

FINANCIAL AUTHORITIES WILL STRENGTHEN EFFORTS TO MINIMIZE DAMAGES TO USERS IN EVENT OF BUSINESS CLOSURE OF VASPs

- From May 20 to 23, the KoFIU and the FSS carried out on-site inspections on 10 virtual asset service providers that closed down business or halted operation, and found instances where they made inadequate efforts to comply with user protection measures.
 - The financial authorities will work to strengthen rules on the business closure of VASPs and take steps to prevent damages to users.
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The Korea Financial Intelligence Unit (KoFIU) announced that the financial authorities will strengthen efforts to minimize potential damages to users in the event of business closure of virtual asset service providers (VASPs).

Since the KoFIU advised VASPs to inform customers about their business termination plan at least one month prior to the expected closure date in November last year, there have been growing numbers of VASPs closing down their business or terminating operation.

Between May 20 and 23, the KoFIU and the Financial Supervisory Service (FSS) carried out one-site inspections on 10 VASPs that closed down or terminated business operation, and found many instances where they made inadequate efforts to comply with the recommended user protection measures.

Therefore, virtual asset users are advised to verify the operating status of their VASPs, and check whether there exist any unredeemed assets. If the business is no longer operating, users are advised to immediately request withdrawal of their deposits and/or assets.

Until business closure is made official via termination of business registration, VASPs should be aware that they need to comply with relevant laws and that they are subject to the regulatory oversight and supervision by financial authorities.

With the Act on the Protection of Virtual Asset Users scheduled to take effect in July this year, it is expected that more entities will close down their business operation due to increased compliance burdens.

Therefore, the financial authorities will work to strengthen rules on the business closure of VASPs and continue to make efforts to ensure prevention of potential damages to users.

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