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POLICY DIRECTIONS FOR THE GAMING INDUSTRY PROPOSED BY PRESIDENT-ELECT YOON SUK-YEOL

Mr. Yoon Suk-yeol, the presidential candidate of the conservative People Power Party, won the presidential election on March 9.

Since running for the presidency, President-elect Yoon proposed a plan to “make a nation where people can easily play online games” as part of his campaign pledges and expressed great interest in the gaming industry. Recently, he even visited an e-sport stadium and watched a match of “League of Legends.” President-elect Yoon also promised to vitalize the gaming industry, saying that “gaming does not kill time, but rather it’s a means to save time.” Meanwhile, in alignment with his state philosophy of restoring “fairness and common sense,” he called for disclosing all information on random (chance) reward items, establishing an inspection agency dedicated to gaming frauds involving small claims, increasing gaming accessibility for disabled people, and introducing regional tiers to e-sports.

President-elect Yoon’s pledges regarding the gaming industry which can be confirmed in the official book of campaign promises and press interviews are as follows:

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I. Key Pledges

	Summary	Further Plans
Development Measures	Expanding support for R&D of innovative technologies	<ul style="list-style-type: none">● Making Korea a “Digital Powerhouse”● Expanding tax and financial incentives for companies committed to developing core technologies of the gaming industry such as AI and metaverse
	Vitalizing the metaverse industry	<ul style="list-style-type: none">● Enacting special Acts to vitalize the metaverse industry● Designing a national support system to the metaverse industry

	Institutionalizing the token economy such as NFTs	<ul style="list-style-type: none"> Reforming the financial system to institutionalize the token economy (such as NFTs) and expanding institutional support for blockchain-driven technologies Enacting the "Framework Act on Digital Assets" and gradually allowing ICO (Initial Coin Offering) Starting from introducing the IEO (Initial Exchange Offering) with safety device
	Improving self-authentication procedure	<ul style="list-style-type: none"> Last year, underaged game users suffered inconvenience due to the "Minecraft incident" Amending the provision requiring self-authentication for all users of online games (Article 12-3(1) of the Game Industry Act) and exempting at least the users of G-rated games from the self-authentication requirement
	Establishing an inspection agency dedicated to gaming frauds with small costs	<ul style="list-style-type: none"> Around 9,000 gaming frauds occur in Korea every year, however, it is difficult to expect a proactive and swift response from the police since those are small claims Establishing an inspection agency specialized in gaming frauds with small claims within the relevant authorities such as National Police Agency to eradicate gaming frauds
	Promoting E-sports	<ul style="list-style-type: none"> Introducing a regional tier in E-sports Including E-sports in the sports subject to purchase of betting tickets Providing active support to promote E-sports, such as adopting a gaming literacy program and establishing gaming academies nationwide
	Increasing gaming accessibility for the disabled and elderly	<ul style="list-style-type: none"> Establishing the "Committee for Promoting Gaming Accessibility" Pursuing a balanced development of the gaming industry and gradual expansion of users with the government helping those who struggle with accessing games
Regulations	Mandating the disclosure of information on "random (chance) reward items"	<ul style="list-style-type: none"> Last year, some gaming companies sparked controversy by manipulating the probability of acquiring random (chance) items or drastically lowering the probability thereof Mandating gaming companies to disclose all information on random (chance) reward items to resolve issues on unfairness resulting from lack of information on such items

	Establishing the Committee on the Protection of Rights of Game Users	<ul style="list-style-type: none"> • Mandating gaming companies above a certain size to establish a committee for protecting the rights of game users, similar to the Viewers Committee under the Broadcasting Act • Allowing game users to identify and monitor the internal policies of gaming companies, such as those related to information of random (chance) reward items, thereby promoting a fair operation of gaming services
	Maintaining regulations on P2E (Play To Earn) games	<ul style="list-style-type: none"> • Taking a precautionary approach to P2E Games • Games that can exchange gaming currency into fiat money undermine a sound culture in the gaming industry, and therefore it is prudent to take considerable attention

II. Outlook

When he was a presidential candidate, President-elect Yoon stressed that games are not diseases. He also said that he views games as a “cash cow” industry that creates quality jobs and is being widely exported around the world, adding the government should be careful in imposing outdated regulations on games, except for those that could cause excessive speculation. These remarks raise expectation for the new administration to establish and implement policies favorable to the gaming industry.

However, by taking a closer look at the key pledges related to the gaming industry announced after his election, it seems that those pledges are primarily focused on resolving difficulties for game users by advocating a “gamers-first” approach. In particular, the pledges prioritize disclosing entire information on random (chance) reward items but take a precautionary stance with regard to blockchain-based games (P2E games) which are gaining a lot of attention from the gaming industry. The initially released book of campaign pledges included “allowing P2E games and abolishing regulations to promote the gaming industry” in the category of financial system reform for the promotion of the token economy such as the NFTs, but it was removed in the final printed version.

Nevertheless, given that President-elect Yoon has continuously expressed interest in nurturing the gaming industry, it is likely that the new administration would implement active support policies to boost the gaming industry. For instance, Yoon even introduced and operated a Special Committee on Games within the People Power Party since he became a presidential candidate and stressed that since the gaming industry is overwhelmingly young, where most of the workers are in their 20s and 30s, the government should minimize interference and maximize support, and it should be left to the creativity and innovation of the Korean gaming companies which are equipped with the world’s best technologies. These illustrate that there is a possibility for the introduction of more supportive measures in addition to the ones revealed so far, in the process of refining the policies through the Presidential Transition Committee.

Moreover, President-elect Yoon has put forward promises that are in line with the recent growth of the gaming industry, such as enacting the Framework Act on Digital Assets, establishing the Digital Industry

Promotion Agency, laying legal grounds for growing businesses based on virtual asset and blockchain, gradually allowing ICO and preparing a national support system for the metaverse industry, among others. These promises indicate a possibility for the new administration to actively improve regulations on the gaming industry by building a cooperative governance between corporations, universities, national and local governments, appreciating the gaming industry as an important driver of job creation and growth. This would require corporations to be continuously attentive to specific progress on the development of gaming policies of the new administration.

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BKL has unparalleled expertise in not only traditional sectors related to IP rights, such as patent, copyright and trademark, but also in newly emerging areas such as entertainment, sports and gaming. BKL will continue to monitor amendments of relevant laws, such as the Game Industry Promotion Act and the Act on Reporting and Using Specified Financial Transaction Information, in response to the inauguration of the new administration, and wish to offer useful information by conducting an in-depth analysis of the impact of such amendments on industries. Please feel free to contact us if you have any inquiry or questions regarding the content of this newsletter.