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# KFTC ISSUES GUIDELINES ON THE DESIGNATION OF DOMESTIC REPRESENTATIVES UNDER THE E-COMMERCE ACT

## I. BACKGROUND

In January 2026, Korea's Act on Consumer Protection in Electronic Commerce (the "**E-Commerce Act**") was amended to require overseas online sellers and intermediaries (collectively, "**Overseas E-Commerce Businesses**") that meet certain criteria to designate a representative in Korea. The requirement takes effect on January 21, 2027. Ahead of such date, the Korea Fair Trade Commission (the "**KFTC**") also issued the Guidelines on the Designation of Domestic Representatives under the E-Commerce Act (the "**Guidelines**") on November 18, 2026. The Guidelines clarify which Overseas E-Commerce Businesses are subject to the requirement and set out the standards for designating and maintaining such representatives.

The KFTC has pointed to consumer protection concerns in cross-border e-commerce as a key reason for introducing the new requirement. In particular, a KFTC survey found that overseas online shopping platforms took an average of 2.6 days to handle consumer complaints, compared to 1.8 days for Korean platforms. The survey also found that consumers were more than twice as likely to abandon complaints involving overseas platforms (29.2%) when compared to those involving Korean platforms (13.8%).[1] Developed in consultation with industry associations and major overseas platform operators, the Guidelines are not legally binding but are expected to serve as a reference point for the KFTC's interpretation and enforcement of the related rules.

## II. KEY PROVISIONS

### 1. Overseas E-Commerce Businesses Subject to the Designation Requirement

Certain Overseas E-Commerce Businesses are required to designate a representative in Korea if they meet the thresholds set out in Section 2 below. This requirement applies to overseas online sellers (i.e., businesses that sell goods or services online, including through their own websites or third-party e-commerce platforms) and online intermediaries that have no address or place of business in Korea but whose activities affect the Korean market. Each Overseas E-Commerce Business is responsible for determining whether it is subject to the requirement.

1 KFTC, Survey on Compliance with Consumer Protection Obligations by Korean and Overseas Platform Operators (November 2024).

While a branch office in Korea may be considered a place of business of an Overseas E-Commerce Business, a separately incorporated Korean entity, such as a subsidiary, would not be considered a "place of business." Therefore, having a Korean subsidiary, by itself, is insufficient to exempt an Overseas E-Commerce Business from the designation requirement.

The Guidelines provide further clarification on the scope of the designation requirement, particularly with respect to the following:

**(1) Activities Affecting the Korean Market**

The wording of the E-Commerce Act and its Enforcement Decree raises a question as to whether an Overseas E-Commerce Business with substantial global revenue must designate a representative in Korea even if it does not actively target Korean consumers. For example, Korean consumers may access the business's website or mobile app and make purchases incidentally, without the business engaging in any Korea-directed activities.

The Guidelines clarify that the designation requirement applies to Overseas E-Commerce Businesses whose activities affect the Korean market. In determining whether an Overseas E-Commerce Business meets this condition, the KFTC will consider the following factors collectively:

**[Relevant Factors]**

(1) Offering services in Korean or accepting payments in Korean Won;

(2) Conducting marketing or other commercial activities in Korea, including soliciting transactions through advertising;

(3) Providing goods or services to customers in Korea, including delivery to Korean addresses; and

(4) The need to protect Korean consumers, particularly in light of actual or potential consumer harm.

**(2) Sales Through Korean Entities**

Even where a Korean entity that is established by or subject to the controlling influence of an Overseas E-Commerce Business (a "**Korean Entity**") enters into contracts with Korean consumers, the Overseas E-Commerce Business may still fall within the scope of the designation requirement as an online seller or intermediary if it retains control over the goods or services through ownership or intellectual property rights (such as trademarks, copyrights, or patents), while the Korean Entity merely handles their distribution or sale or provides them under a license.

The fact that the Korean Entity itself qualifies as an online seller or intermediary does not preclude the Overseas E-Commerce Business from also falling within the scope of the designation requirement.

### (3) Exception for Independently Operated Korean Entities

The Guidelines identify the following factors for determining whether a Korean Entity operates as a genuinely independent business:

**[Relevant Factors]**

(1) The Overseas E-Commerce Business not being a party to contracts with Korean consumers;

(2) The Korean Entity providing goods or services on its own account and at its own risk;

(3) The Korean Entity independently determining its terms and conditions, refund policies, and pricing;

(4) The Korean Entity independently retaining and disposing of its profits, without control by the Overseas E-Commerce Business; and

(5) The Korean Entity independently managing its personnel, organizational structure, and key business decisions.

The Guidelines recommend that Overseas E-Commerce Businesses seeking to rely on this exception submit supporting evidence to the KFTC and obtain its determination in advance.

## 2. Thresholds for the Designation Requirement

An Overseas E-Commerce Business is required to designate a representative in Korea if it meets any one of the following criteria. For businesses operating on a calendar-year basis, the designation requirement taking effect on January 21, 2027 will be determined based on their 2026 figures.

| CRITERION | THRESHOLD AND ASSESSMENT METHOD |
|---|---|
| **Revenue** | • Global revenue of KRW 1 trillion (approximately USD 750 million) or more in the preceding fiscal year.<br>• Revenue is calculated on a consolidated basis, including subsidiaries and eliminating intercompany transactions, with foreign currency amounts converted using the average exchange rate for the preceding fiscal year. |
| **Korean Users** | • An average of at least 1 million monthly active users ("**MAU**") in Korea during the final three months of the preceding fiscal year.<br>• MAU is calculated based on the number of distinct users who actively engage with the service, such as by logging in or making payments. |
| **Consumer Harm** | • The KFTC has ordered the business to submit reports or information due to significant actual or potential consumer harm resulting from a violation of the E-Commerce Act.<br>• A representative must generally be designated within 14 days of receiving notice from the KFTC. |

## 3. Designation Procedures and Operational Requirements

### (1) Designation and Disclosure

If an Overseas E-Commerce Business has established a Korean Entity or exercises controlling influence over one or more Korean Entities, it must designate one of those entities as its representative in Korea. Controlling influence is assessed by reference to Article 4(1)(2) of the Enforcement Decree of the Monopoly Regulation and Fair Trade Act.[2] If no such Korean Entity exists, the Overseas E-Commerce Business may appoint a customer service center, a professional service provider, or a law firm as its representative.

Following the designation or any subsequent change, the Overseas E-Commerce Business must promptly submit a designation confirmation form to the KFTC and disclose information about its representative in Korean on the homepage of its e-commerce website.

### (2) Operational Requirements

The Guidelines establish operational standards intended to ensure that designated representatives serve as effective points of contact, rather than merely fulfilling a formal requirement.

| REQUIREMENT | KEY DETAILS |
|---|---|
| **Contact Channels** | • Consumers must be able to contact the representative directly by both telephone and email, without having to complete any additional procedures. Automated response systems (ARS) and AI chatbots may be used as supplementary channels. |
| **Telephone Support** | • Korean-speaking staff must be available to respond directly to calls during business hours in Korea (9:00 a.m. to 6:00 p.m.).<br>• Reliance solely on automated response systems, voicemail, or referrals to email support is insufficient. |
| **Email Support** | • Responses must be provided in Korean and include specific information on the status and outcome of the inquiry. Generic responses that merely direct consumers to a website or link are generally insufficient. |
| **Communication with the Overseas E-Commerce Business** | • The representative should maintain effective communication channels with the Overseas E-Commerce Business that enable it to obtain appropriate responses within three business days for general consumer inquiries and within 24 hours for urgent consumer harm matters or KFTC requests for information. |

2 Indicators of controlling influence include the authority to appoint or dismiss the CEO or appoint at least 50% of the directors, influence over major business decisions (such as organizational restructuring or investments in new businesses), personnel exchanges through interlocking directorates or other arrangements, and transactions beyond the ordinary course of business.

## 4. Key Considerations for Overseas Platforms and Sellers

### (1) Representatives of Online Platforms (Intermediaries)

Representatives of online platforms must have sufficient staff and resources to handle consumer complaints and disputes. They must also publish their complaint resolution criteria on the platform, provide consumers with a status update within three business days, and notify them of the outcome within ten business days.

An Overseas E-Commerce Business may be held liable for a violation of the E-Commerce Act if its representative allows staffing or resource deficiencies to persist for an extended period, resulting in consumer harm.

### (2) Designation Requirements for Overseas Sellers on Online Platforms

Overseas sellers that meet the applicable thresholds must designate their own representatives in Korea, regardless of the platform's responsibility for handling consumer disputes. An exception may apply, however, if the seller and the platform have a separate agreement in place.

Sellers may disclose their representatives' contact information on their seller profile or product information pages within the platform.

## 5. Grace Period and Enforcement

The KFTC will observe a three-month grace period following the effective date of the new requirement. The designation requirement will take effect as scheduled, but the KFTC intends to defer proactive enforcement measures, including *ex officio* investigations, during the grace period. Overseas E-Commerce Businesses subject to the requirement must still designate their representatives, submit the required documentation to the KFTC, and publish the relevant information on their websites by January 21, 2027.

Under Article 20-5(4) of the E-Commerce Act, violations by a designated representative in the performance of its statutory duties are attributed to the Overseas E-Commerce Business that designated it. The key violations and corresponding penalties under the E-Commerce Act are summarized below.

| VIOLATION | PENALTIES |
|---|---|
| **Failure to designate a representative, designate an eligible Korean entity, or submit or disclose required information** | Corrective order and administrative fine of up to KRW 20 million (approximately USD 15,000) |
| **Failure to maintain effective communication channels** | Corrective order |
| **Failure to submit information requested to determine whether the designation thresholds are met** | Administrative fine of up to KRW 20 million |

| VIOLATION | PENALTIES |
|---|---|
| **Failure by a representative to fulfill consumer complaint and dispute resolution obligations** | Corrective order; additional administrative fine of up to KRW 20 million for representatives of online intermediaries |
| **Prolonged failure to address inadequate staffing or facilities for handling consumer complaints and disputes** | Corrective order and administrative fine of up to KRW 20 million |
| **Failure to cooperate with KFTC orders to submit information or other requests** | Administrative fine of up to KRW 30 million (approximately USD 22,300) |

## III. IMPLICATIONS

While the Guidelines provide greater clarity on the scope of the representative designation requirement, whether a particular Overseas E-Commerce Business is subject to the requirement will depend on its specific circumstances.

Overseas E-Commerce Businesses should ensure that their representatives can provide direct assistance in Korean, respond substantively to email inquiries, and obtain timely responses from the Overseas E-Commerce Business within the applicable three-business-day or 24-hour timeframe. Overseas platforms should also review their contractual arrangements with third-party sellers to address the sellers' separate designation obligations.

Ahead of the January 21, 2027 effective date, Overseas E-Commerce Businesses should prioritize the following compliance measures:

| COMPLIANCE AREA | KEY ACTION ITEMS |
|---|---|
| **Applicability** | Estimate global consolidated revenue for FY2026 and MAU in Korea for the final three months of FY2026. |
| **Korean Entity Structure** | Assess whether the Korean entity merely acts as a sales or licensing intermediary or operates as a genuinely independent business. |
| **Customer Support and Communication** | Arrange for Korean-speaking staff to be available from 9:00 a.m. to 6:00 p.m.; review the scope of outsourced customer support services and disclosure arrangements; and establish procedures for obtaining timely responses from the Overseas E-Commerce Business. |
| **Third-Party Sellers** | Inform overseas sellers on the platform of their designation obligations; review any separate agreements with sellers and how representative information will be displayed on seller information pages. |
| **Filing and Disclosure** | Submit the Confirmation of Designation of Domestic Representative to the KFTC and disclose the required information in Korean on the homepage of the e-commerce website. |

BKL has extensive experience serving as representatives in Korea for overseas businesses under various Korean laws and can also serve in this capacity under the E-Commerce Act. Our team advises clients on determining whether they are subject to the designation requirement, assessing Korean corporate structures, seeking advance determinations from the KFTC, and establishing effective operational arrangements for representatives in Korea.

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If you have any questions about this newsletter, please contact any of the professionals listed below.

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