

Anti-Money Laundering and Foreign Exchange

Shin & Kim delivers a comprehensive suite of anti-money laundering (AML) legal services, including regulatory inspections, independent audits, and sanctions advisory. The scope of AML obligations has recently broadened to encompass not only traditional financial institutions (i.e., banks, securities firms, and insurers), but also virtual asset service providers (VASPs), casinos, electronic financial companies, and other non-traditional financial businesses. Shin & Kim offers extensive experience in external audits for financial institutions, e-money providers, VASPs, and casinos; the establishment of AML compliance systems (including internal controls); regulatory counsel on AML matters; and representation before the Financial Intelligence Unit (FIU) and the Financial Supervisory Service (FSS). Our legal support also extends to foreign AML and sanctions law review and includes numerous cases involving FIU registration approval for VASPs.

Shin & Kim has demonstrated a superior track record on AML audits and enhancements for an array of financial institutions, including banks, and in responding to FIU/FSS inspections and sanctions as well as risk analysis of emerging business models.

Shin & Kim's AML Team, comprised of former financial regulators and seasoned AML professionals with backgrounds in the FSS, FIU, FSC, AML consulting, and financial institutions, provides 'one-stop' services for AML compliance framework advisory, internal controls, independent audits, and comprehensive regulatory support during inspections and sanctions procedures.

Additionally, under the Foreign Exchange Transactions Act, compliance is mandatory for cross-border transactions or those involving non-resident parties. Violations may result in criminal penalties proportional to the substance and frequency of offenses, including possible disqualification of executives or major shareholders, therefore, prior regulatory review is critical, and if a violation is suspected, a swift and accurate response is required.

Shin & Kim's team—including former regulators with seasoned practice in foreign exchange compliance and handling reports at Korean financial authorities and the Bank of Korea—draws from their extensive experience and offers holistic and innovative legal guidance on all aspects of foreign exchange transactions, covering registration, deal-specific regulation, reporting violations, inspections, administrative enforcement, and defense for regulatory or criminal actions.

Key Services

Shin & Kim provides the following AML/foreign exchange legal services:

- FIU/FSS inspections and enforcement response
- Advisory on non-face-to-face identity verification guidelines
- AML compliance framework and system establishment
- Independent external audits for financial institutions, e-money providers, virtual asset providers, and casino operators
- Independent external audit services for financial institutions, electronic financial service providers, VASPs, casino operators, and others
- Legal interpretation of the Specified Financial Transaction Information Act and the Anti-terrorism Financing Act
- Support for VASP registration applications and AML system implementation
- Foreign AML/sanctions law advisory
- Support for regulatory compliance assessments and AML training
- Comprehensive foreign exchange compliance and advisory
- Advisory for registration as a foreign exchange business operator (including small-value remittance and other foreign exchange services)
- Guidance on filings and reporting under the Foreign Exchange Transactions Act
- Regulatory investigation defense for foreign exchange and financial regulatory authorities
- Representation in criminal and administrative cases related to foreign exchange transactions at prosecution and court levels

Experience

- Advised major domestic banks (Bank A, Bank B, Bank C) on AML internal control and policy revision
- Represented major domestic banks, securities firms, and other financial institutions in FSS AML inspections and sanctions proceedings
- Represented major VASPs (Companies D, E, F, etc.) and casino operators in FIU inspections and sanctions
- Supported VASPs in FIU filings, reporting and registration changes
- Independent audits and implementation follow-up for securities, e-money providers, casinos, and others
- AML advisory for domestic and international financial institutions, including banks, securities firms, insurance companies, electronic financial service providers, casino operators, and VASPs
- Legal compliance advisory on customer due diligence (CDD), large cash transaction reporting (LCTR), suspicious transaction reporting (STR), etc., under the Act on Reporting and Use of Certain Financial Information, and other obligations for financial institutions such as banks, securities, insurances, and e-money providers
- Defense for Bank G in AML and foreign exchange enforcement/investigation

- Advised overseas branches of major banks on potential violations of foreign AML and sanctions laws; conducted an FIU research project related to the Anti-terrorism Financing Act and the Specified Financial Transaction Information Act
- Review of virtual asset risk assessment systems, drafted and revised internal control standards and AML policies for VASPs (Companies H, I)
- Advised on response to amendments to the Specified Financial Transaction Information Act
- Advised on corporate virtual asset transaction guidelines of the Korea Federation of Banks
- Advised on the application and interpretation of guidelines for non-face-to-face identity verification for financial institutions
- Legal advice on virtual asset and stablecoin issuance and ICOs
- Advice on the issuance and brokerage of virtual asset ETFs

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