

Government to Intensify Scrutiny of Crypto Activity

On December 12, 2017, the Korean government's Virtual Currency Task Force ("Task Force"), now led by the Ministry of Justice, issued another press release indicating an intention to intensify scrutiny of crypto-related activity in the future ("Press Release"). The Press Release highlights that the government intends to take the following actions: (i) increase investigation and prosecution of crypto-related crimes, (ii) implement measures to cool down cryptocurrency markets and (iii) propose new legislation to regulate cryptocurrency exchanges and ICOs. Unlike prior press releases issued by the Task Force, this Press Release outlines specific measures that the government intends to take to protect consumers and cool down the market, for example, by investigating whether cryptocurrency exchanges are compliant with data privacy laws, and reviewing their user terms and conditions for compliance with commercial and fair trade laws. The Press Release also mentioned that the Task Force will take actions to, for example, have banks reject applications to open bank accounts made by minors and non-residents in order to stem speculative investment in cryptocurrency.

Although the Press Release noted a number of actions that the government intends to take going forward, it did not mention anything regarding timing of new laws or regulations or details regarding how it intends to implement such actions. For now, it appears that until new legislation is actually proposed, the Korean government will focus on enforcing existing laws on cryptocurrency exchanges (as well as make somewhat vague and brief announcements) in an attempt to restrain the booming cryptocurrency markets.

For additional information regarding this alert or to sign up for future updates, please contact Steve Ahn or Steve Kim. For information generally on cryptocurrency, ICOs, regulatory matters or other related questions, please do not hesitate to contact the partners in SEUM's blockchain and cryptocurrency team, Steve Ahn and Hoseok Jung.

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