

Insights



Michael Kim, Daniel Lee and Nathan Park on South Korea's New Digital Currency Legal Regime

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"The days of South Korea as the 'wild west' of digital currencies are no more," Kobre & Kim's Michael Kim, Daniel Lee and Nathan Park wrote in a recent analysis of South Korea's digital currency legal regime for *Asia Business Law Journal*.

In March 2020, South Korea passed a suite of bills that brought digital currencies out of the legal grey area, creating a comprehensive regulatory scheme that could position South Korea, already a significant digital currency and blockchain market, as a "promising jurisdiction for digital currency legal work based on transparency, clarity and predictability."

The amendments do this by defining terms in line with international norms, adopting a broad definition of "virtual assets" and "virtual asset business" that leaves room for future innovation. Then, these virtual asset businesses are required to register with South Korea's Financial Services Commission and adopt security, anti-money laundering and know-your-customer measures. The amendments also claim jurisdiction over actions outside South Korea that causes a domestic effect.

These changes not only empower South Korean regulators with "a wide remit in international enforcement," but the transparency measures could create a stable and predictable environment attractive to investors, as well as allowing creditors to leverage South Korea's system to pursue debtors.

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