

AUTHORITIES HOLD INFORMATION SESSION WITH VASPs TO PROVIDE SUPPORT FOR BUSINESS REGISTRATION

The Korea Financial Intelligence Unit and the Financial Supervisory Service held an information session with virtual asset service providers about their business registration requirements and other relevant issues via a virtual meeting on September 6. It served as a venue for providing support as VASPs prepare for their business registration prior to the September 24 deadline and for urging them to take measures to minimize user damages. About 30 VASPs that have already received their ISMS certifications or are in the pending status took part in this session.

KEY DETAILS

(PRIOR TO THE REGISTRATION DEADLINE) For VASPs that are planning to operate a virtual asset trading platform but are not planning to offer KRW-based or other fiat currency based exchange services, the authorities advised them to terminate their fiat currency based exchange services without delay by the September 24 registration deadline. When filing their registration report, these VASPs should submit a document confirming the termination of their fiat currency based exchange services.

For VASPs that are unable to meet the requirements and are terminating their operation, the authorities advised them to take measures to minimize damages to service users by issuing advance notices about their business termination at least 7 days prior (until Sep. 17) to the expected termination date, informing users about the withdrawal procedures being available until at least 30 days after terminating services and discarding users' personal information according to the relevant rules.

(AFTER THE REGISTRATION DEADLINE) The KoFIU and the FSS will closely review the registration documents and requirements pursuant to the Act on Reporting and Using Specified Financial Information ("the Act" hereinafter). As the process may take up to three months, close cooperation is required from VASPs to ensure a seamless review.

VASPs have also been advised to set up and prepare anti-money laundering (AML) systems pursuant to the Act as they will be subject to the customer due diligence (CDD) and suspicious transactions reporting (STR) duties immediately after the authorities approve their business registration.

(AFTER THE REGISTRATION APPROVAL) The KoFIU plans to closely manage and supervise VASPs for their AML duties and other requirements set forth by the Act once their business registration gets approved.

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