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NEWSLETTER

Antitrust & Competition Group

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Amendment to Guidelines on Competition Compliance Programs

On April 23, 2025, the Korea Fair Trade Commission (**KFTC**) announced and implemented the amendment to the "Guidelines on the Operation and Evaluation of Competition Compliance Programs (CP)" (**Competition CP Guidelines**).

The Competition Compliance Program (**Competition CP**) is an internal compliance system, which may include education or supervision mechanisms, established and operated by companies to comply with Korean competition laws. The KFTC performs evaluations on companies adopting Competition CP for voluntary compliance with laws and regulations under the KFTC's authority, assigns ratings from the evaluation results, and provides incentives such as mitigation of corrective measures, reduction on administrative fines, and exemption from ex officio investigations based on the ratings.

With the recent growing interest in Competition CP, followed by the significant increase in the number of companies applying for Competition CP evaluation, there emerged the need to revise the evaluation criteria in order to encourage the adoption of Competition CP and ensure substantive Competition CP rating evaluations.

With the amended Competition CP Guidelines, the KFTC has adopted more rigorous evaluation criteria to provide rating-based incentives primarily to companies with substantive Competition CP systems, while also reducing disadvantages to companies with violation histories to incentivize them to adopt the Competition CP system.

We summarize below the key details of the amendments to the Competition CP Guidelines for further reference.



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1. Key Amendments to the Competition CP Guidelines

1) Introduction of Designation System for Excellent Companies

The amended Competition CP Guidelines have simplified the previous six-tier rating system (AAA, AA, A, B, C, D) to a three-tier rating system (AAA, AA, A), while maintaining the previous rating standards.

CP Rating	Evaluation Points (Pre-Amendment)	Evaluation Points (Post-Amendment)
AAA	90 to less than 100	
AA	80 to less than 90	
A	70 to less than 80	
B	55 to less than 70	Abolished
C	40 to less than 55	
D	0 to less than 40	

Before the amendment, incentives such as mitigation of corrective measures, reduction of administrative fines and exemption from ex officio investigations were provided to all AAA, AA, and A-rated companies. Under the amended Competition CP Guidelines, benefits for A-rated companies will be abolished, and incentives will only be provided to AAA and AA-rated companies. However, given there is a grace period for policy changes, the abolished incentives for A-rated companies will apply starting from the 2026 Competition CP rating evaluation.

CP Rating	Incentive Retained After Amendment	Previous Incentives		
		Exemption from Ex Officio Investigation	Mitigation of Corrective Measures	Reduction of Administrative Fines
AAA	Retained	2 years	2 levels	Up to 15%
AA	Retained	1 year 6 months	1 level	Up to 10%
A	Abolished (From 2026 evaluation)	1 year	1 level	Up to 10%

2) Violation Histories to Result in Less Disadvantages

The pre-amended Competition CP Guidelines adopted an "automatic rating downgrade" system where Competition CP operating companies that received sanctions such as administrative fines or criminal referrals for violating competition laws would have their ratings downgraded by up to two levels. However, the amended Competition CP Guidelines have now abolished this approach and instead reduced the disadvantage to a deduction of five evaluation points. Additionally, the amended Competition CP Guidelines specify that companies applying for Competition CP rating evaluation for the first time will not be subject to deductions for past violations.

The amended Competition CP Guidelines, however, have introduced qualitative evaluation criteria to maintain rigorous Competition CP assessments. The Evaluation Review Committee of KOFAIR (Korea Fair Trade Mediation Agency) may downgrade a company's final ratings or exclude a company from receiving excellent company designation if the company causes social controversy due to competition law violations or significantly undermines the credibility of the Competition CP system.

The amended Competition CP Guidelines have also abolished the "rating deferral system" that suspended the evaluation process when the KFTC launched an investigation into violations. Under the amended Competition CP Guidelines, Competition CP rating evaluations will proceed on schedule even when an investigation has been launched or an examination report was issued during the evaluation process. This amendment was implemented to address unfair situations where companies faced delays in evaluation when ultimately no charges resulted.

3) Other Changes (Extra Points, Changes in Evaluation Procedure, etc.)

The amended Competition CP Guidelines have introduced a maximum grant of 1.5 extra points for companies which received "excellent" or higher grades in the KFTC's evaluation of the performance of their obligations under subcontracting, distribution, agency, and franchise agreements in the previous year.

The criteria for granting extra points for the establishment and

operation of a self-regulated dispute mediation organization have also been modified. Previously, 0.7 points were granted for the establishment of a mediation organization, and 0.3 points for receiving and handling dispute-related opinions collectively. However, under the amended Competition CP Guidelines, the points for establishment have been reduced to 0.4, while the categories for opinion reception (0.2 points) and handling performance (0.4 points) have been separated and the corresponding points have been increased.

The evaluation process has been restructured as well. The previous process of Stage 1 (document evaluation), Stage 2 (on-site evaluation), and Stage 3 (in-depth interviews) has been restructured to Stage 1 (document evaluation including grants on extra points), Stage 2 (face-to-face evaluation), and Stage 3 (on-site evaluation). Under the amended Competition CP Guidelines, on-site evaluations will be conducted only for those companies scoring 80 points or higher after the first two stages, or when the Evaluation Review Committee determines as necessary. This amendment seeks to reduce the burden on the evaluators while securing comprehensive reviews for companies likely to qualify for an AA-rating or higher.

2. Implications of the Competition CP Guidelines Amendment

The KFTC has emphasized the development of a meaningful voluntary compliance culture that goes beyond the formal operation of competition compliance systems. The amended Competition CP Guidelines reflect the KFTC's fundamental policy direction and include various measures to strengthen the core purpose and effectiveness of the Competition CP system.

The amended Competition CP Guidelines aim to enhance the quality of Competition CP operations by limiting incentives to exemplary companies. To receive these benefits, companies must develop Competition CP systems that address the evaluation criteria while making continuous efforts to ensure that their voluntary compliance programs function effectively. Notably, since on-site evaluations—which verify the accuracy of documents and face-to-face evaluation results—are mandatory for ratings of AA or higher, company-wide attention and participation would be required.

Furthermore, the amended Competition CP Guidelines have made the adoption of Competition CP more accessible by reducing

disadvantages for companies with violation histories. Under the previous system, companies with histories of competition law violations had virtually no likelihood of achieving high Competition CP ratings, causing such companies to abandon compliance programs entirely. The amended Competition CP Guidelines have significantly reduced the deductions applied for past violations and have completely exempted deductions on companies applying for a Competition CP rating evaluation for the first time. Therefore, companies with violation histories are provided with an equal opportunity to benefit from Competition CP operations by demonstrating their commitment to future competition law compliance.

Considering these changes, it is recommended to establish a substantive compliance framework focused on fostering a long-term competition law compliance culture, rather than pursuing short-term strategies solely for obtaining incentives.

If there are any questions and/or any legal assistance is required on this matter, please contact Lee & Ko's Antitrust and Competition Group.

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