

Committee:ECOFIN
Country:Republic of Korea
Agenda Item:Regulating the Crypto Ecosystems



South Korea, officially the Republic of Korea (ROK), is a country in East Asia. It constitutes the southern part of the Korean Peninsula and shares a land border with North Korea. The country's western border is formed by the Yellow Sea, while the Sea of Japan defines its eastern edge. South Korea claims to be the sole legitimate government of the entire peninsula and adjacent islands. It has a population of 51.75 million, of which roughly half live in the Seoul Capital Area, the world's fourth most populous metropolitan area. Other major cities include Incheon, Busan, and Daegu.

The regulatory approach for the cryptocurrency ecosystem in South Korea aims to strike a balance between fostering innovation and corporate expansion and protecting consumers, and preventing illegal conduct.

The South Korean government is cognizant of the risks of using blockchain technology and digital assets, including the possibility of tax fraud, money laundering, and the support of terrorism, even as it acknowledges the potential benefits.

The South Korean government has taken several steps to regulate the cryptocurrency industry to allay these concerns. As an illustration, in 2018, the government passed legislation requiring cryptocurrency exchanges to implement KYC and AML processes, report suspicious transactions, and protect their customers' assets. Also, the government demanded that these exchanges get licenses and register with the Financial Services Commission (FSC).

Meanwhile, South Korea has started taxing bitcoin transactions and established a task force to investigate fraud and illegal cryptocurrency use.

The general objective of South Korea's government's strategy for regulating the cryptocurrency ecosystem is to establish a secure and open environment for the industry to grow while protecting consumers and preventing illegal conduct. The government will monitor the development of the cryptocurrency market and take action to preserve its security and stability.

Bibliography:

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