



Navigating the KFTC's 2026 Overhaul of Sanctions on Repeated Collusion

2026.05.12

The Korea Fair Trade Commission (“KFTC”) has announced a sweeping enforcement initiative targeting repeat cartel offenders, marking a significant escalation in Korean antitrust risk. Under the recently announced “Measures to Eradicate Repeated Collusion,” the KFTC has signaled that financial sanctions alone are no longer sufficient to deter repeated cartel conduct.

The proposed reform package would substantially expand the KFTC’s enforcement toolkit, including orders requiring companies involved in collusive conduct to dismiss or suspend responsible executives, mandatory bidding disqualification requests and requests for business suspension or registration cancellation, and further consideration of whether to introduce potential structural remedies such as divestitures. For companies operating in Korea—particularly those with prior competition law exposure—these reforms materially alter the compliance and litigation landscape.

1. A Shift Away from Fine-Centric Enforcement

The KFTC’s initiative reflects a growing view within the regulator that monetary sanctions alone are insufficient to deter repeated collusive conduct. The regulator is accordingly pursuing a broader enforcement framework that combines financial sanctions with operational restrictions, enhanced individual accountability, and potential structural remedies. One key component—a substantial increase in administrative surcharges for repeated collusion—already took effect on April 30, 2026.

The KFTC plans to implement those measures in phases throughout 2026. In the first half of the year, the regulator intends to strengthen bidding disqualification measures; the second half is expected to focus on introducing mechanisms relating to business suspension, registration cancellation, and executive dismissal orders in cartel-related sectors. The KFTC is also reviewing whether to introduce structural remedies to address the root causes of repeated collusion.

Several of these initiatives will require statutory amendments, making legislative developments in the National Assembly an important area to monitor.

2. Key Amendments to the Sanction Framework

Regulatory Category	Key Amendments
Administrative Surcharges	100% aggravation of administrative surcharges triggered by a single repeat collusion offense within a 10-year period (already effective as of April 30, 2026)
Executive Accountability	Introduction of orders requiring companies involved in collusive conduct to dismiss or suspend responsible executives
Leniency Protection	Elimination of leniency benefits for repeated collusion within 5 years and 50% reduction of leniency benefits for repeated collusion between 5 and 10 years.
Corrective Measures	Request for business suspension or registration cancellation, alongside review on whether to introduce possible structural remedies; mandatory establishment of internal monitoring systems and reporting of price movement data to the KFTC for a specified period
Bidding Restrictions	Expansion of bidding disqualification requests to cover price-fixing and output restriction cartels (currently it is limited to bid-rigging), with mandatory requests against repeat offenders; disqualification periods extended from 12 months to 18 months for cartel instigators and from 6 months to 12 months for simple participants
Private Litigation	Expansion of class actions and introduction of document production orders to facilitate damages claims

1) Aggravated Administrative Surcharges

The KFTC has introduced a 100% surcharge aggravation where collusive conduct recurs even once within a ten-year period. Already in force as of April 30, 2026, this amendment significantly increases financial exposure for companies with prior cartel history and reinforces the KFTC's position that repeat violations constitute a systemic compliance failure rather than an isolated infringement.

2) Curtailment of Leniency Protection

The KFTC is simultaneously tightening its leniency regime for repeat cartel offenders. Companies involved in repeated collusion within five years may be stripped of leniency benefits—including surcharge reductions or immunity—even where they voluntarily self-report. Repeat violations occurring after five years but within ten years may result in a 50% reduction in available leniency benefits.

Leniency has historically been one of the KFTC's primary cartel detection tools. Under the proposed framework, however, a company's prior enforcement history may reduce the strategic value of self-reporting. For companies with prior cartel exposure, preventing recurrence is therefore becoming increasingly critical to preserving future leniency

protection.

3) Expanded Bidding Disqualification Measures

The KFTC plans to expand bidding disqualification measures beyond traditional bid-rigging to include price-fixing and output restriction cartels, with such disqualification requests mandatory against repeat offenders. The contemplated reforms would also extend disqualification periods from 12 to 18 months for cartel instigators and from 6 to 12 months for simple participants.

For companies dependent on public procurement, these measures may create substantial commercial and reputational exposure well beyond the underlying financial penalty.

4) Executive Dismissal and Suspension Orders

The KFTC is considering a mechanism allowing it to order companies involved in collusive conduct to dismiss or suspend responsible executives. This reflects a broader trend toward extending antitrust accountability beyond the corporate entity to individual management.

5) Business Suspension and Structural Remedies

The KFTC is also considering establishing a statutory basis authorizing it to request relevant ministries to impose business suspension or registration cancellation on repeat cartel offenders in licensed or regulated sectors. If implemented, such measures could effectively prevent companies from continuing operations in the affected sector.

In parallel, the KFTC is reviewing the possible introduction of structural remedies—including divestiture of business units—to address what it views as the structural causes of repeated collusion.

6) Expansion of Private Litigation Exposure

The initiative further seeks to strengthen private enforcement through expanded class action mechanisms and the introduction of document production orders. These reforms may materially increase follow-on civil litigation exposure and enhance plaintiffs' ability to pursue damages claims following KFTC investigations.

3. Practical Implications and Recommended Next Steps

These reforms represent a significant escalation in the KFTC's cartel enforcement posture. Moving beyond a fine-centric enforcement model, the proposed framework contemplates restrictions on market participation, expanded executive accountability, stronger corrective measures, and heightened civil litigation exposure. The potential combination of business suspension measures and structural remedies could materially affect core operations, revenue streams, and long-term business viability. The proposed executive accountability regime also substantially increases personal

exposure for senior management with competition law oversight responsibilities.

In this environment, companies should move from reactive compliance toward a more proactive approach to antitrust risk management. Boards and senior management should consider strengthening risk-based compliance controls—particularly in business units with elevated cartel exposure—and enhancing the independence and credibility of internal investigations, often in coordination with external counsel.

Given the possibility of structural remedies, companies may also benefit from conducting business unit-level competition risk assessments and evaluating whether operational restructuring or governance enhancements are appropriate at this stage.

4. Looking Ahead

The KFTC's initiative represents one of the most significant escalations in Korean cartel enforcement in recent years. While the enhanced surcharge regime is already in effect, the implementation timelines for other measures remain unfinalized, and many proposals will require legislative amendments. Developments in the National Assembly will therefore be an important area to monitor closely.

Companies operating in Korea should closely track these legislative and regulatory developments and reassess whether their existing compliance infrastructure is adequately calibrated for this materially more punitive enforcement environment.

[\[Korean version\]](#) 반복 담합 제재 강화: 임원 개인에 대한 책임과 제재 범위 확대 등

Key Contacts

Han Soon Choi

Partner

+82-2-316-4707

hsochoi@shinkim.com

John H. Choi

Senior Foreign Attorney / Chair of Global Cases
and Investigations

+82-2-316-4232

jhchoi@shinkim.com

Sangdon Lee

Partner

Changhun Lee

Partner

+82-2-316-4638
sdlee@shinkim.com

Geun-Bae Seok

Partner

+82-2-316-4640
gbseok@shinkim.com

+82-2-316-4645
chlee@shinkim.com

Hyunah Kim

Senior Foreign Attorney

+82-2-316-1797
hahkim@shinkim.com