



“General Act on Digital Assets” introduced to the National Assembly – Paving the Way for Full-Scale Institutionalization

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1. Background of Enactment

On June 10, 2025, Representative Byung-deok Min of the Democratic Party of Korea introduced the *General Act on Digital Assets* (the “**Bill**”) to the National Assembly. The Bill seeks to establish a comprehensive legislative framework governing digital assets, setting out clear definitions and legal characterizations, and introducing regulatory provisions tailored to specific business sectors.

The Bill proposes to regulate entry requirements and business conduct, prescribe procedures for the issuance and circulation of digital assets, impose disclosure obligations, and prohibit unfair trading practices. Unlike the existing legal regime, which has relied on piecemeal and sector-specific regulation, the Bill aims to create a unified and structured supervisory framework within the formal legal system. It further seeks to provide clear statutory grounds for digital asset-related businesses, thereby addressing regulatory uncertainty and enhancing legal stability.

At Shin & Kim LLC, we would like to provide an overview of the key provisions of the Bill and offer our analysis of its legal and regulatory implications.

2. Key Provisions

A. Definition and Scope of Application of Digital Assets (Draft Articles 2 to 3)

A “digital asset” is defined as “a property of economic value that is created and stored using distributed ledger technology or similar means and can be transferred electronically,” excluding electronic money and similar instruments (Article 3(1)). While the *Act on the Protection of Virtual Asset Users* defines “virtual asset” as “electronic certificates (including all associated rights) that have economic value and that can be traded or transferred electronically,” the Bill

uses the phrase “created and stored using distributed ledger technology or similar means,” thereby more clearly indicating that the law is intended to apply to digital assets commonly referred to in the market as “coins” or “tokens.”

To ensure user protection, the Bill explicitly provides for extraterritorial application (Article 2). However, in light of the practical limitation that submission of issuance reports cannot be enforced against overseas digital asset issuers, the extraterritorial application is expressly excluded with respect to the submission of issuance reports by overseas digital asset issuers (Article 102).

“Digital assets” are classified into “asset-linked digital assets (commonly referred to as stablecoins)” and other “general digital assets” (Article 3(2)).

B. Sector-Specific Entry Regulations

Market entry is regulated through a categorized system—authorization, registration, or notification—depending on the type of business, with the following requirements imposed for each category.

| Category | Type | Definition | Requirements |
|---------------|----------------------------------|--|--|
| Authorization | Digital Asset Trading Business | Buying and selling digital assets on ‘one’s own account’ | <p>(Applicant) A stock company under the Commercial Act or a person conducting an equivalent business under foreign laws who has established the necessary branch or business office in Korea, among others</p> <p>(Capital) Minimum paid-in capital of KRW 500 million</p> <p>(Business Plan) Feasible and prudent business plan</p> <p>(Human Resources, etc.) Qualified personnel and IT infrastructure in place</p> <p>(Qualification of Officers) Disqualified if the person has been sanctioned under financial laws within the past five years, or if the person has been subject to disciplinary measures under financial laws and the period prescribed by Presidential Decree for the specific type of measure has not yet lapsed</p> <p>(Qualification of Major Shareholders) Must have financial capacity, a stable financial condition, and social credibility</p> <p>(Financial Condition) Must maintain a stable financial condition and social credibility</p> <p>(IT Security) Adequate IT security</p> |
| | Digital Asset Brokerage Business | Buying and selling digital assets ‘on behalf of others’ | |
| | Digital Asset Custody Business | Safekeeping digital assets on behalf of others | |

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| | | | infrastructure in place (Conflict of Interest) Maintain a conflict of interest management system |
| Registration | Digital Asset Collective Management Business | Managing digital assets under delegated authority for control and disposition | (Applicant) Same as for authorization (Capital) Minimum paid-in capital of KRW 100 million (Human Resources) Personnel qualified in digital asset management or investment advisory services (Qualification of Officers) Same as for authorization (Qualification of Major Shareholders) Must possess social credibility (Financial Condition) Must maintain a sound financial condition and social credibility (IT Security) Adequate IT security infrastructure in place (Conflict of Interest) Maintain a conflict of interest management system |
| | Digital Asset Wallet Management Business | Managing digital asset wallets under delegated authority or by providing access tools | |
| | Digital Asset Discretionary Investment Business | Managing digital assets under delegated authority for control and disposition, with ‘assets segregated by individual user’ | |
| | Digital Asset Advisory Business | Providing advisory services on the valuation and trading of digital assets | |
| Notification | Digital Asset Order Transmission Business | Receiving digital asset trade orders and transmitting them to digital asset brokers | (Applicant) A stock company under the Commercial Act, a financial institution designated by Presidential Decree, or an electronic financial service provider (excluding branches and offices of foreign entities) (Qualification of Officers) Same as for authorization (Financial Condition) Must maintain a sound financial condition and social credibility (IT Security) Adequate IT security infrastructure in place (Conflict of Interest) Maintain a conflict of interest management system |
| | Digital Asset Pseudo-Advisory Business | Providing general, ‘non-personalized advice’ on the valuation or trading of digital assets | |

This classification of business types and corresponding entry regulations is primarily based on the regulatory framework under the *Financial Investment Services and Capital Markets Act* (the “**Capital Markets Act**”), while also incorporating and expanding upon certain concepts from the *Electronic Financial Transactions Act* and the *Act on Reporting and Using Specified Financial Transaction Information*.

Similar to the *Capital Markets Act*, the Bill allows for the concurrent operation of multiple business types, provided that a conflict of interest management system is established.

In contrast to the *Capital Markets Act*, which treats the establishment and operation of an “exchange” as a business

activity separate from financial investment services—subject to a distinct licensing requirement (Article 373-2)—the Bill adopts a different approach. Rather than creating a separate license category, it empowers the Financial Services Commission to designate certain digital asset brokers that meet specified criteria as digital asset exchanges (Article 90(1)), thereby expanding their functions and roles within the market. This approach reflects a policy intent to foster a more flexible and growth-oriented environment in the early stages of institutionalizing the digital asset market, allowing for the development of a broader range of digital asset brokerage entities.

The Bill further sets forth provisions designed to regulate the governance structure and ensure the financial integrity of digital asset service providers, as outlined below.

| Category | Prudential Regulations |
|--------------------------------------|--|
| Major Shareholders and Executives | Approval system for changes in major shareholders (Article 35), Disqualification criteria for executives (Article 36), Board composition requirements (Article 37), Establishment of an audit committee (Article 38) |
| Internal Control and Risk Management | Establishment of internal control standards (Article 40), Appointment and dismissal of compliance officers (Article 41), Establishment of risk management standards (Article 43), Appointment and dismissal of chief risk officers (Article 44) |
| Managerial Soundness | Maintenance of financial soundness (Article 47) Compliance with managerial soundness standards (Article 48) Restrictions on transactions with major shareholders (Article 51) Prohibition of undue influence by major shareholders (Article 52) |
| Maintenance of IT Security | Obligation to ensure operational stability (Article 55) Designation of a Chief Information Security Officer (Article 56) Vulnerability assessment and analysis (Article 57) |

C. Sector-Specific Conduct Regulations

In addition to entry regulations, the Bill sets forth sector-specific conduct regulations under the heading of “Compliance Requirements for Business Conduct,” as outlined below.

| Category | Conduct Regulations |
|----------|--|
| General | Conflict of interest management (Article 66) Information barrier requirements (Article 67) Duty to explain (Article 68) Prohibition of unfair solicitation (Article 69) Advertising regulations (Article 70) Obligation to provide contractual documents (Article 71) |

| | |
|--|---|
| | <p>Prohibition on arbitrary deposit or withdrawal restrictions (Article 72)</p> <p>Prohibition on the use of job-related information (Article 74)</p> <p>Prohibition on loss compensation and similar conduct (Article 75)</p> <p>Terms and conditions regulation (Article 76)</p> <p>Fee disclosure (Article 77) Recordkeeping obligations (Article 78)</p> <p>Confidentiality of transaction information (Article 79)</p> <p>Employee transaction restrictions (Article 81)</p> |
| Digital Asset Trading and Brokerage Business | <p>Prohibition of self-dealing (Article 83)</p> <p>Duty to ensure best execution (Article 84)</p> <p>Prohibition of Arbitrary Purchase and Sale (Article 85)</p> <p>Prohibition of improper business conduct (Article 86)</p> <p>Restrictions on extension of credit (Article 87)</p> <p>Safeguarding of customer deposits (Article 88)</p> <p>Custody regulations (Article 89)</p> |
| Digital Asset Custody Business | <p>Preparation and maintenance of a user registry and deemed trust status (Article 98)</p> <p>Permissible extension of credit (Article 93(2))</p> |
| Digital Asset Wallet Management Business | <p>Prohibition on custody (Article 94(1), Item 1)</p> <p>Prohibition on arbitrary deposits and withdrawals (Article 94(2), Item 2)</p> |
| Digital Asset Collective Management Business | <p>Prohibition on loss compensation and related practices (Article 95(2), Item 1)</p> <p>Prohibition on delegation (Same Article, Item 2)</p> <p>Prohibition on disposal or lending (Same Article, Item 3)</p> <p>Prohibition on solicitation of trading (Same Article, Item 4)</p> <p>Prohibition on extension of credit (Same Article, Item 5)</p> |
| Digital Asset Discretionary Investment / Advisory Business | <p>Prohibition on custody of assets (Article 97(1), Item 1)</p> <p>Prohibition on extension of credit (Same Article, Item 2)</p> <p>Prohibition on charging additional fees (Same Article, Item 3)</p> <p>Prohibition on front-running (Same Article, Item 4)</p> <p>Prohibition on performance-based compensation (Same Article, Item 5), among others</p> |
| Digital Asset Order Transmission Business | <p>Prohibition on custody of assets (Article 100(1), Item 1)</p> <p>Prohibition on extension of credit (Same Article, Item 2)</p> <p>Prohibition on charging additional fees (Same Article, Item 3), among others</p> |
| Digital Asset Pseudo-Advisory Business | <p>Prohibition on custody of assets (Article 101(1), Item 1)</p> <p>Prohibition on extension of credit (Same Article, Item 2)</p> <p>Prohibition on charging additional fees (Same Article, Item 3)</p> <p>Advertising regulations (Article 97(2) and (3))</p> |

D. Issuance Regulations

The Bill classifies digital assets into two categories: (i) asset-linked digital assets (commonly referred to as “stablecoins”) and (ii) general digital assets (Article 3(2)). Under this framework, the issuance of asset-linked digital assets is subject to an authorization regime, whereas the issuance of general digital assets is subject to a notification regime (Articles 103 and 104). This regulatory distinction reflects the view that asset-linked digital assets, unlike general digital assets, demand greater issuer stability due to their redemption obligations. It also underscores concerns that the unchecked issuance of such assets could undermine monetary sovereignty.

| Category | Definition | Issuance Regulations | Requirements |
|-----------------------------|---|--|--|
| Asset-Linked Digital Assets | A digital asset that is linked to the value of the Korean won or a foreign currency and guarantees redemption | Authorization Regime (However, following authorization, an issuance notification must also be filed—similar to the requirement for general digital assets) | <p>(Corporate Form) Domestic corporation</p> <p>(Capital) Minimum paid-in capital of KRW 500 million</p> <p>(Human Resources, etc.) Qualified personnel and IT infrastructure in place</p> <p>(Redemption Plan) Feasible and appropriate redemption method and reserve plan</p> <p>(Business Plan) Feasible and appropriate business plan</p> <p>(Qualification of Officers) Disqualified if the person has been sanctioned under financial laws within the past five years, or if the person has been subject to disciplinary measures under financial laws and the period prescribed by Presidential Decree for the specific type of measure has not yet lapsed</p> <p>(Qualification of Major Shareholders) Must have financial capacity, a stable financial condition, and social credibility</p> |
| General Digital Assets | Other digital assets | Notification Regime (Issuance Reporting System) | <p>Once an issuance report containing the following information is submitted to the Financial Services Commission, the Commission conducts a ‘formal (procedural)’ review:</p> <ul style="list-style-type: none"> • Information on the issuer • Background and details of issuance and operational personnel • Technical information • Intended industrial use and utilization plan • Total issuance volume and issuance/mining volume by period • User protection plan |

The Bill introduces an issuance reporting system that requires issuers to submit a standardized issuance report to the Financial Services Commission, replacing the previously voluntary disclosure of whitepapers (Article 104(2)). The Bill also clearly stipulates liability for damages in cases where the report contains false or misleading information (Article

106). However, these issuance regulations do not apply to digital assets issued outside of Korea (Article 102).

E. Distribution Regulations (Commencement and Termination of Trading Support)

The Bill establishes a Trading Support Eligibility Review Committee (the “**Eligibility Committee**”) under the Korea Digital Industry Association (Article 130), which is tasked with determining whether a digital asset may be supported for trading (i.e., listed) or whether such support should be terminated (i.e., delisted). Under the previous framework, such decisions were made autonomously by the Digital Asset Exchange Alliance (DAXA), a private consortium of virtual asset service providers. By transferring this authority to the Eligibility Committee, the Bill seeks to institutionally eliminate conflicts of interest and enhance transparency in the listing process.

Specifically, if a digital asset exchange intends to support the trading of a particular digital asset, it must submit an application to the Eligibility Committee for a trading support eligibility review (Article 110(1)). The Eligibility Committee must render a decision on the asset’s eligibility within one month and notify the exchange of the outcome (Article 110(3)).

In the case of termination of trading support, a review may be initiated either upon the application of a digital asset exchange or ex officio by the Eligibility Committee in situations such as (i) inadequate disclosures, (ii) security incidents such as hacking, or (iii) concerns over potential harm to users (Article 112(1)). If the Eligibility Committee determines within one month that trading support should be terminated and notifies the exchange accordingly, the exchange must comply and cease trading support unless there is a justifiable reason not to do so (Articles 112(4), 112(6), and 112(7)).

However, the Bill delegates the authority to establish the criteria for initiating or terminating trading support to the Eligibility Committee through its *Trading Support Regulations*. These regulations are expected to reflect standards similar to those found in DAXA’s former *Unified Guidelines for Trading Support Review* and the Korea Exchange’s listing rules.

F. Disclosure Regulations

The Bill establishes a structured disclosure framework comprising two key components: issuance disclosure and distribution disclosure.

While major virtual asset service providers (VASPs) have previously made limited voluntary disclosures regarding distribution, issuance disclosure has lacked consistency and reliability. Issuers have typically published whitepapers through social media or official websites without standardized requirements, and these documents were often subject to arbitrary revisions or deletions, undermining both credibility and transparency.

To address these issues, the Bill requires issuance reports to be disclosed through a centralized platform operated by the Financial Services Commission, thereby enhancing the authority and accessibility of issuance-related information.

| Category | Disclosure Entity | Disclosure Items |
|-------------------------|-------------------------------|---|
| Issuance Disclosure | Financial Services Commission | Disclosure of the issuance report submitted at the time of digital asset issuance (Article 104(8)) |
| Distribution Disclosure | Digital Asset Exchange | (i) Key features of the digital asset (ii) Product description (iii) Key details of the trading support (or continuation) review, etc. (Article 113(3)) |

G. Unfair Trading Practices Regulations

The Bill prohibits the following unfair trading practices: (i) use of material non-public information (Article 115), (ii) market manipulation (Article 117), (iii) fraudulent transactions (Article 119), and (iv) market disruption (Article 120). It further provides for civil liability for damages caused by such prohibited conduct (Articles 116, 118, and 121).

Although the Bill closely follows the framework of the *Capital Markets Act* in regulating unfair trading practices, it expressly excludes certain activities from the definition of market manipulation. Specifically, for digital assets supported for trading on an exchange, the following are not deemed manipulative: (i) stabilization trades conducted by digital asset trading firms under the direction of either the issuer or the exchange, for the purpose of adjusting supply and demand, within a period prescribed by Presidential Decree not exceeding six months from the commencement of trading support; and (ii) market-making transactions conducted by trading firms at the request of the exchange, within a period prescribed by Presidential Decree not exceeding one year.

3. Future Outlook and Practical Considerations

The Bill is currently in the proposal stage and will undergo the standard legislative process, including review by the National Policy Committee, public hearings, and passage through the plenary session of the National Assembly. While some revisions may be made during parliamentary deliberations, the likelihood of expedited enactment is high, given that the legislation was part of President Jae-myung Lee's campaign pledges.

If enacted, the Bill is expected to bring about the following structural shifts across the digital asset industry.

- **First**, virtual asset service providers (VASPs) must determine how their business activities are classified under the business categories defined in the Bill, and ensure that they meet the applicable authorization, registration, or notification requirements. This may necessitate restructuring of business segments, adjustments to the corporate structure, or the establishment of systems for managing concurrent business operations.
- **Second**, businesses intending to issue asset-linked digital assets (i.e., stablecoins) must obtain prior authorization from the Financial Services Commission and implement legal and technical safeguards to ensure stability, such as a well-defined redemption plan and a bankruptcy-remote structure. While the specific authorization requirements will be set forth in subordinate regulations, it is critical to proactively design the business framework and prepare

for commercialization in advance.

- **Third**, under the new framework, current virtual asset exchanges will be required to conduct internal assessments of trading support and its continuation in accordance with standards prescribed by Presidential Decree, and report the results to the Eligibility Committee. In certain cases, they may also be required to terminate trading support pursuant to the Committee's determination. As a result, they will need to revise their current listing and delisting procedures—which were previously conducted autonomously—to align with the newly established external review system.
- **Fourth**, the existing whitepaper-based disclosure model will transition to a statutory *issuance report* system, with mandatory filings through the Financial Services Commission. Issuers will be required to disclose information—such as issuer details, technical specifications, total issuance volume, and issuance or mining schedules—in an objective and legally accountable manner. This will necessitate the implementation of robust systems to ensure data consistency and timely updates. Notably, this shift also signifies the formal repeal of the government's blanket ban on initial coin offerings (ICOs) announced in 2017.

SHIN & KIM LLC possesses top-tier expertise and extensive experience in the fields of virtual assets and digital finance. If you require proactive strategic planning in anticipation of the enactment and implementation of the *General Act on Digital Assets*, please do not hesitate to contact our Virtual Asset Team.

[\[Korean version\]](#) 「디지털자산기본법」 국회 발의 - 디지털자산의 본격적인 제도화

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