

## The KoFIU notifies foreign VASPs of their obligation to register

With the Act on Reporting and Using Specified Financial Transaction Information (hereinafter “the Act”) going into effect from March 25, 2021, all VASPs are required to register their business with the KoFIU by September 24, 2021. As such, the KoFIU has sent out a notice to 27 foreign VASPs about their obligation to register.

### **OBLIGATIONS OF FOREIGN VASPs**

The Act requires VASPs to register with the KoFIU as the law equally applies to foreign VASPs that conduct activities outside Korea but have domestic consequences within Korea.

Thus, if any VASPs conduct business operation targeting Koreans, they are required to register with the KoFIU and comply with requirements under the Act regarding their business operations targeting Koreans.

### **NOTICE TO FOREIGN VASPs**

The KoFIU has sent out a notice signed by the Commissioner of the KoFIU to 27 foreign VASPs that have business operations targeting Koreans<sup>1</sup> about their requirement under the Act to register with the KoFIU by September 24, 2021.

If foreign VASPs fail to register with the KoFIU, they shall cease their business operation targeting Koreans from September 25, 2021. They are notified of the possibility of being subject to penalties as prescribed by the Act if they continue to operate without registration.

Foreign VASPs that have not received any notice from the KoFIU but have business operation targeting Koreans are also required to register with the KoFIU or suspend their business operation targeting Koreans from September 25, 2021. If they continue to operate business without registration, they will be subject to up to five years of imprisonment or a maximum fine of KRW50 million as prescribed by the Act.

---

<sup>1</sup> Based on the factors such as whether foreign VASPs provide Korean-language translation service on their platforms, whether they perform advertising and marketing activities targeting Koreans, whether they provide transactions and payment services in Korean won, etc.

## **FUTURE PLAN**

For foreign VASPs that continue to operate without registration beyond the September 24 deadline, the KoFIU will notify them of their illegal activities and take actions such as blocking access to their websites to inhibit their illegal business operations.

The KoFIU will also bring charges against unregistered foreign VASPs to investigative authorities including the prosecution and police, and actively seek other tools such as close cooperation with foreign FIUs and international judicial mutual assistance in criminal matters.

## **CAUTION FOR USERS**

If foreign VASPs operate business without registering with the KoFIU, their operation will be regarded as illegal business activities from September 25, 2021. Users are recommended to practice caution against the possibility of incurring damages by using services provided by unregistered VASPs.

Users are advised to check registration status of foreign VASPs that they use now or will use. As of July 21, 2021, it is confirmed that no foreign VASPs have yet obtained ISMS certification, which is one of registration requirements.

For foreign VASPs that fail to register, the KoFIU will take actions such as blocking access to their websites. In this case, there is a possibility that users will be unable to withdraw their funds or virtual assets. Thus, users are recommended to promptly take proactive actions such as withdrawal of their funds or virtual assets if necessary to prevent any possible damages.

# # #

For press inquiry, please contact Foreign Media Relations at [fsc\\_media@korea.kr](mailto:fsc_media@korea.kr).