A person who divulges confidential information, in violation of Article 32.

Article 43 (Joint Penalty Provisions) If the representative of a corporation, or an agent or employee of, or any other person employed by, a corporation or an individual commits a violation under Articles 40 through 42 in connection with the business affairs of the corporation or individual, not only shall such violator be punished, but also the corporation or individual shall be punished by a fine prescribed in each relevant provision: Provided, That the foregoing shall not apply where such corporation or individual has not been negligent in giving due attention and supervision concerning the relevant business affairs to prevent such violation.

Article 44 (Administrative Fines) (1) Any of the following persons shall be punished by an administrative fine not exceeding ten million won: [<Amended by Act No. 16821, Dec. 10, 2019>](#)

1. A person who fails to file a report required under Article 9;
2. A person who fails to file a report on terms and conditions or a change required under Article 14;
3. A person who refuses to submit data required under Article 15 (3) or 36, interferes with, or evades the submission of such data, or submits false data;
4. A person who fails to settle accounts or submit a business report, in violation of Article 17 (1), or a person who fails to keep account books or evidentiary data;
5. A person who violates an order to rectify issued under Article 37.

(2) Administrative fines under paragraph (1) shall be imposed and collected by the Korea Communications Commission as prescribed by Presidential Decree.