

FSC INTRODUCES NEW PENALTY STANDARDS ON VIRTUAL ASSET SERVICE PROVIDERS

The FSC announced a revision proposal for the supervisory regulation on virtual asset service providers on March 10 as the revised Act on Reporting and Using Specified Financial Transaction Information is scheduled to go into effect on March 25, 2021.

The revision proposal introduces new penalty standards on VASPs, simplifies and integrates existing penalty rules and improves rules on penalty abatement to provide relief for small-scale financial enterprises.

Under the revised regulation, financial institutions and VASPs will be subject to penalties if they are found to be in violation of internal control duties (e.g. failure to report suspicious transaction activities), data maintenance duties (e.g. failure to keep relevant data on suspicious transactions) and duties specifically pertaining to VASPs (e.g. failure to keep separate management of customers' transactions records).

The revised regulation also introduces a new penalty abatement of fifty percent. For small-scale entities, penalty abatement can be granted in excess of the fifty percent limit.

The revision proposal will be put up for public notice from March 11 until April 20 and will take effect immediately after pronouncement.

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For press inquiry, please contact Foreign Media Relations at fsc_media@korea.kr.