



## Insights

### Michael Kim, Daniel Lee and Nathan Park: Legal Status of NFTs in Korea is Unclear

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With the country's strength in technology and pop culture, South Korea is seeing a rise in popularity of non-fungible tokens (NFTs). From tech and financial companies to K-pop agencies and Korean drama and video game producers, more industries are laying the groundwork for an NFT boom. However, as Michael Kim, Daniel Lee and Nathan Park explained in an article for *Asia Business Law Review*, the legal status of NFTs in Korea remains ambiguous.

In recognition of Korea's thriving digital currency industry, the National Assembly passed a series of amendments to the Act on Reporting and Use of Specific Financial Information in March 2020. The amendments broadly define a virtual asset as "an electronic certificate with an economic value that may be traded or transferred electronically," but included four exceptions. Virtual asset businesses will have to register with the Financial Intelligence Unit and meet reporting and compliance requirements.

However, whether NFTs meet this definition remains unclear, with Korean regulators split. Though NFTs may fit the broad definition, it may fall under one of the exceptions regarding assets collected from video games, depending on the nature of the NFT. Still, Korea is a member of the Financial Action Task Force (FATF), an international organization that defines NFTs as virtual assets, but if Korea followed this industry standard, further clarifications in other areas of law will be necessary.

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