

March 28, 2025

Summary and Implications:

PROPOSED AMENDMENT TO THE ENFORCEMENT DECREE OF THE TELECOMMUNICATIONS BUSINESS ACT

- Enhanced User Notification in the Event of Service Outages for Value-Added Telecommunications Services like Naver and Kakao

I. BACKGROUND OF THE PROPOSED AMENDMENT

In today's digital world, where value-added telecommunications services—such as messaging, e-commerce, banking, and video streaming—play a pivotal role in our daily lives, service outages can lead to significant inconvenience and confusion for users. This has raised pressing concerns about the adequacy of current response measures and damage relief protocols during such outages.

Currently, the Telecommunications Business Act mandates user notification only for paid value-added services during service outages. This requirement, however, does not cover many essential free services that millions rely on daily. Furthermore, notifications are only required if an outage lasts more than four hours, which is insufficient to prevent potential user confusion or mitigate the impact on those affected.

In response to these challenges, the Cabinet approved a partial amendment to the Enforcement Decree of the Telecommunications Business Act on March 25 (the "**Amendment**").

II. SUMMARY

The Amendment is designed to enhance the notification obligations for major providers of value-added telecommunications services, ensuring that users are promptly informed of any service outages. Below is a summary of the proposed Amendment.

1. Expansion of Scope of Notification for Value-Added Telecommunications Services

1) Inclusion of All Users: From Users with Paid Subscriptions to All Users

The scope of the service outage notification now extends to all users, including those of free services, rather than just those with paid subscriptions. This is because the Amendment removes the exemption of service outage notifications for free services. Service providers are now required to promptly inform all users of outage in any value-added telecommunications services, including free services. The notification must be provided without delay and must include details such as the reason for the suspension, the current status of response measures, and contact information for consultations (Article 37-13(1)(4) of the Amendment).

However, the requirement to notify users about claiming damages remains unchanged. The Amendment mandates that service providers notify users with paid subscriptions of the criteria and procedures for claiming damages. This obligation is not extended to users with free services.

2) Revised Notification Threshold: From Outages for More Than 4 Hours to 2 Hours

The threshold for notifying users about service interruptions has been reduced from four hours to two hours. Previously, service outages lasting less than four hours could be exempt from notification if caused by unavoidable circumstances, such as high service demand or technical failures. The regulation has now been amended to require service providers to promptly notify users of any outages lasting more than two hours. This notification must include the reason for the suspension, the current status of response measures, and contact information for consultations (Article 37-13(1)(5) of the Amendment).

3) Maintained Criteria: At Revenue of KRW 10 Billion or 1 Million Users

The existing criteria for service outage notifications remain unchanged, requiring notification for services that generate revenue of at least KRW 10 billion or cater to a minimum of 1 million users.

2. Expansion of User Notification Methods

In the event that a value-added telecommunications service is suspended, the Amendment introduces additional electronic notification methods, including individual notifications through social networking services (SNS). This adds to the existing communication channels such as text messages, emails, and announcements on the company website (Article 37-13(3) of the Amendment).

III. IMPLICATION AND OUTLOOK

Since all value-added telecommunications service providers that have either an annual revenue of 10 billion Korean Won (or greater) for the previous year or a daily average user size of 1 million (or greater) for the last three months of the previous year will bear the notification obligation for a service outage that lasts for two hours or longer once the Amendment comes into effect, it is expected that protection of users for free-of-charge value-added telecommunications services that were until now outside the scope of the notification requirement will be further strengthened.

For the free services that are newly included in the notification requirements, it will be essential to develop practical solutions, such as establishing a new notification process. Additionally, for paid services that were already subject to notification, any service outages exceeding two hours will mandate immediate notification. Therefore, it is crucial for companies to proactively review their reporting lines and incident response systems to ensure compliance.

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