

## Analysis

# Korea's Legislative Proposal on the Fairness of Online Platform Intermediary Transactions

## Introduction

Industry is significantly concerned that Korea's latest proposed **Online Platform Fairness Bill** is not consistent with the Korean government commitments made on the treatment of U.S. firms under the November U.S.-Korea Joint Fact Sheet,<sup>1</sup> as well as potentially implicating national treatment obligations under the Korea-U.S. Free Trade Agreement (KORUS).<sup>2</sup> Although framed as a fairness and transparency measure, its platform-specific scope imposes unique and wide-ranging conduct obligations and prohibitions absent in laws governing physical retailers, and greatly expands the Korean Fair Trade Commission's (KFTC) enforcement powers. This proposal risks increasing legal uncertainty and imposing disproportionate compliance burdens on U.S.-based firms, creating significant barriers for cross-border business models.

## Background

On December 9, 2025, Representative Lee Jeong-mun of the ruling Democratic Party of Korea introduced Bill No. 15044, the **Bill on the Fairness of Online Platform Intermediary Transactions (the Online Platform Fairness Bill)**.<sup>3</sup> The proposed bill represents Korea's latest effort to advance digital competition regulation, following earlier initiatives including the 2024 Online Platform Monopoly Regulation bills<sup>4</sup> and the 2025 Platform Transaction Fairness Bill.<sup>5</sup> These proposals have drawn criticism for imposing expansive and burdensome obligations on large digital firms, including concerns that such frameworks may operate in a discriminatory manner that disproportionately affects American digital services suppliers. Accordingly, under the Joint Fact Sheet issued by the governments of the United States (U.S.) and Korea on November 13, 2025, the Korean government committed to "ensure that U.S. companies are not discriminated against and do not face unnecessary barriers in terms of laws and policies concerning digital services, including [...] online platform regulations."

## Legislative Proposal for the Online Platform Fairness Bill

Industry remains concerned, however, that the proposed Online Platform Fairness Bill, through its scoping and discretionary enforcement powers, disproportionately impacts U.S. firms, calling into question its consistency with Korea's Joint Fact Sheet commitments. A threshold

<sup>1</sup> White House. (2025, November 13). Joint Fact Sheet on President Donald J. Trump's Meeting with President Lee Jae Myung. <https://www.whitehouse.gov/fact-sheets/2025/11/joint-fact-sheet-on-president-donald-j-trumps-meeting-with-president-lee-jae-myung/>.

<sup>2</sup> Office of the U.S. Trade Rep., U.S.-Korea Free Trade Agreement, Art. 12.2 (accessed Feb. 9, 2026), <https://www.ustr.gov/trade-agreements/free-trade-agreements/korus-fta>.

<sup>3</sup> Bill on Fairness in Online Platform Brokerage Transactions, Bill No. 2215044, 22nd National Assembly, 432nd Session. (2025). [https://likms.assembly.go.kr/bill/bi/billDetailPage.do?billId=PRC\\_C2C5B1B2J0J8I1G7H1F5G001O2N1N0](https://likms.assembly.go.kr/bill/bi/billDetailPage.do?billId=PRC_C2C5B1B2J0J8I1G7H1F5G001O2N1N0).

<sup>4</sup> CCIA. (2024). Korean Legislative Proposals on Platform Regulation. <https://ccianet.org/wp-content/uploads/2024/11/12.17.24-PlatformCCIA-withtwo-pager-on-Korea-Platform-Regulation.pdf>.

<sup>5</sup> CCIA. (2025). Korean Legislative Proposals on Platform Transaction Fairness. <https://ccianet.org/wp-content/uploads/2025/09/CCIA-Brief-on-Korea-Platform-Transaction-Fairness-Bill.pdf>.

question, which Korean officials have been unable to answer, is whether the bill would apply to app stores or other marketplaces for digital products, or simply trade in physical products.

The Online Platform Fairness Bill would establish a comprehensive regulatory framework for online platform intermediary services above a modest threshold. Detailed below, this framework would impose prescriptive contract, notice, payment, and fund-management obligations on covered platforms. It would include broad prohibitions on prescribed forms of “unfair” and retaliatory conduct, permit collective bargaining by platform users, and create a specialized dispute mediation council within the KFTC. While the prohibited forms of conduct could be actionable under Korea’s existing competition law, this *ex-ante* identification shifts the burden of proof to platforms and enhances the administrative power of the KFTC. The bill further expands the KFTC’s investigative and enforcement authority, including corrective orders, administrative fines, consent decrees, injunctions, and enhanced damages liability, further heightening concerns among industry, given the KFTC’s long history of aggressive targeting of U.S. firms through dawn raids, unsupportive and intrusive investigations, and heavy fines.

Key elements of the bill include:

<b>Online Platform Fairness Transaction Bill</b>	
<b>Thresholds</b>	<p>Firms fall within the scope of the bill if they meet <b>either</b> of the following quantitative thresholds in the preceding fiscal year:</p> <ul style="list-style-type: none"> <li>● <b>Revenue threshold:</b> At least ₩10 billion (around US\$7 million) in domestic revenue from covered online platform intermediary services (see below); OR</li> <li>● <b>Transaction-value threshold:</b> At least ₩100 billion (around US\$70 million) in annual sales of goods or services to domestic consumers mediated through the platform, subject to additional criteria set by Presidential Decree.</li> </ul>
<b>Services Covered</b>	<p><b>Covered online platform intermediary services</b> that facilitate transactions between businesses and consumers include:</p> <ul style="list-style-type: none"> <li>● Platforms enabling transactions between multiple users through an electronic system (such as marketplaces or app-based platforms);</li> <li>● Services providing product or service information and connecting users to sellers designated by Presidential Decree;</li> <li>● Services that accept offers or orders for goods or services on behalf of sellers; and</li> <li>● Functionally equivalent services to the above, as later specified by Presidential Decree.</li> </ul> <p>Services may be <b>excluded</b> by Presidential Decree.</p>
<b>Obligations</b>	<p>Covered online platform intermediary services are subject to the following <b>core obligations</b> under the bill:</p> <ul style="list-style-type: none"> <li>● <b>Written contract requirement:</b> Platforms must provide a written intermediary transaction agreement specifying mandatory terms, including fees, exposure criteria, service conditions, and settlement methods, allowing the KFTC to directly intervene in the process and</li> </ul>

	<p>oversee terms.</p> <ul style="list-style-type: none"> <li>● <b>Advance notice obligations:</b> Platforms must give prior notice of contract termination, contract modifications, or service suspension or restriction, subject to defined notice periods.</li> <li>● <b>Payment deadlines:</b> When platforms receive or manage sales proceeds, they must remit payments to user businesses within statutory timeframes and pay interest for late payments.</li> <li>● <b>Separate management of funds:</b> At least 50 percent of managed sales proceeds must be protected through separate accounts or payment guarantee insurance.</li> <li>● <b>Advertising and promotion rules:</b> Separate written agreements are required when platforms conduct advertising or promotional events involving cost-sharing by sellers.</li> <li>● <b>Recordkeeping:</b> Transaction-related documents must be retained for at least five years.</li> <li>● <b>Grievance handling:</b> Platforms are expected to operate internal grievance-handling systems for user businesses.</li> <li>● <b>Regulatory oversight:</b> Platforms must comply with investigations, surveys, corrective orders, consent decrees, and administrative sanctions imposed by the KFTC.</li> </ul>
<p><b>Prohibited Conduct</b></p>	<p>Covered online platform intermediary services are subject to <b>conduct prohibitions</b>, including:</p> <ul style="list-style-type: none"> <li>● <b>Prohibition on seven specific trade practices</b>, including: <ul style="list-style-type: none"> <li>○ unjustified suspension or refusal of services;</li> <li>○ discriminatory treatment of business users (including vis-a-vis one’s own products or services);</li> <li>○ coercing merchants to purchase or use unwanted goods or services;</li> <li>○ demanding monetary, data-related, or other economic benefits;</li> <li>○ unilaterally setting or modifying contractual terms to the merchant’s disadvantage;</li> <li>○ interfering with merchants’ business activities; and</li> <li>○ restricting or penalizing merchants for using competing platforms or engaging in multi-homing.</li> </ul> </li> <li>● <b>Prohibition on retaliation</b> against merchants for engaging in protected activities, including forming or participating in merchant associations, seeking dispute mediation, filing complaints or reports, cooperating with KFTC investigations, or participating in written fact-finding surveys. Platforms may not terminate contracts, suspend or restrict services, degrade commercial conditions, or otherwise disadvantage merchants for these actions, whether directly or through affiliated entities.</li> </ul>
<p><b>Fines</b></p>	<p><b>Fines and penalties for non-compliance</b> include:</p> <ul style="list-style-type: none"> <li>● Administrative surcharges: Up to 10 percent of relevant sales for violations of core obligations; up to ₩5 billion (around US\$3.5 million) where sales cannot be calculated.</li> <li>● Daily non-compliance penalties: Up to ₩2 million (around US\$1,400) per day or 0.3 percent of average daily sales per day for failure to comply with corrective orders or consent decrees.</li> <li>● Investigation-related fines: Up to ₩200 million (around US\$140,000) for</li> </ul>

	<p>obstruction or evasion of investigations; up to ₩100 million (around US\$ 70,000) for failure to submit materials or submission of false information.</p> <ul style="list-style-type: none"><li>• Procedural violations: Administrative fines of up to ₩10 million (around US\$ 7,000) for contract, notice, or record-retention failures.</li><li>• Criminal penalties: Up to three years' imprisonment or ₩30 million (around US\$ 21,000) in fines for retaliation or serious investigation obstruction.</li><li>• Dual liability and civil damages: Corporate and individual liability may apply; retaliatory conduct may result in up to treble damages.</li></ul>
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## Industry Concerns

Industry has raised significant concerns that Korea's proposed Online Platform Fairness Bill departs sharply from internationally aligned approaches to digital platform regulation and is not consistent with the spirit of the November U.S.-Korea Joint Fact Sheet. The provisions under the Online Platform Fairness Bill could be construed as preferential treatment to (largely domestic) brick-and-mortar retailers, who compete directly with U.S. online suppliers, and risk being inconsistent with Korea's expansive national treatment obligation under KORUS. Although framed as a fairness and transparency measure, stakeholders are concerned that the bill risks imposing disproportionate compliance burdens and increasing legal uncertainty for cross-border business models. More specific concerns with the bill's provisions are outlined below.

**Articles 10 and 11** impose mandatory settlement timelines, interest penalties, and escrow or insurance requirements on platforms that handle merchant proceeds, effectively regulating payment and custody functions that were traditionally governed by financial-services law.

Industry is concerned that these obligations are unprecedented globally for non-financial platforms compared with U.S. and European Union (EU) frameworks, where similar requirements apply only to licensed financial institutions. By moving beyond conduct-based competition rules and prescribing detailed payment, liquidity, and fund-management mechanics, the bill adopts a highly interventionist regulatory approach that significantly increases compliance costs for e-commerce platforms and makes Korea a global outlier.

**Article 12** establishes a statutory right for merchants to form platform-user associations, thereby creating formal protections for collective organizations within platform-merchant relationships. This is akin to a buyer cartel, typically eschewed by competition authorities.

When combined with strict anti-retaliation rules, turnover-based fines, corrective orders, and civil liability, this provision forms one of the most expansive vendor-rights frameworks among major global economies, again making Korea a global outlier. Neither the U.S. nor the EU provides comparable statutory protections for collective merchant organizations or bargaining in the digital platform context.

**Articles 13 and 14** impose prohibitions on vaguely defined "unfair" and retaliatory conduct by covered platforms, including service suspension, discriminatory treatment (including self-preferencing), coercive practices, restrictive contractual terms, limits on multi-homing (subscribing to multiple, competing services), and retaliation against merchants for complaints

or regulatory cooperation. Several of the prohibitions (self-preferencing, tying) reflect common business practices that are not considered *per se* anticompetitive – and in fact, are often considered to be pro-competitive, and are not subject to *ex-ante* prohibitions under laws governing legacy retailers (i.e., the large-scale Retail law).

Such a platform-specific statute significantly expands compliance exposure for digital intermediaries and imposes broad prohibitions on legitimate and common business practices that can drive innovation and enhance consumer welfare. In particular, treating noncompliance with written fact-finding requests as retaliatory conduct increases enforcement risk beyond traditional competition frameworks.

**Articles 31–35** grant the KFTC broad enforcement powers, including corrective orders, consent decrees, daily penalties, and administrative surcharges of up to 10 percent of relevant sales, while **Articles 45–48** add criminal sanctions, dual corporate and individual liability, and additional fines for obstruction or non-compliance.

Such an approach would impose penalties through broadly framed unfairness standards, expansive corrective-order authority, and platform-only scope, without similarly tailored procedural safeguards. The combination of DMA-style financial risk, operational mandates not found in the DMA, layered daily penalties, and potential criminal liability increases the risk that the measure would be significantly burdensome for U.S. firms.

While the Online Platform Fairness bill has been justified as a means of extending existing requirements for brick-and-mortar retailers under the **Fair Transactions in Large Retail Business Law** (the Large Retail Business Act, or LRBA) into the digital space, such claims are unfounded and raise national treatment (non-discrimination) issues noted above:

1. **Broadened scope:** The Proposed Bill establishes broader and more abstract prohibitions for online platform providers, replacing the LRBA’s narrowly defined, conduct-specific rules with open-ended standards that prohibit actions deemed “unjust” or “unfair,” thereby expanding liability beyond what applies to large offline entities.
2. **Removal of defenses and safe harbors:** The Proposed Bill’s provisions addressing service refusal, business interference, exclusivity, and discrimination go further than their LRBA counterparts by removing objective criteria, outcome-based defenses, and “reasonable grounds” safe harbors, effectively shifting the burden onto platforms to prove the fairness of ordinary commercial conduct.
3. **Overly-expansive user protections:** The Proposed Bill includes sweeping anti-discrimination and coercion provisions, affording online platform users more expansive protections than those available to suppliers under the LRBA. This creates a heightened and asymmetrical regulatory regime for digital intermediaries that is not supported by existing competition or retail transactions law, and significantly increases compliance and enforcement risk.

Further, industry is also concerned with Korean regulators’ recent enforcement efforts to target and discriminate against American companies more aggressively than Chinese companies. Through the application of broad thresholds for investigations, coupled with antagonistic



enforcement tactics such as dawn raids, frequent on-site inspections, and overly broad information disclosure requirements, including confidential data, the KFTC effectively seeks to achieve, via enforcement of current laws, the same goals sought with the proposed Online Platforms Fairness Bill.<sup>6</sup>

## Conclusion

The proposed Online Platform Fairness Bill would establish a far-reaching, platform-specific regulatory regime that goes well beyond conduct-based competition enforcement and introduces prescriptive obligations for covered services. While framed as a measure to promote fairness and transparency, the bill imposes disproportionate compliance burdens for large digital intermediaries, particularly U.S. firms, in ways that markedly diverge from approaches in the U.S. and EU. Furthermore, the proposal raises serious concerns regarding consistency with Korea's commitments under the November 2025 U.S.-Korea Joint Fact Sheet to avoid unnecessary barriers and ensure non-discriminatory treatment of digital services providers.

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<sup>6</sup> Nigel Cory, *Understanding the Impact of KFTC Enforcement on U.S. Firms*, National Bureau of Asian Research (Nov. 12, 2025), <https://www.nbr.org/publication/understanding-the-impact-of-kftc-enforcement-on-u-s-firms-qualitative-evidence-and-analysis/>.