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## NATIONAL ASSEMBLY PASSES FETA AMENDMENT: KEY VIRTUAL ASSET TRANSFER PROVISIONS AND IMPLICATIONS

### I. BACKGROUND

The Partial Amendment Bill to the Foreign Exchange Transactions Act (the "Bill") passed the plenary session of the National Assembly on May 7, 2026. The existing foreign exchange transaction regulations and prior reporting requirements have been unable to adequately capture new types of foreign exchange transactions, such as overseas remittances using virtual assets, resulting in regulatory blind spots. Against this backdrop, the Bill introduces a registration requirement for Virtual Asset Transfer Business under the Foreign Exchange Transactions Act, thereby establishing a monitoring framework for foreign exchange transactions involving virtual assets conducted through virtual asset service providers.

### II. KEY AMENDMENTS

#### 1. Introduction of the definition of Virtual Asset Transfer Business under the Foreign Exchange Transactions Act

The Bill newly introduces definitions of "virtual asset," "virtual asset service provider," and "Virtual Asset Transfer Business" under the Foreign Exchange Transactions Act.

The meanings of "virtual asset" and "virtual asset service provider" are the same as those prescribed under the Act on Protection of Virtual Asset Users, but "Virtual Asset Transfer Business" differs somewhat from the concept used under that Act (Articles 3(1)21 and 3(1)22 of the Bill).

The Bill defines "Virtual Asset Transfer Business" under the Foreign Exchange Transactions Act as the transfer of virtual assets between the Republic of Korea and a foreign country by a virtual asset service provider through the sale, purchase, exchange of virtual assets or other acts prescribed by the Presidential Decree, and any other act that has substantially the same effect as prescribed by the Presidential Decree (Article 3(1)23 of the Bill). Unlike the definition under the Act on Protection of Virtual Asset Users, this definition (i) presupposes cross-border transactions between the Republic of Korea and a foreign country in light of the purpose of foreign exchange transaction regulation, and (ii) includes within the scope of Virtual Asset Transfer Business transactions prescribed by the Presidential Decree that have the practical effect of cross-border transactions.

Definition of Virtual Asset Transfer Business

| Act on Protection of Virtual Asset Users                                                                                                                                                                                                                                                                                                                                                                                                                             | Foreign Exchange Transactions Act                                                                                                                                                                                                                                                                                                              |
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| <p>to conduct business under subparagraph 2 of Article 2, transferring virtual assets from one virtual asset address (meaning unique identification information electronically generated for the purpose of managing records of virtual asset transfers and custody details) to another virtual asset address, or otherwise transferring virtual assets among users, among virtual asset service providers, or between users and virtual asset service providers</p> | <p>the transfer of virtual assets between the Republic of Korea and a foreign country by a virtual asset service provider through the sale, purchase, or exchange of virtual assets or other acts prescribed by the Presidential Decree, and any other act that has substantially the same effect as prescribed by the Presidential Decree</p> |

**2. Registration Requirement for Virtual Asset Transfer Business**

Under the Bill, a virtual asset service provider that intends to conduct Virtual Asset Transfer Business under the Foreign Exchange Transactions Act must register in advance with the Minister of Finance and Economy. The registration requirements include: (i) having completed the filing as a virtual asset service provider under the Act on Reporting and Using Specified Financial Transaction Information; (ii) having its computer network connected to an institution that intermediates, centralizes, and exchanges data concerning foreign exchange transactions, payments, receipts, or virtual asset transfers pursuant to Article 25(2); and (iii) satisfying other requirements prescribed by the Presidential Decree, such as facilities and professional personnel necessary for Virtual Asset Transfer Business (Article 8-2(1) of the Bill).

In addition, the Bill provides that a person who conducts Virtual Asset Transfer Business without registration, or after having registered by fraud or other improper means, will be subject to criminal penalties. Such violation may be punishable by imprisonment for up to three years or a fine not exceeding KRW 300 million. If three times the value of the subject matter of the violation exceeds KRW 300 million, a fine of up to three times the value of such subject matter may be imposed (Article 27-2(1)1-2 of the Bill).

The Bill also provides that, where a person registered for Virtual Asset Transfer Business intends to change any registered matter prescribed by the Presidential Decree or discontinue Virtual Asset Transfer Business, such person must report the change or discontinuation in advance to the Minister of Finance and Economy, as prescribed by the Presidential Decree (Article 8-2(2) of the Bill). Failure to file such change report, or conducting Virtual Asset Transfer Business after filing a false change report, may result in an administrative fine of up to KRW 100 million (Article 32(1)1-2 of the Bill).

### **3. Legal Basis for Reporting, Inspection and Data Sharing with Respect to Virtual Asset Transfer Business Operators**

The Bill includes Virtual Asset Transfer Business operators among the persons subject to reporting, inspection, and data submission requirements under the Foreign Exchange Transactions Act, and adds the Financial Services Commission as an agency to which relevant duties may be delegated or entrusted (Article 20 of the Bill). The Bill also establishes a legal basis for the Minister of Finance and Economy to notify not only the Commissioner of the National Tax Service, the Commissioner of the Korea Customs Service, and the Governor of the Financial Supervisory Service, but also the Financial Services Commission, of data concerning transactions, payments, receipts, movement of funds, and transfer of virtual assets subject to the Act (Article 21 of the Bill).

Accordingly, Virtual Asset Transfer Business operators registered under the Foreign Exchange Transactions Act will be brought within the foreign exchange authorities' inspection and supervisory framework and the data-sharing framework among relevant authorities, and will be subject to supervision by the Ministry of Finance and Economy, the Financial Services Commission, and other relevant authorities.

### **4. Legal Basis for Confiscation and Collection of Virtual Assets**

The Bill expressly includes virtual assets obtained through certain violations of the Foreign Exchange Transactions Act, such as conducting unregistered Virtual Asset Transfer Business, among the assets subject to confiscation or collection, thereby strengthening the effectiveness of sanctions against unlawful cross-border transactions involving virtual assets (Article 30 of the Bill).

### **5. Other Institutional Reforms**

The Bill reorganizes the scope of specialized foreign exchange business from the existing categories of money-changing business, small-sum overseas remittance business, and other specialized foreign exchange business into a new framework centered on general money-changing business and overseas payment and settlement business. It also clarifies the legal basis for revoking registration or restricting or suspending business where a specialized foreign exchange business operator conducts foreign exchange business in violation of its permitted business scope or other requirements (Articles 8(3) and 12(1)4 of the Bill). In particular, the establishment of overseas payment and settlement business is intended to regulate fintech-based foreign exchange services. Although the Bill does not contain specific regulations in this regard, relevant rules are expected to be introduced through subordinate legislation, including notices issued by the Ministry of Finance and Economy.

### III. EFFECTIVE DATE AND ANCILLARY OPINION

The Bill is scheduled to take effect six months after the date of its promulgation (Article 1 of the Addenda). A specialized foreign exchange business operator under the previous provisions as of the effective date will be deemed to have been registered under Article 8(3) of the Bill (Article 3 of the Addenda). The detailed scope of Virtual Asset Transfer Business, registration requirements, scope of data submission, and other practical transitional measures for existing business operators are expected to be further specified in the Presidential Decree and subordinate regulations.

Meanwhile, when the Bill passed the Finance and Economy Planning Committee, the following ancillary opinion was also adopted: "Under the framework of the Act on Protection of Virtual Asset Users, the term 'transfer' is used inconsistently, both in a broad sense covering all virtual asset transactions, including sale, purchase, transfer, custody, and brokerage, and in a narrow sense limited to the transfer of virtual assets. Therefore, the government should clearly refine the terminology used in relevant statutes." This ancillary opinion imposes on the government the need to resolve interpretive uncertainty under relevant statutes concerning virtual asset transfers.

### IV. IMPLICATIONS

The Bill is significant in that it brings cross-border transfers of virtual assets within the scope of regulation under the Foreign Exchange Transactions Act for the first time. Accordingly, virtual asset service providers that intend to conduct cross-border Virtual Asset Transfer Business will be required to comply not only with their existing obligations under the Act on Reporting and Using Specified Financial Transaction Information, including filing and anti-money laundering obligations, and their obligations under the Act on Protection of Virtual Asset Users, including user asset protection and ongoing surveillance of suspicious transactions relating to unfair trading activities, but also with their obligations under the Foreign Exchange Transactions Act, including registration for Virtual Asset Transfer Business.

However, in the absence of clear criteria for determining cross-border transactions in relation to "Virtual Asset Transfer Business" under the Foreign Exchange Transactions Act, a substantial number of virtual asset service providers may be deemed to conduct cross-border transactions involving virtual assets, given the nature of virtual asset transactions, which often involve cross-border elements. Therefore, it will be necessary to closely review how the proposed amendments to the Presidential Decree of the Foreign Exchange Transactions Act will specify the details of "the transfer of virtual assets between the Republic of Korea and a foreign country and any other act that has substantially the same effect as prescribed by the Presidential Decree" as part of the scope of Virtual Asset Transfer Business.

Meanwhile, the Bill does not classify virtual assets as a means of payment under the existing Foreign Exchange Transactions Act, but instead introduces separate definitional provisions. This is understood as reflecting the legislative intent to define virtual assets as a new category not included in foreign exchange or means of foreign payment, and to secure the soundness of transactions by first establishing a monitoring framework for cross-border virtual asset transfer transactions.

As the Bill has passed the National Assembly, virtual asset service providers that conduct Virtual Asset Transfer Business under the Foreign Exchange Transactions Act will be required to apply for registration with the Ministry of Finance and Economy within the applicable deadline. In addition, where virtual asset transfer transactions between the Republic of Korea and a foreign country are conducted in cooperation with overseas virtual asset service providers, it will be necessary to closely examine compliance with the Foreign Exchange Transactions Act in light of the relevant service structure.

Bae, Kim & Lee LLC will continue to monitor the amendment of the Presidential Decree and the establishment of detailed standards in connection with this amendment to the Foreign Exchange Transactions Act, and will provide tailored advice and optimal response strategies based on the specific business structures of virtual asset service providers and fintech companies.

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