

June 25, 2026

REGULATORY DEVELOPMENTS REGARDING UNREGISTERED VIRTUAL ASSET SERVICE PROVIDERS AND PRACTICAL CONSIDERATIONS

I. BACKGROUND

On June 25, 2026, the Korea Financial Intelligence Unit ("**KoFIU**") issued a press release urging the public to exercise heightened caution when dealing with virtual asset service providers that have not registered with KoFIU pursuant to the Act on Reporting and Using Specified Financial Transaction Information (the "**Financial Transaction Reports Act**"). Such unregistered providers are considered illegal virtual asset service providers operating outside the regulatory framework.

Of the virtual asset service providers currently operating in Korea, only 28 entities have been duly registered with KoFIU. These include Upbit, Bithumb, Coinone, Korbit, and Gopax. According to the press release, any entity other than these registered providers that conducts virtual asset business targeting Korean users constitutes an illegal operation under the Financial Transaction Reports Act. Notably, the Financial Transaction Reports Act applies equally to overseas operators that engage in domestic business activities targeting Korean nationals, regardless of the jurisdiction in which such operators are incorporated or based.

II. TYPES OF ILLEGAL OPERATIONS

KoFIU's press release identifies the following notable types of illegal virtual asset operations. The first type involves overseas cryptocurrency exchanges that effectively target Korean users while deliberately evading KoFIU registration requirements. KoFIU notes that certain overseas exchanges conceal their domestic business activities through tactics such as refraining from providing Korean-language services. The press release describes a case in which an exchange organized new customer recruitment events through Telegram and KakaoTalk open chatrooms specifically populated by Korean users. At the same time, the exchange conducted all customer consultations in English in an effort to avoid regulatory scrutiny.

In this regard, it should be noted that the mere use of English in customer consultations does not preclude a finding of domestic business activity. Where the operator has already been running Telegram or KakaoTalk chatrooms comprising Korean users, such conduct presupposes that the operator was actively soliciting Korean users.

The second type involves private currency exchange operators that directly purchase and sell stablecoins or other virtual assets in exchange for Korean won (KRW) or other fiat currency. Such services are frequently targeted at students studying abroad, tourists, foreign workers residing in Korea, or individuals—both Korean and foreign—who are reluctant to disclose their identities.

Under Korean law, exchanging virtual assets for KRW constitutes virtual asset dealing, and such transactions must be conducted exclusively through real-name verified bank accounts. The relevant provisions are Article 2, Subparagraph 2, Item (a) of the Act on the Protection of Virtual Asset Users (the "**VAPUA**") and Article 7, Paragraph 3, Subparagraph 2 of the Financial Transaction Reports Act. It should also be noted that even USD-pegged stablecoins cannot be considered legal tender equivalent to the U.S. dollar. Accordingly, providing virtual asset-to-KRW exchange services within Korea without a valid virtual asset dealing registration is considered an illegal operation, regardless of whether the operator holds a foreign exchange licence.

The third type involves individuals or entities that receive fees from overseas virtual asset service providers in exchange for promoting such providers to Korean users through YouTube, Telegram, KakaoTalk open chatrooms, or other social media channels. For example, a YouTuber may promote an overseas cryptocurrency exchange to Korean viewers and subscribers in return for referral commissions.

KoFIU has indicated that such referral activities may be characterized not merely as advertising, but as actively facilitating unregistered business operations. Consequently, referrers themselves may be subject to criminal liability. Under this interpretation, the overseas exchange in question may be held liable for conducting unregistered business operations targeting Korean users. The referring individual may also face criminal exposure as an accomplice in facilitating those operations.

III. LEGAL SANCTIONS

Engaging in unregistered virtual asset business operations in violation of the Financial Transaction Reports Act is subject to criminal penalties of **imprisonment of up to five years or a fine of up to KRW 50 million**. In addition, a convicted person is barred from registering as a virtual asset service provider in Korea for a specified period. Furthermore, following the entry into force of the amended Financial Transaction Reports Act in August 2026, individuals who participate in illegal business operations will also be prohibited from becoming a major shareholder of a domestic virtual asset service provider for a specified period (see the BKL newsletter dated April 2, 2026¹).

IV. KoFIU ENFORCEMENT ACTIONS

KoFIU, in cooperation with the Digital Asset Exchange Alliance (DAXA) and registered virtual asset service providers, conducted an intensive investigation. On June 10, 2026, KoFIU announced the results: a total of 12 entities were identified and reported to the police for investigation. These comprised eight illegal OTC exchanges and four overseas exchanges engaged in unauthorised domestic operations, including P2B, Walbi, NonKYC.io, and SUPEREX. The average transaction fees charged by the identified entities ranged from 1.5% to 10%, which is up to 62 times higher than the average fee of 0.16% charged by Korea's five major KRW-denominated exchanges.

¹ <https://www.bkl.co.kr/law/insight/newsletter/6539>

The following 12 entities have been newly added to the list of unregistered operators referred to law enforcement authorities, bringing the total number of listed entities to 40:

NO.	ENTITY NAME	WEBSITE (URL)	DATE REPORTED
29	P2B	p2pb2b.com/ko	Jun. 10, 2026
30	Walbi	app.walbi.com	
31	Nonkyc.io	nonkyc.io/downloads (APK)	
32	SUPEREX	www.superex.com	
33	Bitproxy	www.bitproxy.kr	
34	Coin Solution	coinsolution.co.kr	
35	Obak Coin	svcoin.kr	
36	Sinbad Solution	www.bittalk.kr	
37	Pulse Flow	pulseflow.co.kr	
38	Bitcoin Proxy	bitcoinproxy.co.kr	
39	Pay Solution	paysolutions.co.kr	
40	Xgram	t.me/xgramotc (Telegram channel)	

Following the investigation results, KoFIU notified registered virtual asset service providers to cease transactions with the above entities. KoFIU also requested the Korea Communications Commission and the Korea Communications Standards Commission to block domestic access to their websites. In addition, app marketplace operators, including Google and Apple, were requested to block access to the relevant mobile applications.

V. PRACTICAL CONSIDERATIONS FOR USERS AND SERVICE PROVIDERS

In light of KoFIU’s press release, users in Korea are strongly advised to verify whether a virtual asset service provider has been duly registered with KoFIU through the KoFIU website (www.kofiu.go.kr) before engaging in any virtual asset transactions.

For domestic and offshore virtual asset service providers, it should be noted that operating referral programs carries significant criminal risk. In particular, such programs involve compensating third parties for promoting or recommending to Korean residents, through social media or other channels, virtual asset exchanges that have not been duly registered with KoFIU. Providers are accordingly advised to refrain from engaging in or facilitating any such activities.

BKL will continue to stand by its clients with the highest level of legal expertise.

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For any inquiry or questions regarding the content of this newsletter, please contact us.

APPENDIX 1

 List of Unregistered Virtual Asset Service Providers
 (Illegal Virtual Asset Operators) (40 entities)

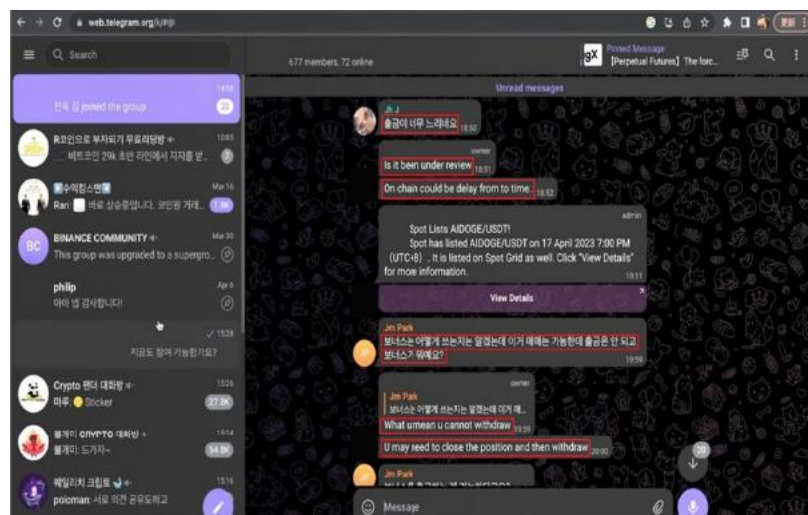
The following list comprises **unregistered operators** that have been reported to law enforcement authorities. **Caution** is advised when **using** or **transacting** with these entities. (Note: An operator may still be an “illegal operator” even if not on this list.)

NO.	ENTITY NAME	WEBSITE (URL)	DATE REPORTED
1	Kucoin	www.kucoin.com	Aug. 17, 2022
2	MEXC	www.mexc.com	
3	Phemex	www.phemex.com	
4	XT.com	www.xt.com	
5	Bitrue	www.bitrue.com	
6	ZB.com	www.zb.com	
7	Bitglobal	www.bitglobal.com	
8	CoinW	www.coinw.com	
9	CoinEX	www.coinex.com	
10	AAX	www.aax.com	
11	ZoomEX	www.zoomex.com	
12	Poloniex	www.poloniex.com	
13	BTCEX	www.btce.com	
14	BTCC	www.btcc.com	
15	DigiFinex	www.digifinex.com	
16	Pionex	www.pionex.com	
17	APPLE BIT	www.applebit.io	Jan. 13, 2023
18	Blofin	www.blofin.com	Jul. 12, 2023
19	Apex Pro	www.apex.exchange	
20	CoinCatch	www.coincatch.com	
21	DOEX	www.doex.com/v/	
22	WEEX	www.weex.com	
23	BitMart	www.bitmart.com	
24	KCEX	www.kcex.com/ko-KR	Aug. 7, 2025
25	QXALX	www.qxalx.com	Aug. 22, 2025
26	Coinness	www.coinness.com/exchange	
27	DawinKS	www.dawinks.com	Sept. 22, 2025
28	BingX	www.bingx.com	Jan. 12, 2026
29	P2B	p2pb2b.com/ko	Jun. 10, 2026
30	Walbi	app.walbi.com	
31	Nonkyc.io	nonkyc.io/downloads (APK file)	

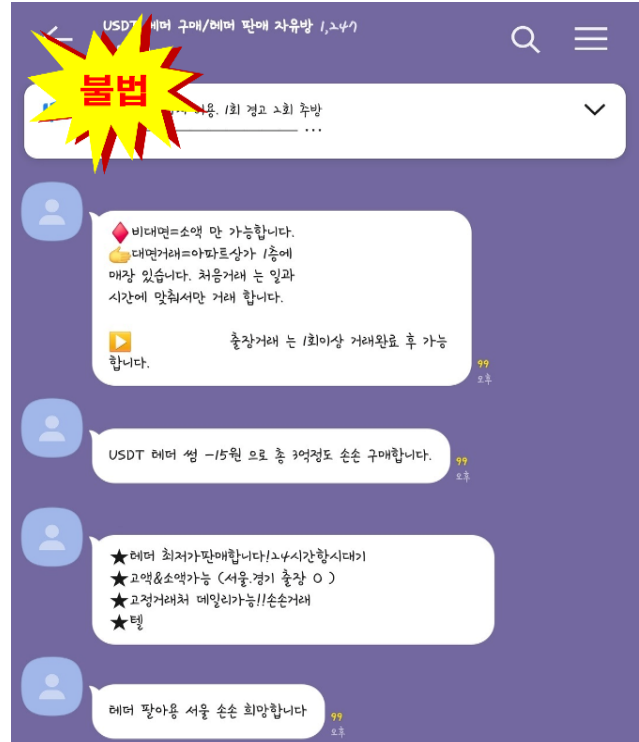
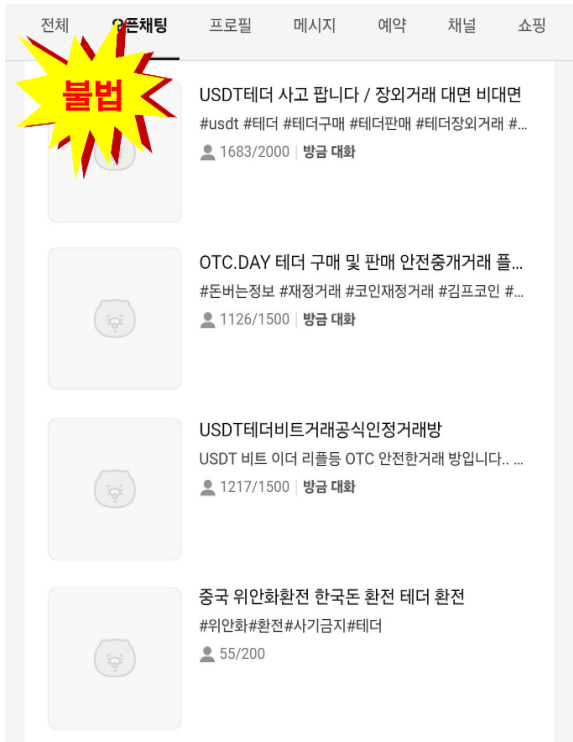
32	SUPEREX	www.superex.com
33	Bitproxy	www.bitproxy.kr
34	Coin Solution	coinsolution.co.kr
35	Obak Coin	svcoin.kr
36	Sinbad Solution	www.bittalk.kr
37	Pulse Flow	pulseflow.co.kr
38	Bitcoin Proxy	bitcoinproxy.co.kr
39	Pay Solution	paysolutions.co.kr
40	Xgram	t.me/xgramotc (Telegram channel)

APPENDIX 2 Types of Major Illegal Virtual Asset Operators

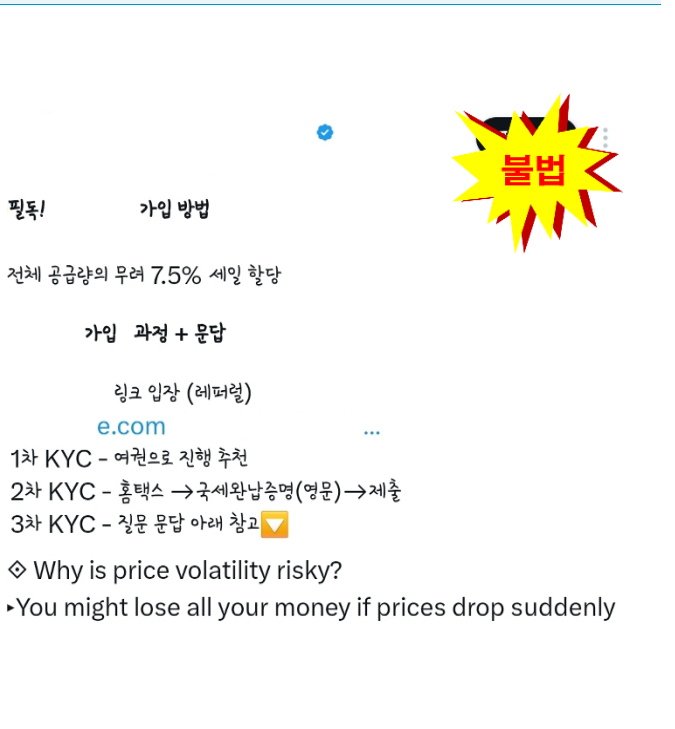
① (Overseas Exchanges) Hosting new customer recruitment events and providing customer support through Telegram and KakaoTalk open chatrooms targeting Korean users (left), while using English to evade regulations (right)



② (Illegal Money Exchange) Anonymously exchanging stablecoins through Telegram and open chatrooms



③ (Referrals) Promoting and soliciting unregistered virtual asset operators through blogs, social media, etc.



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