

REVISION BILL TO INTRODUCE AML REQUIREMENTS ON CRYPTO ASSETS MOVES AHEAD AT NATIONAL ASSEMBLY

The National Policy Committee of the National Assembly approved a revision bill on Reporting and Using Specified Financial Transaction Information on Crypto Assets on November 25. The revised bill imposes anti-money laundering (AML) requirements on crypto-asset business operators and stipulates requirements with which financial institutions must comply in transaction with crypto-asset business operators.

The revision bill will be reviewed by the Legislation & Judiciary Committee before it is presented at a plenary session for the final passage. If passed at the National Assembly, the bill will take effect one year after promulgation.

KEY FEATURES¹

► REQUIREMENTS FOR CRYPTO-ASSET BUSINESS OPERATORS

Crypto-asset business operators are required to report their transactions to the Korea Financial Intelligence Unit (KoFIU) under the FSC; subject to basic AML requirements (e.g. customer due diligence, suspicious transaction reporting, etc.); and bound to follow additional obligations such as keeping separate transaction details for users.

If crypto-asset business operators fail to report to KoFIU, they may face criminal penalties of maximum five years of imprisonment or fine of up to KRW50 million.

► REQUIREMENTS FOR FINANCIAL INSTITUTIONS

Financial institutions are required to conduct customer due diligence on crypto-asset business operators and check whether they report their crypto-asset business to KoFIU and maintain customer deposits in a separate account.

If crypto-asset business operators fail to report their business to the KoFIU or are deemed as high-risk for money laundering, financial institutions are obliged to refuse (or terminate) such transactions.

► EFFECTIVE DATE

The bill will take effect one year after its promulgation to give crypto-asset business operators and financial institutions time to adapt and prepare for the new

¹ Details may change in the review process by the Legislation & Judiciary Committee.

regulatory regime.

It will also give existing crypto-asset business operators a six-month transition period to report to KoFIU after the bill takes effect.

► **SUPERVISION AND INSPECTION**

KoFIU Commissioner will be in charge of supervision while the responsibilities for inspection may be delegated to the Financial Supervisory Service (FSS).

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