

ACT ON THE REGULATION OF TERMS AND CONDITIONS

Act No. 3922, Dec. 31, 1986

Amended by Act No. 4515, Dec. 8, 1992

Act No. 5491, Dec. 31, 1997

Act No. 6459, Mar. 28, 2001

Act No. 7108, Jan. 20, 2004

Act No. 7491, Mar. 31, 2005

Act No. 7988, Sep. 27, 2006

Act No. 8632, Aug. 3, 2007

Act No. 8863, Feb. 29, 2008

Act No. 10169, Mar. 22, 2010

Act No. 10303, May 17, 2010

Act No. 10474, Mar. 29, 2011

Act No. 11325, Feb. 17, 2012

Act No. 11840, May 28, 2013

Act No. 14141, Mar. 29, 2016

Article 1 (Purpose)

The purpose of this Act is to establish sound order in business transactions, and thus to protect consumers and promote the balanced improvement of people's lives by preventing business persons from preparing unfair terms and conditions and using them in business transactions by taking unfair advantage of their bargaining position and regulating unfair terms and conditions.

Article 2 (Definitions)

The terms used in this Act shall be defined as follows:

1. The term "terms and conditions" means the content of a contract that a party to a contract prepares in a specific form in advance in order to enter into a contract with multiple other parties, regardless of their name, type, or scope;
2. The term "business person" means a party to a contract who offers terms and conditions to the other party as the content of the contract;
3. The term "customer" means a party to a contract who has been offered terms and conditions from a business person as the content of the contract.

Article 3 (Obligation, etc. to Prepare and Explain Terms and Conditions)

(1) A business person shall provide terms and conditions of a contract in Korean and use standardized and systemized terms so that customers can easily understand the details of the terms and conditions, and explicitly indicate important details thereof with signs, color, bold and large letters, etc. so that customers can easily recognize them. *<Amended by Act No. 10474, Mar. 29, 2011>*

(2) When entering into a contract, a business person shall clearly state to his/her customers the details of the relevant terms and conditions in a way that is generally expected for the type of contract in question and shall, upon the request of the customer, deliver a copy of the terms and conditions to the customer to help the customer understand them: Provided, That this shall not apply to terms and conditions of business or service that falls under any of the following categories: *<Amended by Act No. 10474, Mar. 29, 2011>*

1. Passenger transportation business;
2. Electric utility business, gas business, and waterworks business;
3. Postal service;
4. Telecommunications business that provides public telephone service.

(3) A business person shall explain important details provided in the terms and conditions of a contract so that customers can understand them: Provided, That this shall not apply where it is considerably difficult to explain them due to the nature of the contract.

(4) If a business person enters into a contract, in violation of paragraphs (2) and (3), he/she may not claim that the relevant terms and conditions constitute the content of the contract.

Article 4 (Precedence of Individual Agreement)

If a business person and a customer agree on a matter in a manner that is different from the manner stipulated in the terms and conditions, the agreement shall prevail over such terms and conditions.

Article 5 (Interpretation of Terms and Conditions)

(1) Term and conditions shall be construed impartially in accordance with the principle of trust and good faith, and shall not be construed differently depending on customers.

(2) If the meaning of terms and conditions is not clear, it shall be construed in favor of customers.

Article 6 (General Principles)

(1) Any clause in terms and conditions which is not fair in contrary to the principle of trust and good faith shall be null and void.

(2) Any of the following clauses in terms and conditions shall be presumed to be unfair:

1. A clause which is unreasonably unfavorable to customers;
2. A clause which customers would have difficulty anticipating in light of various circumstances, including the type of transaction the contract represents;
3. A clause which is so restrictive of essential rights under a contract that the purpose of the contract may not be achieved.

Article 7 (Prohibition of Exemption Clause)

A clause in terms and conditions concerning the liability of contracting parties that falls under any of the following subparagraphs shall be null and void:

1. A clause which exempts a business person from liability for intentional or gross negligence on the part of the business person, his/her agents, or his/her employees;
2. A clause which limits, without a substantial reason, the extent of indemnification payable by a business person, or which passes a risk to be borne by a business person to a customer;
3. A clause which, without a substantial reason, excludes or limits the warranty liability of a business person, or tightens requirements of customers to exercise the rights under the warranty thereof;
4. A clause which excludes or limits the warranty for the subject-matter of a contract for which a business person has provided a sample, or has indicated the quality, performance, etc. without considerable reasons.

Article 8 (Predetermination of Amount of Indemnification)

Any clause in terms and conditions which obligates customers to pay unreasonably heavy loss, including but not limited to, excessive liquidated loss for delay, shall be null and void.

Article 9 (Cancellation or Termination of Contract)

A clause in terms and conditions concerning the cancellation or termination of a contract which falls under any of the following subparagraphs shall be null and void:

1. A clause which excludes the right of customers to cancel or terminate the contract under Acts, or limits the exercise of such right;
2. A clause which grants a business person the right to cancel or terminate the contract which is not provided for by Acts, therefore might put customers at an unreasonable disadvantage;
3. A clause which mitigates a business person's requirements to exercise the right to cancel or terminate the contract under Acts, therefore might put customers at an unreasonable disadvantage;
4. A clause which, without a substantial reason, obligates customers to pay excessive restitution due to cancellation or termination of a contract, or which unreasonably provides for customers to waive their claim to restitution;
5. A clause which unreasonably reduces the restitution obligation of a business person or his/her duty to pay indemnity in the event of cancelling or terminating a contract;
6. A clause in a contract providing for a continuous creditor-debtor relationship which might put customers at an unreasonable disadvantage by providing for a duration that is unreasonably short or long or by allowing implied extensions or renewals of the contract.

Article 10 (Performance of Obligations)

A clause in terms and conditions concerning the performance of obligations which falls under any of the following subparagraphs shall be null and void:

1. A clause which, without a substantial reason, gives a business person power to unilaterally determine or change the details of performance;

2. A clause which, without a substantial reason, allows a business person to unilaterally suspend performance of his/her obligations or imputes performance of his/her obligation to a third party.

Article 11 (Protecting Rights and Interests of Customers)

A clause in terms and conditions concerning the rights and interests of customers which falls under any of the following subparagraphs shall be null and void:

1. A clause which, without a substantial reason, excludes or limits a customer's rights of defense, offset of damages, etc., which are provided for by Acts;
2. A clause which, without a substantial reason, deprives customers of the right to perform their obligations during a given time;
3. A clause which unreasonably limits a customer's right to enter into contracts with a third party;
4. A clause which, without any justifiable reason, allows a business person to divulge confidential information of customers he/she has obtained in the course of his/her business.

Article 12 (Deemed Expression of Intent)

A clause in terms and conditions concerning an expression of intent which falls under any of the following subparagraphs shall be null and void:

1. A clause which provides that once a certain act of feausance or omission has occurred, customers shall be deemed to have expressed or to not have expressed a certain intent: Provided, That this shall not apply where customers are separately notified that if they fail to express their intent within a given period, which is a considerable length of time, the customers shall be deemed to have expressed or not have expressed their intent, or where it is impossible to issue such notice due to unavoidable circumstances;
2. A clause which imposes unreasonably strict restrictions on the requirements for or the way in which customers may express their intent;
3. A clause which provides, without a substantial reason, that the intent of a business person, which may materially affect the interest of customers, is deemed to have been communicated to customers;
4. A clause which provides for an unreasonably long or indefinite term during which a business person may express his/her intent which may materially affect the interests of customers.

Article 13 (Additional Obligations of Agents)

If a contract is entered into by the agent of a customer and the customer fails to perform his/her obligations, any clause in terms and conditions of the contract which imposes on the agent an obligation to carry out the customer's obligations in whole or in part shall be null and void.

Article 14 (Prohibition, etc. of Filing Lawsuits)

A clause in terms and conditions concerning filing, etc. of lawsuits which falls under any of the following subparagraphs shall be null and void:

1. A clause which prohibits customers from filing a lawsuit unreasonable disadvantageous to them or requires customers to agree to jurisdiction;

2. A clause in terms and conditions which imposes the burden of proof on customers without any justifiable reason.

Article 15 (Limitations on Application)

With regard to terms and conditions which are commonly used internationally or to which other special reasons apply as prescribed by Presidential Decree, the application of Articles 7 through 14 may be limited depending on the clauses in the terms and conditions or the category of business or service.

Article 16 (Special Principle of Partial Nullity)

Where the whole or any part of terms or conditions fails to constitute the content of a contract under Article 3 (4) or is null and void under Articles 6 through 14, the contract shall remain effective with only the remaining portion of the terms and conditions: Provided, That where it is impossible to achieve the objective of the contract with only the effective parts or such effective parts are unreasonably unfavorable to one party, the relevant contract shall be null and void.

Article 17 (Prohibition on Use of Unfair Clauses in Terms and Conditions)

No business person shall include in a contract any of the unfair clauses referred to in Articles 6 through 14 (hereinafter referred to as "unfair terms and conditions").

Article 17-2 (Corrective Measures)

(1) Where a business person violates Article 17, the Fair Trade Commission may recommend the business person to take measures necessary to correct the violation, including a deletion, revision, etc. of the relevant unfair terms and conditions.

(2) If a business person violating Article 17 falls under any of the following subparagraphs, the Fair Trade Commission may order him/her to publicly notify the fact of receiving an order to delete, revise, or correct the relevant unfair terms and conditions, and take other measures necessary to correct the terms and conditions: *<Amended by Act No. 11840, May 28, 2013>*

1. Where he/she is a market-dominating business person under subparagraph 7 of Article 2 of the Monopoly Regulation and Fair Trade Act;
2. Where he/she enters into a contract by taking unfair advantage of his/her bargaining position;
3. Where the customer has difficulties in amending the terms and conditions of a contract to provide goods or services to the general public due to the urgency and swiftness of entering into such contract;
4. Where it is practically compulsory to include the terms and conditions in a contract because the business person is in a significantly predominating positions as a party to the contract, or the customer has a limited scope to choose other business persons;
5. Where it is impossible to cancel, rescind or terminate a contract in view of the nature or purpose of the contract, or where significant property loss occurs to the customer if the contract is cancelled, rescinded, or terminated;
6. Where loss is incurred or is very likely to be incurred to several customers because the business person fails to comply with the recommendation under paragraph (1) without any justifiable grounds.

(3) When rendering a recommendation or an order to correct violations under paragraphs (1) and (2), the Fair Trade Commission may, if necessary, also recommend other business persons engaging in the same kind of business as the relevant business person to not use the same unfair terms and conditions.

Article 18 (Government-Authorized Terms and Conditions, etc.)

(1) If the Fair Trade Commission deems that terms and conditions prepared by an administrative agency or authorized by an administrative agency pursuant to other Acts fall under any provisions of Articles 6 through 14, the Fair Trade Commission may inform the relevant administrative agency of such fact and request it to take measures necessary to correct the violation.

(2) If the Fair Trade Commission deems that the terms and conditions of a bank under the Banking Act fall under any provisions of Articles 6 through 14, the Fair Trade Commission may inform the Financial Supervisory Service established under the Act on the Establishment, etc. of Financial Services Commission of such fact and recommend that it take measures necessary to correct the violation.

<Amended by Act No. 10303, May 17, 2010>

(3) Where a request for correction is filed with the administrative agency pursuant to paragraph (1), the Fair Trade Commission shall not make any recommendation or order for correction pursuant to Article 17-2 (1) and (2).

Article 19 (Request for Examination of Terms and Conditions)

(1) A person falling under the following subparagraphs may request for examination as to whether any terms and conditions of a contract violate this Act to the Fair Trade Commission:

1. A person who has legal interests in relation to the terms and conditions of a contract;
2. A consumer organization registered under Article 29 of the Framework Act on Consumers;
3. The Korea Consumer Agency established under Article 33 of the Framework Act on Consumers;
4. A business person organization.

(2) A request for examination under paragraph (1) shall be submitted to the Fair Trade Commission either in writing or in an electronic document.

Article 19-2 (Change of Subject-Matter of Examination due to Modification of Terms and Conditions)

The Fair Trade Commission may change the subject-matter of examination ex officio or upon request of a person requesting for examination when any clause of the terms and conditions subject to examination are modified.

Article 19-3 (Standard Terms and Conditions)

(1) Business persons or trade organizations may develop a proposal for the enactment or amendment of standard contract terms and conditions for specific business transactions in order to prevent the use of unfair contract terms and conditions and to establish sound order in business transactions, and file an application with the Fair Trade Commission for review as to whether the content of the terms and conditions violates this Act. *<Amended by Act No. 14141, Mar. 29, 2016>*

(2) Any consumers' organization registered pursuant to Article 29 of the Framework Act on Consumers or the Korea Consumer Agency established pursuant to Article 33 of the same Act (hereinafter referred to as

"consumers' organizations, etc.") may request the Fair Trade Commission to enact or amend standard terms and conditions of contracts for transactions in which consumers frequently incur loss. *<Amended by Act No. 14141, Mar. 29, 2016>*

(3) The Fair Trade Commission may recommend a business person or trade organization to formulate a proposal for the enactment or amendment of standard terms and conditions of contracts and to apply for the review thereof in any of the following cases: *<Amended by Act No. 14141, Mar. 29, 2016>*

1. Where consumers' organizations, etc. request;
2. Where no contract is found to exist or unfair terms and conditions of any contract are found after investigating the circumstances of any loss when the loss is incurred, or is likely to be incurred, to a large number of customers in connection with certain types of business transactions;
3. Where it is required to adjust terms and conditions due to the enactment, amendment, repeal, etc. of Acts.

(4) Where any business person or trade organizations fail to take necessary measures within four months from the date they receive a recommendation under paragraph (3), the Fair Trade Commission may enact or amend standard terms and conditions of a contract, after hearing opinions of each party to the transaction in question and consumer organizations, etc. and holding consultations with relevant ministries and agencies. *<Amended by Act No. 14141, Mar. 29, 2016>*

(5) The Fair Trade Commission may publish terms and conditions examined or enacted or amended pursuant to paragraph (1) or (4) (hereinafter referred to as "standard terms and conditions") and recommend business persons and trade organizations to use them. *<Amended by Act No. 14141, Mar. 29, 2016>*

(6) Business persons and trade organizations recommended by the Fair Trade Commission to use standard terms and conditions shall, if they use terms and conditions different from the standard ones, indicate the major differences in a manner that customers can readily understand.

(7) The Fair Trade Commission may prescribe an indication of standard terms and conditions in order to increase the use of standard terms and conditions, and business persons and trade organizations may, if they use standard terms and conditions, use the indication of standard terms and conditions, as published by the Fair Trade Commission.

(8) Where any business person or trade organizations use any term or condition different from standard terms and conditions, the business person or trade organizations shall be prohibited from indicating it uses standard terms and conditions.

(9) Where any business person and trade organizations use the indication of standard terms and conditions, in violation of paragraph (8), terms and conditions of a contract that are more disadvantageous to customers than the standard terms and conditions shall be made invalid.

Article 20 (Investigation)

(1) The Fair Trade Commission may conduct an investigation to verify whether terms and conditions violate this Act in any of the following cases:

1. Where the investigation is deemed necessary for the purposes of rendering a recommendation or order for correction under Article 17-2 (1) or (2);
 2. Where a request is filed for examination of terms and conditions in accordance with Article 19.
- (2) The public officials conducting an investigation under paragraph (1) shall carry a certificate identifying his/her authority and produce it to the relevant person.

Article 21 Deleted. *<by Act No. 10169, Mar. 22, 2010>*

Article 22 (Statement of Opinions)

- (1) Before deliberating on whether the terms and conditions of a contract are in violation of this Act, the Fair Trade Commission shall notify the pertinent business person or interested persons who have engaged in a transaction under the terms and conditions of the fact that the terms and conditions are subject to its examination.
- (2) The party or interested person who has received notice under paragraph (1) may attend the hearing of the Fair Trade Commission and state his/her opinion or submit necessary materials.
- (3) If terms and conditions subject to examination have been authorized or is to be authorized by an administrative agency under other Acts, the Fair Trade Commission may request that the pertinent administrative agency state its opinion before commencing deliberation.

Article 23 (Disclosure of Unfair Terms and Conditions)

The Fair Trade Commission shall disclose via its Internet website a list of the terms and conditions of contracts it has deliberated and determined to be in violation of this Act. *<Amended by Act No. 10474, Mar. 29, 2011>*

Article 24 (Establishment and Composition of Mediation Committee to Resolve Disputes on Terms and Conditions)

- (1) In order to mediate the disputes related to terms and conditions which violate Article 17 or the terms and conditions prescribed by Presidential Decree the type of which is similar thereto, the Mediation Committee to Resolve Disputes on Terms and Conditions (hereinafter referred to as the "Committee") shall be established under the Korea Fair Trade Mediation Agency (hereinafter referred to as the "Mediation Agency") established under Article 48-2 (1) of the Monopoly Regulation and Fair Trade Act.
- (2) The Committee shall be comprised of nine members including one Chairperson.
- (3) The Chairperson of the Committee shall be commissioned by the Chairperson of the Fair Trade Commission upon recommendation by the President of the Mediation Agency.
- (4) When the Chairperson of the Committee is unable to perform any of his/her duties due to any extenuating circumstances, a member of the Committee nominated by the Chairperson of the Committee shall act on his/her behalf.
- (5) Members of the Committee shall be commissioned by the Chairperson of the Fair Trade Commission upon recommendation by the President of the Mediation Agency, from among the persons who have experience or professional knowledge in the fields of regulation on terms and conditions and consumers and who fall under any of the following subparagraphs:

1. Any person who has experience in the affairs of fair trade and consumer protection and has served or serves as a public official of Grade IV or higher (including a public official in general service belonging to the senior civil service);
 2. Any person who has served or serves as a judge, public prosecutor or who is qualified as an attorney-at-law;
 3. Any person who has majored in law, economics, business administration, or studies in the consumer-related fields at a university or college, and has served as an associate professor or in higher rank or a position corresponding thereto at a school or authorized research institute provided for in subparagraph 1, 2, 4 or 5 of Article 2 of the Higher Education Act;
 4. Any other person with extensive knowledge on and experience in the affairs related to corporate management and rights and interests of consumers.
- (6) The term of office of the Committee members shall be three years, and the consecutive appointment may be permitted.
- (7) When any membership vacancy arises in the Committee, a supplementary member shall be commissioned pursuant to paragraph (5), and the term of office of such supplementary member shall be the remainder of his/her predecessor's term of office.
- (8) A separate organ for assisting such affairs as meetings, etc. of the Committee shall be established in the Mediation Agency.

Article 25 (Committee Meetings)

- (1) Committee meetings shall be classified as a meeting organized by all members (hereinafter referred to as "plenary meeting") and a meeting organized by three members nominated by the Chairperson (hereinafter referred to as "sectional meeting").
- (2) A sectional meeting shall deliberate and make resolutions on the matters delegated by a plenary meeting.
- (3) A plenary meeting shall be chaired by the Chairperson, and opened in the attendance of a majority of all the incumbent members, and a resolution thereby shall require the consent of a majority of those present.
- (4) A sectional meeting shall be chaired by a member nominated by the Chairperson, and a resolution thereof shall require the attendance and consent of all its constituent members. In such cases, a resolution adopted by a sectional meeting shall be deemed a resolution adopted in a plenary meeting, and the result of the sectional meeting shall be reported to a plenary meeting.
- (5) Any customer (excluding a customer defined in subparagraph 1 of Article 2 of the Framework Act on Consumers; hereafter the same shall apply in this Chapter) and business person who are the parties to a dispute subject to mediation (hereinafter referred to as "parties to the dispute") may attend meetings of the committee to state their opinions or present related materials.

Article 26 (Exclusion, Challenge and Abstention of Committee Members)

(1) Any member of the Committee who falls under any of the following shall be excluded from the mediation of the relevant matters for dispute mediation:

1. Where a Committee member or a spouse or former spouse of a Committee member becomes a party to the dispute subject to mediation of the relevant matters for dispute mediation or is related thereto as a joint holder of any right or liability;
2. Where a Committee member is or was in a blood relationship with a party to the dispute subject to mediation of the relevant matters for mediation;
3. Where a Committee member or a corporation to which a Committee member belongs performs any consultative or advisory role relating to the legal matters, business administration, etc. of a party to the dispute;
4. Where a Committee member or a corporation to which a Committee member belongs involves or has involved in the relevant matters for dispute mediation as a proxy of a party to the dispute or has given testimony thereto or conducted appraisal thereof.

(2) If any ground exists for which it would be difficult to expect impartial mediation by a member of Committee, a party to the dispute may file a request with the Committee for the challenge to the relevant member of the Committee.

(3) Any member of the Committee falling under paragraph (1) or (2) may voluntarily abstain from mediating the relevant matters for dispute mediation.

Article 27 (Application, etc. for Dispute Mediation)

(1) Any customer who suffers loss due to the terms and conditions which are in violation of Article 17 or the terms and conditions prescribed by Presidential Decree the type of which is similar thereto may file an application for dispute mediation with the Committee by submitting a written application stating the matters prescribed by Presidential Decree (hereinafter referred to as "application for dispute mediation"): Provided, That this shall not apply to any of the following cases:

1. Where an investigation is being conducted by the Fair Trade Commission before an application is filed for dispute mediation;
2. Where the contents of the application for the dispute mediation require an interpretation of the terms and conditions or the implementation thereof;
3. Where the affirmative judgement on the terms of conditions is required;
4. Where a lawsuit concerning the relevant matters for dispute mediation is filed with the court;
5. Other cases prescribed by Presidential Decree as inappropriate for dispute mediation.

(2) The Fair Trade Commission may commission the Committee to mediate disputes provided for in paragraph (1).

(3) Where an application for dispute mediation is received pursuant to paragraph (1) or dispute mediation is commissioned pursuant to paragraph (2), the Committee shall immediately notify the parties to the dispute of such fact.

Article 27-2 (Mediation, etc.)

- (1) The Committee may recommend the parties to the dispute to mediate in propria persona or may prepare and present a proposal for mediation.
- (2) Where necessary in confirming the facts related to the relevant matters for dispute mediation, the Committee may conduct an investigation or request the parties to the dispute to submit related materials or to attend at a meeting.
- (3) The Committee shall reject an application for the mediation filed in any of the cases falling under subparagraphs of Article 27 (1).
- (4) The Committee shall terminate the mediation process in any of the following cases:
 1. Where the mediation is completed by acceptance of the recommendation or the proposal for mediation of the Committee by the parties to the dispute or by mediation in propria persona;
 2. Where the mediation is not completed by after the lapse of 60 days (90 days if both parties to the dispute agree to extend the period) from the date such mediation is applied for or commissioned;
 3. Where no practical benefit can be expected by proceeding with the mediation process in such cases as a party to the dispute rejects the mediation or files a lawsuit with the court relating to the relevant matters for dispute mediation, etc.
- (5) Where the application for mediation is rejected pursuant to paragraph (3) or mediation process is terminated pursuant to paragraph (4), the Committee shall report in writing the reasons, etc. for the rejecting the application for mediation or for the terminating the mediation process to the Fair Trade Commission, as prescribed by Presidential Decree, without delay, appending the related documents, and notify the parties to the dispute of such fact.

Article 28 (Preparation and Effect of Protocol for Mediation)

- (1) Upon completing mediation of the matters for dispute mediation, the Committee shall prepare a protocol for mediation to which the members participated in the mediation and parties to the dispute wrote their names and affixed their seals. In such cases, an agreement shall be deemed reached between the parties to the dispute on the same terms with the protocol for mediation.
- (2) Where the parties to the dispute mediate in propria persona the matters for dispute mediation and request for preparing a protocol for mediation, the Committee shall prepare such protocol for mediation.

Article 28-2 (Special Cases concerning Dispute Mediation)

- (1) Notwithstanding Article 27 (1), with respect to a case prescribed by Presidential Decree as likely to inflict on many customers the same loss with the matters the mediation of which has been completed pursuant to Article 28 or any loss similar thereto, the Fair Trade Commission, any customer or business person may commission or apply for a mediation en bloc of dispute (hereinafter referred to as "collective dispute mediation") to the Committee,
- (2) Upon commissioning with a collective dispute mediation or receiving an application therefor under paragraph (1), the Committee may commence collective dispute mediation pursuant to paragraphs (3) through (7) by a resolution by the Committee. In such cases, the Committee shall announce, as prescribed

by Presidential Decree, the matters necessary for collective dispute management among the matters the dispute mediation of which has been completed, and publicly notify the commencement of the process for the period fixed by Presidential Decree.

(3) The Committee may receive applications from customers who are not a party to a collective dispute mediation for them to be adjoined in such dispute mediation.

(4) The Committee may appoint by resolution at least one person who are best fitted for representing the common interests as representative party from among the parties to the collective dispute mediation provided for in paragraphs (1) and (3).

(5) Where a business person accepts the contents of collective dispute mediation of the Committee, the Committee may recommend him/her to prepare a compensation plan for customers who are not a party to the collective dispute mediation, but to whom loss has incurred, and submit it to the Committee.

(6) Where some of the customers who are the party to collective dispute mediation file a lawsuit with the court, the Committee shall not discontinue its process, but the customers who filed the lawsuit shall be excluded therefrom.

(7) The period for collective dispute mediation shall be reckoned from the day following the date the public notification under paragraph (2) is terminated.

(8) Necessary matters concerning the procedure, etc. of collective dispute mediation shall be prescribed by Presidential Decree.

(9) The Mediation Agency shall conduct research necessary for invigoration of collective dispute mediation, such as searching for the subject-matter of collective dispute mediation and case studies into remedy for loss through mediation, and announce the outcome of the research on its Internet website.

Article 29 (Organization, Operation, etc. of Committee)

Matters necessary for the organization, operation, procedures for mediation, etc. of the Committee, other than those prescribed in Articles 24 through 27, 27-2, 28 and 28-2 shall be prescribed by Presidential Decree.

Article 29-2 (Financial Resources of Committee)

The Government shall contribute to the Mediation Agency Committee the expenses necessary for the operation, performance of the duties and related research to be conducted by the Committee.

Article 30 (Scope of Application)

(1) This Act shall not apply to the terms and conditions of contracts under Part III of the Commercial Act, contracts under the Labor Standards Act, or contracts concerning non-profit business provided for in Presidential Decree.

(2) Except as otherwise provided for in any other Act with respect to terms and conditions for specific business transactions, this Act shall govern.

Article 30-2 (Application Mutatis Mutandis of the Monopoly Regulation and Fair Trade Act)

(1) Articles 42, 43, 43-2, 44 and 45 of the Monopoly Regulation and Fair Trade Act shall apply mutatis mutandis to deliberations and resolutions by the Fair Trade Commission under this Act.

(2) Articles 53, 53-2, 54, 55 and 55-2 of the Monopoly Regulation and Fair Trade Act shall apply mutatis mutandis to filing objections, the institution of lawsuits, and exclusive jurisdiction over the appeal of dissatisfaction with regard to dispositions by the Fair Trade Commission under this Act.

Article 31 (Criteria for Authorization or Examination)

Where an administrative agency authorizes the terms and conditions of a contract pursuant to other Acts, or examination organizations established under other Acts examine terms and conditions for specific business transactions, Articles 6 through 14 shall be the standards for such authorization or examination.

Article 31-2 (Consultants)

- (1) Consultants may be commissioned by the Fair Trade Commission if deemed necessary for the purpose of examining terms and conditions in accordance with this Act.
- (2) Matters necessary for commissioning of consultants under paragraph (1) and other necessary matters shall be prescribed by Presidential Decree.

Article 32 (Penalty Provisions)

A person who fails to comply with an order under Article 17-2 (2) shall be punished by imprisonment with labor for not more than two years, or by a fine not exceeding one hundred million won.

Article 33 (Joint Penalty Provisions)

If the representative of a corporation or an agent, employee or any other servant of a corporation or an individual commits any violation under Article 32 in connection with the business of the corporation or the individual, not only shall such violator be punished, but the corporation or the individual shall also be punished by a fine under the relevant Article: Provided, That the same shall not apply where the corporation or the individual has not neglected to pay due attention and supervision concerning the relevant business in order to prevent such violation.

Article 34 (Administrative Fines)

(1) Any of the following persons shall be punished by an administrative fine not exceeding 50 million won: *<Amended by Act No. 11325, Feb. 17, 2012>*

1. A person who uses the indication of standard terms and conditions while using any terms and conditions of a contract different from the standard terms and conditions, in violation of Article 19-3 (8);

2. A person who refuses, interferes with or evades an investigation under Article 20.

(2) Any of the following persons shall be punished by an administrative fine not exceeding five million won: *<Amended by Act No. 11325, Feb. 17, 2012>*

1. A person who fails to clearly state to his/her customers the terms and conditions of a contract or fails to deliver a copy of them to his/her customers, in violation of Article 3 (2);
2. A person who fails to explain the important details of the terms and conditions of a contract, in violation of Article 3 (3);
3. A person who fails to indicate the major differences between the terms and conditions of a contract and the standard ones in a manner that customers can easily understand, in violation of Article 19-3 (6).

(3) Administrative fines under paragraphs (1) and (2) shall be imposed and collected by the Fair Trade Commission.

ADDENDA

Article 1 (Enforcement Date)

This Act shall enter into force on July 1, 1987.

Article 2 (Transitional Measures)

This Act shall be apply to contracts entered into under terms and conditions on and after this Act enters into force.

Article 3 (Transitional Measures concerning Continuous Contract)

This Act shall apply to the part of a contract to be executed after this Act enters into force under the terms and conditions of the contract providing for a continuous creditor-debtor relationship.

ADDENDA <Act No. 4515, Dec. 8, 1992>

(1) (Enforcement Date) This Act shall enter into force on March 1, 1993.

(2) (Transitional Measures) A recommendation for correction issued by the Minister of the Economic Planning Board or a request for examination filed with the said Minister in accordance with the former provisions at the time this Act enters into force shall be deemed a recommendation for correction issued by the Fair Trade Commission or a request for examination filed with the said Commission under this Act.

ADDENDA <Act No. 5491, Dec. 31, 1997>

Article 1 (Enforcement Date)

This Act shall enter into force on April 1, 1998.

Articles 2 through 8 Omitted.

ADDENDA <Act No. 6459, Mar. 28, 2001>

(1) (Enforcement Date) This Act shall enter into force on the date of its promulgation.

(2) (Applicability) The amendments to Article 17-2 (2) 6 shall be applicable to contracts entered into on or after this Act enters into force.

ADDENDA <Act No. 7108, Jan. 20, 2004>

(1) (Enforcement Date) This Act shall enter into force on the date of its promulgation.

(2) (Transitional Measures concerning Standard Terms and Conditions) Any standard terms and conditions examined by the Fair Trade Commission in accordance with the former provisions at the time this Act enters into force shall be deemed standard terms and conditions provided for in this Act.

ADDENDUM <Act No. 7491, Mar. 31, 2005>

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

ADDENDA <Act No. 7988, Sep. 27, 2006>

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation. (Proviso Omitted.)

Articles 2 through 13 Omitted.

ADDENDUM <Act No. 8632, Aug. 3, 2007>

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

ADDENDA <Act No. 8863, Feb. 29, 2008>

Article 1 (Enforcement Date)

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

Articles 2 through 5 Omitted.

ADDENDUM <Act No. 10169, Mar. 22, 2010>

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

ADDENDA <Act No. 10303, May 17, 2010>

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation. (Proviso Omitted.)

Articles 2 through 10 Omitted.

ADDENDUM <Act No. 10474, Mar. 29, 2011>

This Act shall enter into force three months after the date of its promulgation.

ADDENDUM <Act No. 11325, Feb. 17, 2012>

This Act shall enter into force six months after the date of its promulgation.

ADDENDUM <Act No. 11840, May 28, 2013>

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

ADDENDUM <Act No. 14141, Mar. 29, 2016>

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