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Introduction to the new the Media Law

In order to prepare for the new media-contents era and to support the media industry with domestic and foreign capital, the so-called "Media Law" which includes the Broadcasting Act and the Internet Multimedia Broadcasting Business Act has passed the July 22, 2009 National Assembly of Korea. The Media Law will come into force in three months after the promulgation. The newly amended Media Law includes, following changes:

1. single entity ownership of up to 40% share in the territorial broadcasting, general cable program provider(general PP) and news only cable program provider(news PP);
2. ownership of up to 10% share in the territorial broadcasting, and 30% share in general PP and news PP, respectively, by conglomerates, newspapers, news reporting companies;
3. ownership of up to 20% share in general PP and relaying cable, and 10% share in news PP, respectively, by a foreign entity;
4. cross-ownership and management of the territorial broadcasting and SO;
5. limitation of 30% market share by a single broadcaster; and
6. removal of pre-censorship process of broadcasting advertising.

The most notable change under the Media Law is that conglomerates and newspapers will be able to own stakes of the territorial broadcasting, general PP and news PP. The Media Law also allows foreign companies to own stakes of the territorial broadcasting, general PP and news PP. In other words, conglomerates, newspapers and foreign companies are no longer barred from entering into the broadcasting industry. With these changes, it is expected that the Media Laws can alter the landscape of the Korean broadcasting industry.

In addition, the Korea Communications Commission has already announced to allow establishment of 1 or 2 general PP and news PP within this year. Since general PP and news PP are subject to "must carry rule", the Korean companies are showing great interest in the application and approval schedule of the new lucrative cable network.

Considering that global media corporations such as FOX or News Corporation are trying to maximize their profits via cross boarder M&A, a number of M&A among media companies or cross-industry M&A are expected. Such M&A deals involve complex regulatory requirements as well as approvals of the Korea Communications Commission. Especially in case of foreign companies, Korean regulatory issues and filing requirements would need to be well understood from the planning stage.

finance and M&A. Also, Shin & Kim is the only major Korean law firm with "Media Contents Practice Group" specializing in broadcasting, internet, games, and entertainment laws. Mr. Sang-Hyeok Im, attorney at Shin & Kim, has been selected as a member of for IPTV business company selection committee of the Korea Communications Commission in March 2009.

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