HOR Seminar Report
2026 JULY

Policy Symposium Toward Digital G2 for Korea

The Future of Digital Assets and Capital Markets

Choices Facing the United States and Korea

Insights from June 23, 2026

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Core Issues in Digital Asset Regulation for Korea

Key Implications

Stablecoin Issuer Structure

The current proposal in discussion seeks to balance stability, through majority bank ownership(>50%), with innovation via a guaranteed 34% fintech stake. Yet this threshold reflects the blocking threshold for a special resolution (two-thirds) under the Commercial Act rather than any standard of the issuer's financial soundness or operational capacity. Not only does this run counter to global regulatory trends such as the U.S. GENIUS Act, which expressly permits non-bank issuance, but compounded by a domestic constraint, namely the absence of a developed short-term sovereign bond market, which currently confines reserve assets largely to won-denominated deposits, it risks entrenching an oligopolistic issuance market in which leadership over innovation reverts to incumbent financial institutions. The balance between innovation and stability must be reexamined at the level of entry-requirement design.

Stablecoin Reserve Asset Composition

The U.S. backs stablecoins with 93-day Treasury bills. Korea lacks an equivalent short-term sovereign market (Treasury bonds carry 2+ year maturities and thin liquidity). Even as regulatory bodies are including municipal and special-purpose bonds and weighing MMFs, this gap remains unresolved. Left unaddressed, reserves default to non-interest-bearing won deposits that erase issuer margins and entrench a stagnant, low-liquidity market.

Licensing Clarity

Korea's digital-asset regulatory framework specifies license types but provides no roadmap for which activities banks, securities firms, and e-money providers may conduct under which license—and the gap recurs at every layer. **For stablecoins**, it is unclear whether payment-settlement services fall under the Electronic Financial Transactions Act (EFTA) as payments or require VASP registration, since settlement briefly entails holding digital assets. Caught between the two, operators cannot determine whether to register now or await the Framework Act on Digital Assets or the pending EFTA amendment. **For security tokens,** it remains unsettled what license a securities firm needs to hold an on-chain wallet and distribute tokens wallet-to-wallet, while the absence of a private-placement exemption channels every issuance into public-offering treatment. The same ambiguity extends to a bank conducting on-chain the very custody its trust license already authorizes. Across each of these, licensing is the most urgent issue of all required by every participant from issuance through distribution. While it remains unresolved, business planning is effectively foreclosed. Early interim guidance should be issued to resolve this dual-licensing uncertainty ahead of full authorization, giving firms a stable basis for planning.

Treatment of Offshore Stablecoins

Standards for handling USDT, USDC, and other offshore issuances specifically, domestic entity requirements, reserve custody locations, and recognition of foreign regulatory approvals remain unresolved. This is the segment of highest-demand yet least regulated. Clear principles must be set urgently.

Security Token Offerings – Scope and Trading Markets

In practice, Korea's framework is oriented around non-standardized assets—investment contract securities and non-monetary trust beneficiary certificates—and routes their trading through a separate, purpose-built venue. Major jurisdictions instead tokenize liquid, standardized assets—Treasuries, listed equities, ETFs—on existing market infrastructure. With the enforcing decrees still pending, redesign carries critical importance. While regulators currently recognize the gap, fuller deliberation is needed on tokenizing standardized assets, allowing them to trade on existing markets, and revisiting the issuance–distribution separation.

Absence of Private Placement Exemptions

Tokenizing any asset automatically triggers public-offering treatment, with no Reg D–style private-placement pathway. This blocks the very structures driving global RWA growth. A private-placement exemption should be established as part of the framework.

Public vs. Private Blockchains

Private chains, mirroring, and restricted node access required by legislation today generate cost while restricting utility. Privacy and oversight concerns are addressable via regulator-accessible view-only protocols. The default reliance on control-based models should be reconsidered with more analysis into public-chain infrastructure.

Phased Implementation

The customary one-year grace period is convention, not statute, and can be shortened. MiCA itself brought stablecoin rules into force first (June 2024) before completing its broader regime. A phased rollout, starting with stablecoins, is preferable to waiting for a single consolidated enactment.

National Strategy and Direction

The core problem is direction, not speed. Without a clear national vision, the debate remains trapped between "control versus innovation" and incumbent rent-seeking. A closed, domestically ring-fenced market is more damaging than delayed legislation. Korea’s structural advantages must be harnessed toward an open ecosystem that ignites a flywheel of value circulation on top of blockchain across diverse industries.

A Decade of Digital Asset Regulation

United States of America

Benign Neglect
2017–2020

Existing securities and commodities law by analogy, no explicit rules

- 2017.7 **SEC "DAO Report"** — Proposed token could be a security
- 2017.12 CME and CBOE list Bitcoin futures
- 2019.4 **SEC Framework for "Investment Contract" Analysis of Digital Assets** — Guidance on how the Howey test applies to digital assets
- 2020.12 **SEC sues Ripple (XRP)** — Alleging USD 1.3 billion in unregistered securities

Gensler Enforcement
2021–2024

Enforcement-led regulation; expands to stablecoins & AML

- 2021.4 **Gensler sworn in as SEC Chair**
- 2022.3 **Biden Executive Order 14067** — First whole-of-government digital asset directive
- 2022.5 Terra–Luna collapse
- 2022.8 **Treasury OFAC sanctions Tornado Cash** — Mixer money-laundering sanctions
- 2022.11 FTX bankruptcy
- 2023.6 **SEC sues Binance & Coinbase** — Unregistered securities-exchange charges
- 2023.7 **Ripple ruling (partial win)** — Retail sales not securities
- 2023.11 **DOJ–Binance USD 4.3B settlement** — BSA & sanctions violations; CZ pleads guilty
- 2024.1 **Spot Bitcoin & Ethereum ETFs approved**
- 2024.5 **House passes FIT21 (expired)** — Digital Asset Market Structure Act, passed House

Legislative & Administrative Transition
2025–2026

Rules shift via enforcement rollback, EOs, federal law

- 2025.1 **SEC Crypto Task Force formed** — Led by Commissioner Peirce; rulemaking begins
- 2025.1 **Trump Executive Order 14178** — Anti-CBDC Act, rescinds SAB 121
- 2025.2–5 **SEC drops Coinbase & Binance enforcement**
- 2025.3 **Strategic Bitcoin Reserve (EO)**
- 2025.7 **GENIUS Act enacted** — First federal stablecoin law
- 2025.7 **House passes CLARITY Act** — Digital Asset Market Structure Act
- 2026.5 **CLARITY Act clears Senate Banking Committee (pending)**

Republic of Korea

Total Prohibition
2017–2018

Prohibitions and real-name requirements aimed at curbing speculation

- 2017.9 **FSC bans all ICOs outright** — Margin trading also banned
- 2018.1 **Real-name-verified deposit and withdrawal accounts introduced**

AML & Registration Regime
2020–2022

Special Financial Transactions Act introduces VASP registration and AML

- 2020.3 **Special Financial Transactions Act amended** — First VASP legal framework
- 2021.3 **Act takes effect** — mandatory FIU registration, ISMS certification, real-name accounts
- 2021.9 **VASP registration deadline** — Only 4 secured KRW banking (Upbit, Bithumb, Coinone, Korbit)
- 2022.3 **Travel Rule enforced** — Transfer data required for transactions ≥ KRW 1M
- 2022.5 Terra–Luna collapse

User Protection
2023–2024

Institutionalization of STO, User Protection Act enforced

- 2023.2 **STO regulatory framework announced** — Security tokens brought under the Capital Markets Act
- 2023.6 **Virtual Asset User Protection Act passes**
- 2024.7 **User Protection Act takes effect (Phase 1)** — Deposit protection & unfair-trading rules
- 2024.12 **20% tax deferred to 2027**

Institutionalization Drive
2025–2026

Corporate entry, stablecoins, spot ETFs advance; legislation stalls

- 2025.2 **Phased roadmap for corporate trading (delayed)** — Nonprofits → listed firms, accredited investors
- 2025.4–6 **Bank of Korea "Han River" retail CBDC pilot**
- 2025.6 Lee Jae-myung elected President
- 2025.6 **Digital Asset Basic Act introduced** — General framework incl. won-denominated stablecoin
- 2025 H2 **BOK shelves retail CBDC** — Pivots to deposit tokens
- 2026.1 2026 Economic Growth Strategy announced
- 2026 H1 **Digital Asset Basic Act stalls** — Disagreement over stablecoin issuers
- 2026.6 **Bill adrift amid delays in constituting the National Assembly**

Welcoming Address

Regulation is Trailing the Market, We Need Answers.

Rep. Min Byeong-deok, Member of the 21st and 22nd National Assembly, Democratic Party
(Member of the National Policy Committee · Chief Vice Chairman of the Policy Committee)

Representative Min Byeong-deok is a two-term National Assembly member on the National Policy Committee and Senior Vice Chair of the Democratic Party's Policy Committee. A leading digital finance expert, he sponsored the landmark Digital Asset Basic Act to establish Korea's comprehensive regulatory framework and enhance user protection.

Last updated 2026.6.23



Good afternoon. I am Min Byeong-deok, a member of the National Assembly of the Democratic Party of Korea.

Last June, I introduced the Digital Asset Basic Act as its lead sponsor. I did so because I believed we could no longer afford to leave regulation trailing behind the market. The digital asset space has already moved beyond the simple trading of assets on exchanges. The conversation has expanded to encompass payments and remittances, stablecoins, tokenized securities, real-world asset tokenization, and on-chain capital markets.

The very ways in which digital assets are issued, distributed, settled, and cleared are fundamentally changing. Yet Korea's regulatory discourse has failed to keep pace. I could not help but ask: will we once again wait until the market is already mature, only to play catch-up with belated regret?

The Digital Asset Basic Act was proposed with the aim of protecting investors, preventing unfair trading, clarifying responsibilities in issuance and distribution, while simultaneously opening a path for the industry to grow. Its underlying intent was to move beyond viewing digital assets solely through the lens of speculation, and to reframe them in terms of financial infrastructure, capital markets, and industrial strategy.

Even after tabling the bill, numerous issues required careful sorting: the regulation of stablecoins, the boundary between tokenized securities and digital assets, the responsibilities of issuers, exchanges, custodians, and wallet service providers, and the structure of KRW-denominated stablecoins. I devoted considerable time to working through these issues, yet in the meantime, the government's own proposal was never submitted, and all discussions ground to a halt.

Nevertheless, the Democratic Party's Digital Asset Task Force has reached a common direction on the major outstanding issues. In the latter half of this National Assembly term, I will accelerate efforts to ensure that the Digital Asset Basic Act is substantively discussed and enacted.

I am currently traveling in the United States this week for policy consultations on digital assets. I am meeting with members of the Senate and the House, along with relevant officials, and engaging with the White House to see firsthand how the United States is structuring its approach to digital assets and stablecoins.

The U.S. is building a federal regulatory framework for dollar-based payment stablecoins, incorporating reserve asset management, disclosure requirements, supervision, and obligations for anti-money laundering and sanctions compliance—thereby drawing stablecoins into the institutional financial infrastructure.

As dollar-pegged stablecoins expand their reach into global payments, remittances, digital content transactions, and on-chain capital market infrastructure, what place will the Korean won hold? Will Korean digital finance merely watch from the sidelines, or will it compete with its own standards and its own infrastructure? This is precisely why I have been advocating for the preparation of a KRW-based stablecoin.

The Won-stablecoin is not about creating a single Korean version of a stablecoin. It is about KRW-based digital payment infrastructure, reducing settlement fees for small business owners and self-employed merchants, enabling global fan-base payments and IP revenue distribution for K-content, and, ultimately, safeguarding monetary sovereignty in the digital environment.

In the United States, Visa and Bridge have already launched stablecoin-linked card services in multiple countries, and have announced plans to expand to more than 100 nations. Coinbase and Shopify are connecting USDC payments directly to the commercial point-of-sale. Circle, the issuer of USDC, has listed on the New York Stock Exchange, demonstrating that stablecoins have become a financial infrastructure industry valued by capital markets.

On this trip, I intend to observe directly how U.S. companies are growing the digital asset industry through their business models—how they are integrating payments, remittances, tokenization, capital markets, stablecoins, and on-chain finance into unified service offerings.

Digital assets are a critically important industry bridging capital markets and digital finance. Global companies are already competing fiercely in this space. Solana, for example, has proposed to the SEC an institutional framework for issuing and trading traditional assets—such as equities, bonds, and funds—on a public blockchain. While not yet finalized, the important point is that discussions have already begun on redesigning the issuance, distribution, settlement, and clearing structure of capital markets on a blockchain foundation.

If we continue to delay regulatory alignment amid these shifting international currents, Korean firms will be left to operate belatedly within rules set by others, and Korean investors will grow increasingly reliant on foreign platforms and offshore issuances. Our financial institutions risk being relegated to mere participants, rather than architects, of the new market landscape. When technology is ready but institutions lag, and when markets are active but rules are slow, opportunity inevitably flows outward.

Regulation must serve as a springboard, not a shackle. It should lay the foundation of trust that allows the market to grow safely. Only with clear rules will companies invest, finance flow, and users feel secure.

I hope today's discussion will not treat digital assets and capital markets as separate, siloed industries. I look forward to concrete discussions on how tokenized securities can enable more transparent issuance and distribution of assets such as real estate, art, bonds, and funds; how stablecoins can facilitate faster and lower-cost payments, remittances, and global content transactions; how on-chain capital markets can transform corporate fundraising and investor access; and, crucially, what institutional frameworks will underpin investor protection and market trust throughout this transformation.

I trust that the collective wisdom of everyone gathered here today will be a powerful force in paving that way forward.

Thank you.

Keynote Address

Legislative Speed and Market Trust
The Current State of Digital Asset Legislation in Korea

Rep. Ahn Do-geol, Member of the 22nd National Assembly, Democratic Party
(Member of the Strategy & Finance Committee · Standing Vice Chairman of the Policy Committee)

Representative Ahn Do-geol, a former Vice Minister of Economy and Finance, is a fiscal expert and Democratic Party leadership member. As secretary of the party's Digital Asset Task Force, he leads legislative efforts on the Framework Act on Digital Assets and primary-sponsored Korea's first bill regulating value-stable digital assets (stablecoins).

Last updated 2026.6.23



The KOSPI has broken through the 9,000 mark. A year ago, we started at 2,500—and when I suggested we aim for 5,000 within this administration's term, many were skeptical. Yet we achieved that goal in just six months, and we are now surpassing 9,000. Market capitalization currently exceeds KRW 8,000 trillion, ranking fifth globally, and year-to-date price growth stands at 116% as of yesterday—the highest in the world. Samsung Electronics and SK Hynix, the primary drivers of this rally, have both entered the "trillion-dollar market cap club." I regard this as a clear testament to the latent potential of the Korean economy. The current administration's capital market reforms have acted as a catalyst, breaking down the barriers of the "Korea Discount" and ushering in an era of "Korea Premium." That said, the KOSDAQ market—which must nurture the next Samsung and SK Hynix—remains mired around the 900 level, and I view the expansion of its base as a critical challenge for the future of our equity markets.

The Digital Asset Market Opening Alongside Legacy Finance

Alongside these profound shifts in legacy finance, a new financial era is unfolding. I believe that era is precisely the digital asset market. Within the "digital economy," where all value is being digitized, the foundational financial infrastructure itself is transforming—and this transformation is already spreading rapidly across both financial and real-economy sectors. Today, I would like to focus in particular on stablecoins. Digital assets, including stablecoins, are transcending their status as mere investment vehicles and are reshaping the infrastructure of tomorrow's finance. We must accurately read this trajectory and lay down a new financial expressway.

Why Stablecoins Demand Our Attention: The Character of "Currency"

My primary focus on stablecoins stems from the fact that they possess the character of currency. Currency is the engine that powers all financial and real-economy transactions. Stablecoins have already demonstrated overwhelming efficiency as a payment instrument. Compared to SWIFT-based international remittances, they offer an incomparable advantage in transaction fees, processing time, and, most critically, accessibility.

Stablecoins will also unlock numerous new real-economy transaction markets. I am closely watching what use cases our proposed KRW-based stablecoin will generate. Notably, the KRW 5 trillion foreign worker remittance market is already seeing actual transactions conducted using some dollar-based stablecoins. The KRW 21 trillion K-content market and the KRW 31 trillion tourism consumption market for foreign visitors are also fertile ground. As efforts to convert these into viable business models gain momentum, market demand for a clear legal framework to underpin them has surged exponentially.

Ultimately, all financial assets will be digitized, and the Security Token Offering (STO) market is currently taking shape. Looking further ahead, we are entering the AI era. As Agent AI—capable of making decisions on our behalf—becomes ubiquitous, it will conduct economic activities and settlements in real time, 24/7, on our behalf. At that point, stablecoins will transcend digital assets to function as a universal currency, potentially displacing fiat money. This is precisely why major economies worldwide are racing to establish regulatory frameworks.

Global Competition: The U.S. Strategy and Institutionalization Across Jurisdictions

The clear leader in this race is the United States. The U.S. is approaching this with multiple strategic objectives, the most urgent being the stable procurement of demand for its Treasury bonds. Previously, a virtuous cycle existed in which China purchased U.S. Treasuries with dollar reserves earned through manufacturing exports—but that cycle is no longer viable. China is now increasing its gold reserves and aspiring to a gold-backed reserve currency role. Emerging economies such as Russia and India are also seeking to move away from the dollar-centric settlement system. In this context, the U.S. must create alternative sources of demand, and I view stablecoins as a key focus in that regard. Ultimately, institutionalization is proceeding with the strategic aim of maintaining full hegemonic status as the world's reserve currency even in the digital monetary era.

The U.S. is institutionalizing stablecoins through the GENIUS Act, and the CLARITY Act is also under deliberation, building a clear and predictable regulatory system. Japan, Hong Kong, and the EU are likewise responding with jurisdiction-specific frameworks. Japan deserves particular attention. Even Japan—renowned for its deeply conservative, thoroughly deliberative approach—completed a lengthy study, charted a roadmap, passed legislation, and issued its yen-pegged stablecoin, JPYC, in October of last year.

Korea's Optimal Conditions for Embracing Digital Assets

Against this backdrop, where we stand today is critically important. Korea possesses the optimal conditions to embrace digital assets. The world's highest rates of internet and smartphone penetration serve as the foundational devices for operating stablecoins, and our citizens are highly familiar with and receptive to digital finance. The number of digital asset investors now exceeds 11 million, and average daily virtual asset trading volume is approaching 70% of that of the KOSPI—demonstrating the rapid maturation of an on-chain trading ecosystem.

Legacy financial institutions are also responding swiftly. Kyobo Life is piloting the tokenized settlement of Korean government bonds, while KB Card is building a credit card settlement model integrated with stablecoins—embedding cost and time efficiencies into existing services. Institutionalization is also accelerating. The Virtual Asset User Protection Act, enacted in 2023, holds significant value in that it brought digital assets—previously left in a regulatory vacuum—into the institutional fold from a "user protection" perspective. While gaps remain in industry-support provisions, the establishment of a protective framework for investors is meaningful. Furthermore, amendments to the Electronic Securities Act and the Capital Markets Act are laying the groundwork for STO adoption, and we have now reached the stage of pilot implementation through regulatory sandboxes.

The Digital Asset Basic Act: Core Design and Agreement with the Bank of Korea

We are preparing to introduce the Digital Asset Basic Act governing stablecoins. The Democratic Party's Digital Asset Task Force has already consolidated eight related bills, and the basic legal framework is now in place. The core provisions include issuer qualification requirements—minimum capital of KRW 5 billion and authorization criteria covering personnel and physical infrastructure—mandatory 1:1 KRW pegging, and a requirement to hold 100% of issued amounts in highly liquid legal reserve assets. We have also established a user protection framework requiring cash redemption within three business days upon user request, along with periodic disclosure of holdings, issuance, and key metrics.

During the drafting process, the Bank of Korea—given stablecoins' monetary character—raised significant concerns. However, following extensive consultations, we reached a common position. First, we acknowledged that stablecoins are inevitable and agreed that central bank CBDC and private-sector stablecoins should coexist in parallel. Second, regarding the risk that issuance could expand beyond control and trigger inflation, we agreed on prior consultation with the Bank of Korea to regulate appropriate issuance volumes, and on granting the Bank authority to intervene in circulation and issuance in times of emergency. Third, to address concerns that stablecoins could disintermediate traditional banks by replacing deposit functions, we agreed to prohibit the payment of interest on reserve assets—restricting them purely to settlement purposes rather than serving as asset-registration instruments. Additionally, to prevent "coin run" scenarios and address money laundering and illicit transactions, we will continuously refine existing KYC and AML frameworks to align with stablecoin characteristics.

Two Remaining Issues: Issuer Structure and Exchange Ownership

While most of the institutional framework has been agreed upon, two issues remain where the financial authorities are deeply deliberating alternatives.

The first is the stablecoin issuer structure. On one side, there is the view that banks—with their deep understanding of the existing financial order—should take the lead as majority shareholders to ensure credibility and to deploy immediate liquidity in the event of a coin run. On the other hand, there is skepticism about whether banks, accustomed to legacy finance, can effectively drive innovation—given that stablecoins are meant to replace and disrupt traditional finance, creating new efficiencies and growth opportunities in the gap. A compromise has broadly emerged: that fintechs and non-bank entities should lead operational management, while banks serve as nominal majority shareholders to provide a safety-net function. Specific equity regulations remain under review.

The second is the exchange ownership concentration issue. Currently, volatile digital assets and stablecoins are traded together on the same exchanges. To support fair trading and prevent conflicts of interest, some argue that exchanges' public-interest functions require transparent decision-making and internal checks. Others point to the historical ownership structures that have evolved organically and the need for consistency with global standards. As these views remain in tension, we are exploring various institutional compromises to reconcile them harmoniously.

Follow-up Legislation and the Roadmap

Alongside the enactment of the Digital Asset Basic Act, related legislation must be enacted in parallel to create an ecosystem where issuance and distribution can function effectively. Foremost is the Electronic Financial Transactions Act, which must be revised to govern distribution—establishing new rules on operator responsibility, user protection, and transaction limits tailored to a blockchain-based, intermediary-free environment. I have personally convened a task force and completed a draft of this legislation. The Specific Financial Information Act and the Foreign Exchange Transactions Act are also undergoing second-stage drafting to align with the operational ecosystem for stablecoins.

There is no denying that digital asset institutionalization is proceeding slightly slower than market expectations. While one approach might be to implement quickly and address side effects later, this is uncharted territory with tremendously far-reaching implications. I believe the wiser course is to rigorously verify foreseeable factors and issues, enhance completeness, and ensure the framework functions properly in practice. We intend to allow the Digital Asset Basic Act to undergo further internal maturation before passing it in the latter half of this National Assembly session. Once the committee formation is finalized, the Political Affairs Committee will take it up as a priority reform legislative item and focus on its passage.

Three Pillars: Innovation, Trust, and International Consistency

The overarching principles of digital asset institutionalization are clear. We must pursue the "opportunities for innovation" and "maximized productivity" that new digital assets bring, while ensuring their organic integration and harmony with the existing financial order. At the same time, balancing the competing values of "innovation" and "stability," and securing alignment with international norms in line with the global business environment, are of paramount importance. I will close by reiterating that we are designing the system with three overarching goals: innovation, trust, and international consistency.

Thank you.

Session 1

Can South Korea Become a Digital Asset Hub?

Esther Kim, Hashed Open Research

Esther Kim is a researcher at Hashed Open Research specializing in digital asset policy and governance, drawing on her crypto venture capital background. Her research focuses on global regulatory trends, AI governance, and geopolitical dynamics, with a current emphasis on AI agent economies, on-chain payments, and national digital asset strategies.



Introduction: From Regulating Products to Setting National Strategy

Real-world assets and security token offerings have become a standing item on Korea's seminar circuit, with proposals surfacing across a wide range of industries. Since regulation must be built around the characteristics of the product it governs, this is a natural and healthy place to begin.

But the question does not end at product regulation. National vision is bound up with sovereignty, and AI is changing the very terms on which we have understood the world. This is a task Korea will face at the national level whether or not it chooses to. And yet no country has so far articulated a digital asset strategy in any meaningful form. Even the United States, widely regarded as furthest ahead, is entangled in a complex set of presidential interests that leave it unclear whom its crypto agenda is ultimately for.

This presentation begins from that gap and asks two questions. Can Korea become a digital asset hub? And if Korea is to have a digital asset strategy, what should it look like?

The Nation-State Expands: From Owning Value to Being Chosen

The defining change of the digital era is that the meaning of the nation-state is widening. Digital value moves without friction. This does not mean passports become unnecessary or borders lose their meaning. It means that the arrangement under which capital, talent, and companies settled within a territory and generated value there no longer holds. Value does not stay where it was created; it flows.

Three constituent elements of the nation-state are shifting at once.

- Territory: from physical space to borderless digital access
- Nationality: from blood and ascription to contribution and membership, where belonging is chosen through time, capital, and relationships
- Sovereignty: from control and hard power to being chosen as a platform

The state is moving from an entity that owned value to one that is selected. Strategy, then, is less about defending value than about positioning the country as a platform worth choosing. Which raises the question: on what basis would Korea be chosen?

The Pattern in Software History: Open Technology Opens Markets

The history of technology points consistently in one direction. Markets were not won by the most advanced technology, but by the technology open enough for others to participate in and build value on top of.

- Cryptography, 1990s: The U.S. government classified strong cryptography as a munition subject to export control, and prosecuted a developer who moved to export it. The developer published the source code as a book; the book crossed borders, and the code found its way back online. It became the default underlying every HTTPS connection today, and the cryptographic foundations of our industry — Bitcoin, digital asset wallets, digital signatures — all descend from it.
- Image generation AI, 2022: The closed model with the best performance was outpaced by the open one, which anyone could download to a laptop or phone, train on the models and images they wanted, and trade in an enormous emerging marketplace.
- Large language models, 2023: When closed weights leaked and spread rapidly through an open ecosystem, Google circulated an internal memo arguing that it had no moat, and that what mattered was the contribution of participants.

AI has only deepened the pattern. If the returns to technological progress accrue to accumulation and openness, what does a hub that attracts talent and capital actually look like?

What Makes a Hub: Singapore and the UAE

At independence in 1965, Singapore was an entrepôt port with no resources, no domestic market, and little territory. Over sixty years it accumulated something more durable: policy consistency that held across changes of government. It turned predictable jurisdiction — the single thing mobile capital most wants — into a product in its own right. Today it manages roughly four times Korea's AUM and serves as the Asia-Pacific hub for the world's top 100 technology companies.

The UAE, a federation of seven emirates, established a sovereign wealth fund in the 1970s while oil was still flowing freely — preparing for the end of abundance at the height of it. Non-oil sectors such as trade and finance now account for 75.5% of GDP, and several of the largest global exchanges are headquartered there. In 2017 the country appointed the world's first minister for artificial intelligence, and its sovereign wealth funds have since moved aggressively to position it as a hub for AI infrastructure.

The two began from entirely different places. Singapore built its policy environment out of very little, on policy leadership, policy consistency, predictable jurisdiction, and a clear mission to be Asia's hub. The UAE built its own by refusing to rest on the resource it held and asking instead what future it needed to prepare for.

A visit to the national museum in Abu Dhabi, during a crypto roundtable at Abu Dhabi Finance Week last year, made the point vividly. The museum honors the founding president who brought the seven emirates together, and what stood out was where the country's policy environment had come from. It was not the answer to a narrow question — we hold less oil than Saudi Arabia, so how will we earn a living? It was the answer to a far deeper one: what kind of environment should our children live in, and their children, and the generations after them. Unification was achieved on the strength of that question, and the strategy for building a state beyond oil was built on unification.

Conversations with officials at the registration authority left the same impression. The line — that they have a mission to protect Abu Dhabi's sovereign wealth — came not from senior figures setting out a vision, but from staff working in the licensing department. It served as a reminder of how much depends on a country having a precise view of what it wants from digital assets and what kind of platform it intends to become.

The Changing Role of Capital: From Visible to Invisible Assets

Whether the AI era is a bubble or a boom remains contested. That it rests on a technology of unprecedented reach does not. Among everything AI is changing, the most consequential is the role of capital.

Where venture capital once served primarily to deploy funds, that alone is no longer sufficient. What is now required is mentorship that sets direction, networks that can vouch for credibility in a market whose barriers to entry have fallen sharply, and communities that carry the work forward. The sources of national competitiveness are shifting in the same direction — from visible assets to invisible ones. The question for Korea is whether it can generate competitiveness through the direction and speed of its policy, and through trust and vision.

New Actors in the Economy — and What Korea Already Has

Until now, economic activity has been centered on humans. Payments, judgments, transactions — the entire ecosystem in the physical world was built around people. The age of AI agents has already arrived, and the next wave, physical AI and humanoids, will erase the boundary between the physical and the digital altogether. Korea holds both the infrastructure this shift requires and the demand conditions that would let it grow into a durable market.

- Digital literacy: Household internet access stands at 99.98%. Few advanced economies can match the fluency Koreans of every age bring to digital environments. There may be no better place to grow accustomed to a world in which an AI agent, rather than the individual, makes decisions and executes.
- Market demand: Consumer-level agentic commerce alone may not move the needle. But Korea is already a major exporter in B2B trade, generating continuous demand for cross-border payments, FX, and treasury operations. As a base for building the 24-hour capital market that settles automatically and executes on human judgment, Korea is the natural place to take root.
- Physical infrastructure: World-leading positions in memory semiconductors and in robot density, among others, are already in place.

The Missing Piece: Digital Assets

How long will Korea's current growth momentum sustain? Perhaps five years, perhaps ten or more — but quite possibly not long. Within that window, digital assets are the mechanism most likely to set a virtuous flywheel in motion.

- Manufacturing: First in memory semiconductors, fifth in automobile exports, second in shipbuilding orders, first in high-value-added vessels. These figures are familiar enough at home to sound like national self-congratulation, yet no other country holds this combination in practice. Manufacturing is fully in place as infrastructure.
- K-culture and K-consumer: Alongside K-pop, K-beauty, and K-food, Korea is the world's fourth-largest gaming market and the country that created esports. A generation grew up in PC bangs, and gaming is more naturally part of daily life here than anywhere else. But games should not be read as content alone. A game is already a complete digital economy — a world where characters rather than people act as economic participants, and where ownership and trade are ordinary. The agent economy now arriving is one Korea has effectively been running for twenty years.
- Digital assets: If manufacturing and content are both world-class, what is missing? The last remaining piece is digital assets.

Blockchain-based digital assets allow value created in AI, content, and consumer sectors to be traded across borders, and function as a global liquidity hub that reaches 24-hour long-tail markets and lets value move instantly. They are also part of a digital ecosystem that cannot exist without blockchain at all. Blockchain is what allows three layers to operate on top of real-world value:

- Trust: verifiable content governance
- Ownership: digital citizenship without a passport, and real-world assets traded around the clock
- Settlement: chain-native currency denominated in won

Closing

Korea already holds every condition needed to lead the AI era. Stablecoins, RWAs, and STOs are therefore not an issuer's product line, nor a single item on a financial regulator's docket, nor merely a technology that looks important for the next era. They are the most important part of a flywheel capable of kick-starting Korea's golden window. Continuing this deliberation together is where that begins.

Session 2

U.S. Digital Asset Regulation Market Structure & Stablecoins

An overview of the CLARITY Act, and an update on GENIUS Act implementation

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Introduction: Three Phases of U.S. Digital Asset Policy

The CLARITY Act is the product of years of accumulated legislative work on market structure. Its origins trace back to the Digital Commodity Exchange Act, which was first introduced to bring digital asset spot markets under regulatory oversight. Such legislative efforts first emerged in Washington in response to a clear federal regulatory vacuum. Digital assets classified as commodities such as Bitcoin, Ethereum, and Solana had no clear federal legal basis governing their spot-market trading, which left the exchanges, brokers, and custodians that dominate the market, namely Coinbase, Kraken, and Anchorage outside the reach of federal regulators. This is precisely why early market structure legislation focused on establishing a regulatory framework for digital asset financial intermediaries.

Policy objectives have since broadened into a more comprehensive legislative agenda, driven by a three-stage evolution in U.S. digital asset policy.

Stage 1: Benign Neglect
- In the early years, digital assets attracted little attention in Washington. The technology was still nascent, and the industry lacked the scale and impact to attract policymakers' attention.

Stage 2: Enforcement-Driven Regulation Under Gensler's SEC
- Following the inauguration of the Biden administration, the Securities and Exchange Commission (SEC), under Chair Gary Gensler, began an aggressive application of securities law. The result was an enforcement-heavy regulatory regime strong enough to stifle the domestic industry.

Stage 3: Demand for Clear Rules
- This enforcement-driven posture generated demand for clear standards governing digital asset issuance. The core issue was defining a compliant pathway for public token sales to raise capital for project development. This demand first took concrete legislative form in FIT21 (the Financial Innovation and Technology for the 21st Century Act), which passed the House in the previous Congress and now forms the central pillar of the CLARITY Act.

The CLARITY Act pursues three central objectives.
First, a framework for regulating intermediaries.

- Establishing a legal framework to govern the exchanges, brokers, and custodians currently operating in spot markets without federal oversight. This is the most fundamental pillar of bringing the industry within the regulatory perimeter.

Second, a lawful path for token issuance.

- Setting clear rules that allow blockchain projects to raise capital through token issuance. This is the CLARITY Act's most distinctive feature and sets it apart from the approaches taken by other jurisdictions.

Third, institutional accommodation of real-world asset (RWA) tokenization.

- A more recent addition, this provision permits the tokenization of real-world assets within the U.S. regulatory framework. It thereby enables U.S. banks and other traditional financial institutions to participate in the RWA tokenization market and establishes the legal foundation for offering existing financial products and services on public blockchains.

Public Blockchains and the Distinction Between Network Tokens and Ancillary Assets

Public blockchains are often mischaracterized as unpredictable. In fact, decentralized public systems are by design fundamentally stable and predictable. This "systemic predictability" is the premise running through ongoing digital asset legislation and the core logic of the CLARITY Act. On that basis, the bill extends preferential treatment, including regulatory relief, to public systems shown to be reliable, stable, and "credibly neutral."

To that end, the CLARITY Act allows projects to raise up to $200 million over four years to build credibly neutral Layer-1 blockchains and the protocols that run on them. In effect, it creates a lawful pathway for public, permissionless infrastructure in the U.S. This distinguishes the U.S. from other jurisdictions. Europe, for instance, favors control through private, permissioned chains, whereas the CLARITY Act recognizes no independent utility in such systems. Instead, private systems with identifiable operators are treated as traditional financial intermediaries akin to the NYSE or NASDAQ, and are subject to the correspondingly stringent requirements.

The bill draws this line through a "control and decentralization test" that classifies the legal character of tokens.

- Network tokens: Treated as commodities (e.g., Bitcoin, Ethereum, Solana).
- Ancillary assets: Treated as securities-equivalent, subject to disclosure obligations and secondary-market resale restrictions.

The bill establishes its foundational legal premise by defining all tokens as "digital commodities" by default. The substantive question is therefore narrowed to whether a given token qualifies as a network token or an ancillary asset.

The Core of the CLARITY Act: The Five-Prong Decentralization Test

The five-prong decentralization test does not examine the token itself but rather the characteristics of the associated protocol and network in order to classify the token's legal status. Applied to Bitcoin, for example, the test examines not the asset—BTC—but the characteristics of the Bitcoin blockchain network itself. The test comprises the following five core requirements.

First, Openness. The protocol's source code must be publicly accessible and open to inspection by anyone. This allows for verification of how the system operates and detection of any inappropriate intervention beneath the surface. This requirement does not demand open source in the strict legal sense; a Business Source License (BSL) suffices. This avoids the copyright and licensing disputes that a stricter open-source requirement would inevitably generate. What matters is not the specific license form but operational transparency.

Second, Permissionless and Credibly Neutral. This requirement applies to two dimensions of the network: usage and participation. On the usage side, anyone with an internet connection must be able to access the network without prior approval. On Bitcoin, for instance, anyone can create a wallet and transact without permission. On the participation side, anyone must be able to take part in validation and governance. On Bitcoin, anyone can run mining hardware to validate transactions and influence the network's direction. In short, the network must be permissionless in both usage and participation.

Third, Distributed. This standard assesses whether control over the network is meaningfully distributed, along two dimensions. The first is operational control: mining, validation, and governance must not be under the control of any single individual or group acting in concert. Even a chain that is open and neutral by design fails this requirement if a single entity monopolizes validator node operations. The second is economic distribution: excessive concentration of token ownership disqualifies the network from being deemed "credibly neutral." The bill sets a 49% ownership ceiling for any single entity, though this threshold is expected to be lowered in the forthcoming rulemaking process.

Fourth, Autonomous. No individual or group under common control may unilaterally alter the network's operation. The test is whether a small group of controlling parties can agree among themselves to change the network's core rules—for example, whether they could agree to remove Bitcoin's 21 million-coin supply cap. If such unilateral changes are possible, the network fails the requirement, and the associated token is classified as an ancillary asset rather than a network token.

Fifth, Economic Independence. The final requirement examines whether the issuance and distribution of the asset occur autonomously through code, and whether value is anchored entirely in the token itself. This has two components. The first is programmatic distribution: the asset must be issued automatically by the protocol, not at the discretion of an issuer. On Bitcoin, for example, newly minted coins are distributed to miners by programmed code at each block. The second is value accrual: the token must possess substantive, intrinsic utility within the network. Bitcoin, Ethereum, and Solana exemplify this by requiring transaction fees (gas) to be paid in the native token, giving the asset a clear functional value.

Taken together, the test determines whether a token is subject to disclosure obligations during its development phase, and how the underlying network is ultimately classified. The test is not a single threshold to be cleared at once, but a pathway a project traverses over time as its network matures. No chain or protocol launches in a fully decentralized state, and the bill accordingly treats decentralization as an outcome to be achieved rather than a precondition for raising capital. During this period, a project raises capital under a disclosure regime and builds out its network, and in doing so it must provide ongoing disclosure of its use of proceeds, technical progress, and strategic direction. In this respect, its obligations closely resemble those imposed on public companies.

As a result, a token may begin as an ancillary asset and mature into a network token. As the network progressively satisfies the test's requirements, decentralization removes the information asymmetry that disclosure was meant to address, and the corresponding disclosure obligations are phased out.

The CLARITY Act's Regulatory Inversion

The test also governs how a protocol is regulated as a trading venue. Where securities-type digital assets trade on a decentralized protocol, that protocol must itself clear the five-prong test; if it does not, it is regulated like the NYSE or NASDAQ.

The rationale for this distinction is risk. Regulators ask why the same security should be treated differently depending on whether it trades on the NYSE or on a decentralized protocol. The CLARITY Act's answer is that the more decentralized, neutral, and predictable a protocol is, the fewer of the risks that securities regulation exists to address remain.

- Custody risk: In the traditional exchange model, intermediaries directly hold customer assets, giving rise to persistent risks of misappropriation and misuse. Decentralized protocols, by contrast, do not custody assets; they merely intermediate trades on a code basis, rendering traditional custody regulation unnecessary.
- Transparency: Unlike traditional platforms whose internal workings are effectively a "black box," every operation of a protocol is observable on-chain in real time. Because anyone can verify that operator front-running or user-deceiving illicit trades are structurally impossible, the associated surveillance obligations become unnecessary.
- Fair access: Because these are permissionless systems accessible to anyone with an internet connection, there is no need to impose the fair-access rules developed for traditional banking.

This reflects a fundamental paradigm shift in digital asset regulatory philosophy. Whereas most global regulators, following the inertia of traditional finance, ask "How do we control this system?", the CLARITY Act inverts the premise. The more neutral and autonomous a blockchain is, the risks to users and markets are considered to be lower as the potential for manipulation or improper operation is structurally eliminated. This stance distinguishes the U.S. approach from many overseas regulators and is clearly different from its previous regulatory posture.

Real-World Assets on Public Blockchains and the Role of Banks

The RWA-related provisions—the most recent addition to the market structure legislation—have attracted market attention over the past year. These provisions direct the SEC and the Commodity Futures Trading Commission (CFTC) to develop detailed rules enabling U.S. equities and securities to be traded lawfully via decentralized protocols within the existing securities law framework.

Meanwhile banks occupy a uniquely distinct position in the bill and must be addressed separately. This is because banks are regulated differently from other financial institutions under U.S. law. Under the U.S. common law framework, ordinary corporations may launch new lines of business freely until a regulator orders them to stop; hence innovation is the default and constraint the exception. Banks, however, may not undertake new activities without the government's express, affirmative authorization, and activity on public blockchains is no exception. The CLARITY Act supplies precisely this legal authorization, permitting federally chartered and state-chartered banks to offer existing financial services on public blockchains—provided that the blockchain in question has passed the decentralization test.

As a result, the five-prong test becomes the gateway that transforms public chains into "infrastructure" usable by banks. The test is important because it determines (1) the legal treatment of tokens, (2) the treatment of networks and protocols, and (3) whether a given network is qualified to host regulated financial activity.

Decentralized finance is the most contested portion of the bill, and its legal status turns on the control test. The intensity of the debate reflects not regulatory caution but the resistance of established financial incumbents. In our view, firms such as Citadel Securities and CME, which have benefited from centralized market structure, have advocated positions that would make it harder to conduct regulated activity through DeFi. The likely resolution is a framework in which protocols satisfying the statute's five-prong test may support regulated activities, but the question remains unsettled.

The bill sets only the macro direction. It provides the broad prongs and leaves the precise details—including what qualifies as an autonomous system and what disclosure obligations attach—to the agencies. It directs more than forty separate rulemakings to fill in these terms.

That structure implies a long horizon. Dodd-Frank, enacted in 2010 after the financial crisis, mandated roughly a hundred rulemakings, only about eighty percent of which are complete more than a decade later. On that precedent, and notwithstanding the statutory deadlines the bill imposes, the digital asset industry should expect close to a decade of rulemaking before the precise regulatory requirements are finalized.

The GENIUS Act: Stablecoin Regulation

The GENIUS Act rulemaking illustrates the gap between statutory deadlines and actual implementation. The deadline falls on July 18, but the rules are not expected to be finalized until the end of next year. The market's regulatory uncertainty is nonetheless limited, since the rules are widely expected to track how the stablecoin market operates today. Primary issuance will still require the issuer to KYC the buyer, while stablecoins will continue to trade freely on the secondary market without KYC, subject to the issuer's transaction monitoring.

The largest open question, unaddressed in the current rulemaking, is the treatment of offshore dollar stablecoin issuers, with Tether the principal example. The Act allows the Secretary of the Treasury to designate foreign jurisdictions whose regulatory requirements are "substantially similar" to those of the United States, which would bring stablecoins issued there within scope as permitted payment stablecoins. The statute provides no criteria for how Treasury is to assess that similarity. The provision reads as a bridge for Tether as the largest offshore dollar issuer, but the Federal Reserve and Treasury are expected to want major dollar stablecoin issuers domiciled in the United States, given their stake in the dollar, leaving little room for major issuers to remain offshore.

The detailed rules are not yet finalized. Treasury, the OCC, the FDIC, the NCUA, and the Federal Reserve have each issued their own proposed rules, and final rules are expected no earlier than the first quarter of next year.

Legislative Timeline

The pivotal window for market structure legislation is the last week of July and the first week of August. With Congress out of session for August and members campaigning in their districts through October ahead of the early-November elections, legislative activity is likely to slow.

August 7th will be the Senate's last day in session, and therefore the effective deadline for Senate passage of the CLARITY Act. Passage in the Senate is not the final step. The House passed a version last year, but it has undergone a substantive rewrite in the Senate, and both chambers must pass identical text before the bill can be presented to the President. The House requires only a simple majority—50 percent of representatives plus one—but passage in the Senate is more difficult, requiring 60 of 100 votes.

If the Senate passes its version by August 7, the bill returns to the House, which is expected to approve the Senate's text as written and forward it to the President. As a presidential veto is unlikely, the bill may become law by fall. Ultimately, the decisive question is whether the Senate acts by August 7. If it does, enactment this year is roughly 90 to 95 percent likely, and probably before the elections.

Session 3

From the Basic Act to Tokenized Securities

Considerations for Korea's Digital Asset Regime and Future Direction

Kim Hyo-bong, Partner, Bae, Kim & Lee LLC

Kim Hyo-bong is a digital asset regulatory specialist with eleven years at the Financial Supervisory Service (FSS), where she co-founded the virtual asset task force and helped draft the Virtual Asset User Protection Act. At Bae, Kim & Lee LLC, she now specializes in digital assets, STOs, financial licensing, and anti-money laundering.



1. Overview of South Korea’s Digital Asset Legislation

Legislative Timeline

South Korea, in contrast to the U.S., remains in the organizational formation stage of its National Assembly—a post-election process in which parliamentary leadership, committee chairmanships, and the legislative agenda are still being negotiated among the political parties, effectively stalling substantive lawmaking.

The financial authorities' own draft bill is not expected to be introduced until September at the earliest, and potentially as late as year-end (September–December). However, even after the administration's bill is formally submitted, the legislative path remains protracted: it must be coordinated with the eight existing parliamentary bills already on the table, consolidated into a single integrated "Political Affairs Committee Chairperson's alternative bill," and then put through multiple readings. Realistically, final enactment is projected for the second half of next year.

Moreover, as this is an enabling framework statute (a foundational law rather than an amendment), a customary grace period of one year or longer is typically granted following enactment to allow market participants to prepare. Taking this into account, actual license applications and substantive regulatory reviews are unlikely to commence until 2029. Given that the drafting of enforcement decrees and subsequent implementing procedures generally takes approximately six months following passage, the authorities appear to have already begun preparatory work on the subordinate regulations to avoid further delays.

License Framework for Financial Institutions

The Digital Asset Basic Act is a comprehensive statute of over 200 articles—comparable in scope to the Financial Investment Services and Capital Markets Act (FSCMA)—and its core provision is the virtual asset service provider clause included in the Article 2 definitions. The subparagraphs of that clause set the boundaries of the services that may be provided, and the corresponding conduct-of-business rules determine the scope of activity permitted under each license. At present, however, only the license categories themselves have been specified; no concrete guidance exists on which activities market participants may carry out under each license.

As a result, many operators do not have a clear understanding of the scope of their permitted activities. For example, questions remain unresolved on all of the following: how far a bank's digital asset business may extend; which license a securities firm should apply for; whether a virtual asset service provider (VASP) may engage in concurrent business lines; and whether payment and settlement services using digital assets fall within the domain of the Electronic Financial Transactions Act (EFTA) or the Digital Asset Basic Act.

The CLARITY Act, by contrast, spells out which activities incumbent participants in traditional financial markets may conduct in the digital asset market—under which license, or without a separate license altogether.

- Where a token has the character of a security, the license framework under existing securities law applies (digital asset broker, securities dealer, ATS).
- Where a token qualifies as a utility token—that is, a digital asset—operators may conduct business under the newly created digital asset exchange / broker-dealer licenses.
- Existing SEC-registered brokers may operate as digital asset broker-dealers through a simple notice registration, without a separate procedure.
- Where an activity falls within the existing scope of banking, the use of digital assets or distributed ledger technology does not alter its essential character—and thus may be conducted without requiring a separate license.

The CLARITY Act essentially parallels the existing securities-law license structure and provides clear entry paths for traditional financial market participants. It also includes a dedicated chapter on banks and enumerates the activities banks may conduct. Korea’s framework addresses these areas only partially. Licenses do not align one-to-one, partly because the Electronic Financial Transactions Act does not accommodate digital assets. As a result, digital asset payment and transfer services are currently regulated under Korea's Digital Asset Basic Act.

More importantly, Korea's bill leaves the very gap that the CLARITY Act fills: it offers no guidance on the digital-asset activities that traditional financial institutions—or electronic-finance operators—may conduct, and contains no provisions addressing their transition into digital business.

Historically, Korean supervisory authorities have communicated policy directions through informal guidelines or press releases. Clear guidance and a blueprint for the future digital asset ecosystem from the authorities are therefore essential in this legislative process, enabling incumbents—including traditional financial institutions—to prepare for new digital asset businesses with confidence.

2. Stablecoins

Stablecoin Payments and Dual Licensing

Demand for stablecoin-based payment and settlement services has grown sharply in recent months. Because stablecoins are inherently a medium of exchange, generating meaningful revenue requires building a robust payment infrastructure around them.

In Korea, however, it remains unclear what specific licensing is required for payment and settlement services using digital assets. Because these operations involve payment and settlement to extinguish debt obligations, they fundamentally fall within the scope of the Electronic Financial Transactions Act (EFTA). Yet, because stablecoins—which are digital assets—are held temporarily during settlement, it is ambiguous whether a separate Virtual Asset Service Provider (VASP) registration is also required. Without clear guidance, existing electronic financial business operators struggle to decide whether to apply for VASP status now to enter the market, or wait for a new regulatory regime under the upcoming Digital Asset Basic Act or an amended EFTA. This ongoing regulatory uncertainty presents a major hurdle as businesses try to finalize their plans for the coming year.

In this regard, the European Union's response to the dual-licensing issue is instructive. Upon the full implementation of the Markets in Crypto-Assets Regulation (MiCA) at the end of 2024, the EU recognized this challenge. The European Commission subsequently sent a letter to the European Banking Authority (EBA) requesting that it consider a no-action letter as a potential solution. Following roughly six months of review, the EBA issued a no-action letter in June 2025.
As a matter of principle, the EBA took the position that a single financial service should ideally be governed within a single regulatory framework and that, over the long term, amending MiCA itself to resolve this issue through the MiCA license would be the best approach. Recognizing that legislative amendments take time, however, the EBA proposed a phased approach for entities that had already obtained Crypto-Asset Service Provider (CASP) authorization under MiCA. This approach allows supervisory authorities to evaluate payment institution licensing using existing documentation or waive substantive separate authorization procedures beyond formal registration. Furthermore, by making it clear that operators would not be sanctioned for dual-licensing non-compliance over the next two to three years—until the new Payment Services Directive (PSD3) is introduced—the EBA provided the market with definitive guidance.

Stablecoin Reserves

Reserve assets are a particularly consequential issue. The United States boasts a well-developed short-term Treasury market, where instruments like 93-day T-bills serve as abundant, highly liquid safe assets. Korea, by contrast, lacks a comparable market. Its treasury bonds carry maturities of two years or more, while short-term instruments are issued primarily for the limited purpose of monetary stabilization, leaving a shortage of liquid, short-term assets suitable for reserves. Consequently, pending Korean legislation extends reserve eligibility to municipal and special bonds, and authorities are weighing short-term MMFs—an approach also permitted under EU regulations and the US GENIUS Act. However, with the central bank signaling no plans to issue dedicated short-term treasury bills, qualifying assets remain scarce. Issuers will inevitably be forced to back most of their reserves with low-yielding won bank deposits, threatening to entrench a stagnant market structure dominated by only a few players.

Disqualification Criteria

The disqualification standards for executives and major shareholders diverge sharply between the two regimes. The GENIUS Act takes a narrow approach: it disqualifies executives only upon conviction for specific enumerated felonies, while major shareholder oversight is largely limited to reviewing past compliance records. Korea's draft amendment to the Enforcement Decree of the Financial Transaction Reporting Act (FTIA), currently under legislative notice, takes the opposite posture—applying a very high eligibility bar with no exceptions at all.

This distinction is critical. Once the Digital Asset Basic Act takes effect, all licensing matters will transfer to it, and the content of the current Enforcement Decree will likely carry over intact. Consequently, the strict standards set today are highly likely to persist. The practical stakes are high: because the FTIA explicitly grounds the rejection of a business registration on major shareholder eligibility, operators failing to meet these criteria face outright rejection, blocking their market entry entirely. Given how high this bar is set, appropriate exceptions should be incorporated—if not in the current decree, then at least as these provisions transition into the Digital Asset Basic Act.

Foreign-Issued Coins and Yield-Bearing Stablecoins

The treatment of foreign-issued coins is the area of greatest practical interest, as most operators are designing their business models around USDT and USDC. Because the US dollar is legal tender, the United States asserts jurisdiction over all dollar-based stablecoins in principle. However, the GENIUS Act carves out an exception—specifically, the Section 18 bridge provision noted earlier with respect to Tether. If a foreign regulatory regime is deemed equivalent to that of the US, an issuer can enter the US market without a separate license simply by completing a registration and holding sufficient reserves at a US financial institution to meet US customer liquidity demand.

Whether Korea will permit a comparable mechanism remains a question to be resolved during the upcoming legislative process. Under Korea's current framework, establishing a domestic entity is fundamentally required, while questions around where reserve assets must be deposited and whether licenses from qualified foreign jurisdictions will be recognized locally remain open to debate. Regarding interest payments, both regimes align in prohibiting them. However, because numerous circumvention mechanisms exist, effective enforcement remains a practical challenge.

Comparative Overview of U.S. and Korea: Stablecoin Regulation

Category	United States (GENIUS Act)	Korea
Eligible Issuers	Explicitly permits non-bank issuers	Majority bank ownership + 34% fintech equity cap (seeking compromise)
Grace period	3 years	Unspecified
Reserve assets	Highly liquid short-term government debt, including Treasury bills with maturities of 93 days or less	Underdeveloped short-term sovereign debt market; need further evaluation of municipal/special bonds and MMFs
Disqualification criteria	Executives: Limited to convictions for enumerated felonies. Major Shareholders: Review of compliance/regulatory track record	Strict FTRA Decree; violations serve as automatic grounds for report rejection
Foreign-issued stablecoins	U.S. jurisdiction primary; exempt if registered and reserves are held domestically (Article 18)	Frameworks for domestic entities, custodians, and qualified jurisdictions remain pending

Summary: Key Proposals for Korean Legislation
First, the government and financial regulatory authorities must promptly present a clear blueprint defining which market participants may conduct which activities in the digital asset market.

Second, predictable guidance is required to resolve the recurring dual-licensing issues across the market. For instance, when a bank already holding a trust license performs identical custody functions, it remains unclear whether an entirely new license is required or whether a separate review process suffices. The same ambiguity persists for securities firms and payment gateway (PG) operators.

Third, stablecoin regulations must be designed with global alignment in mind. This applies to defining issuer eligibility, determining whether separate licensing is required for the domestic distribution of foreign-issued stablecoins, and deciding whether reserve assets must be deposited with Korean financial institutions.

3. Tokenized Securities

Legislative Precedents: The United States and Germany
The United States and Germany illustrate two different approaches. The U.S. has not legislated; it recently issued a no-action letter allowing tokenization to be piloted for three years within the Depository Trust & Clearing Corporation's (DTCC) existing infrastructure, leaving the current securities-law framework intact. Germany took the opposite route, enacting the Electronic Securities Act (eWpG) in 2021. That statute formally recognizes distributed-ledger infrastructure as an official registration medium, permits both public and private chains, and allows blockchain-native settlement methods such as stablecoins.

Scope of Tokenization: Standardized, Highly Liquid Securities
In both cases, tokenization is confined to highly liquid, standardized securities—U.S. Treasuries, large-cap Russell 1000 stocks, and major index-tracking ETFs—with illiquid assets explicitly excluded. Just as important, these tokens trade on existing venues such as Nasdaq rather than on separate, fragmented markets.

The logic is straightforward. Blockchain's core advantage is the borderless, low-friction distribution of tokens, so there is little to gain from tokenizing assets that are illiquid to begin with. Investment-contract securities are a clear example: they lack liquidity by nature, and their differing terms and underlying assets require case-by-case review—a heavy analytical and regulatory burden. It is far more practical to tokenize instruments with standardized structures and objective valuations, such as fixed-income securities, MMFs, and listed equities. This is why leading jurisdictions have centered their tokenization efforts on liquid, standardized securities.

It would be an overstatement to call the U.S. framework uniquely advanced or expansive, since it still rests on a no-action letter rather than legislation. Its underlying approach, however, has real merit: by tokenizing traditional standardized securities and routing them through established venues rather than splintering the market, it keeps highly liquid assets circulating within deep, existing market structures.

Considerations for Drafting Korea's Tokenized-Securities Enforcement Decree

Because the eligible asset scope and the distributed-ledger requirements (including the use of private chains) are left to the enforcement decree rather than fixed in statute, the decree is where Korea's tokenized-securities regime will in reality be determined. The central risk is this: Korea could adopt blockchain in name while its restrictions strip away the very benefits blockchain is meant to deliver. The four central considerations are as follow.

- **Expanding the scope of eligible assets.** In reality, Korea currently limits tokenization to non-monetary trust beneficiary securities and investment contract securities. In line with global precedent, this should be widened to standardized, highly liquid securities. Retaining the current narrow scope would leave Korea tokenizing precisely the illiquid, hard-to-value instruments that other jurisdictions deliberately exclude. This is a direction that financial authorities have begun to review.

- **Practical utility of distributed ledgers.** Korea insists on the use of only private chains, and even then is sharply restricting node participation: nodes would not be open to securities firms and financial institutions generally, but only to the securities firm operating a specific ledger. In practice, that leaves the Korea Securities Depository (KSD) and a small number of securities firms as the only possible participants. The problem is structural—the entities needed to issue financial products cannot all join the ledger, which forces second- and third-tier infrastructure to be built around the core. And to this is added a further data-mirroring burden. A distributed ledger operated this way carries all the cost of the technology while surrendering its advantages, which raises the threshold question directly: why use the blockchain at all? If the regulatory design strips out the openness and shared-record benefits that give blockchain its value, it risks foreclosing the very market it is meant to create. What concrete benefit the blockchain can deliver and therefore must be protected is a question that should be settled through open debate before the model is fixed in the decree.

- **Separation of issuance and distribution.** This is a distinctively Korean principle, grounded in a strong domestic emphasis on fairness and conflict-of-interest prevention, with no parallel in other jurisdictions. Just as a listed company remains the issuer of its securities even when the offering is executed through a brokerage, it remains an open question whether operating a token-issuance platform amounts to "issuance" at all. The distinction matters because, under the conventional definition, the issuer is the party whose securities are sold—not the intermediary that processes the offering. A token-issuance platform resembles that intermediary, and the decree should therefore define its status deliberately rather than presume that operating the platform constitutes issuance.

- **Wallet-to-wallet distribution and licensing.** Because issuance on a blockchain presumes the transfer of securities to a wallet, wallet-to-wallet distribution is the ultimate goal. Yet, the current regulatory framework fails to specify the exact licensing requirements for securities firms seeking to hold and distribute securities through on-chain wallets. Licensing is the most pressing issue across the entire lifecycle, affecting every participant from issuance to distribution. In addition, relevant exemption regimes—Korea's private placement exemptions under the Capital Markets Act alongside Regulation D in the United States—should be evaluated in tandem to clarify how on-chain products can satisfy disclosure requirements.



Panel Discussion

Moderator: Kim Hyo-bong, Partner, Bae, Kim & Lee LLC
Panel:
Miller Whitehouse-Levine, Founder & CEO, Solana Policy Institute
Chris Montagano, Chief Legal Officer, Orca
Lee Yeo-jin, Senior Secretary, Office of Member of the National Assembly Political Affairs Committee

1. Digital Asset Regulation

Regarding the Clarity Act, what are the core issues currently under discussion in the U.S. Congress, and what are the diverging positions between Republicans and Democrats?

Miller Whitehouse-Levine (CEO, SPI)

Ethics clause: The most significant block is a non-technical ethics clause. The Democratic Party, which holds the key to passage, has attached stringent conditions—including a blanket prohibition on sitting high-ranking executive officials, including the President, from issuing or promoting tokens while in office, and empowering state attorneys general to refer violations to the Department of Justice for investigation. This is widely viewed as directed at the Trump family's crypto businesses. Regardless of whether the provision proves effective in practice, if this clause fails to reach a resolution, the bill itself cannot proceed.

DeFi protocol registration exemption: The second major issue is whether developers of DeFi protocols that pass a decentralization test should be permitted to trade securities derivatives without a separate registration process. This would mark a fundamental break from the existing securities law framework, and it is precisely the point of strongest opposition from the traditional financial sector.

Is the five-step decentralization test practically workable? And what are the industry concerns?

Chris Montagano (CLO, Orca)

The risk of regulatory discretion: I believe the test itself is reasonable. Truly decentralized protocols should not need to register as regulated intermediaries, and Orca is designed to satisfy that standard as currently drafted. The real concern is the durability of the safe harbor it provides. The House-passed version codified this provision into law, but the most recent draft has diluted its significance by deferring it to a future SEC rulemaking exercise. If a new administration prompts the SEC to revert to "regulation by enforcement," developers will once again be pushed offshore.

The absence of federal preemption: Another important concern is that if the statute does not explicitly establish federal preemption over state law, national-scale firms—even with federal protections—will still face the risk of navigating 50 different state regulatory regimes.

How do you see the Digital Asset Basic Act progressing in the National Assembly, and what are the core issues?

Lee Yeo-jin (Senior Secretary)

The problem is direction, not speed: The legislative framework is now largely in place, but certain issues—such as governance—remain in deadlock. Rather than waiting for a perfect bill, it would be more effective to legislate the basic framework first, by early 2026, and then supplement it through regulatory sandboxes.

Wrong questions and narrow framing: Korea is currently debating the wrong questions. With regard to the KRW stablecoin, nearly all legislative energy is focused on a single question—"who can issue and how much"—while the truly important question, namely how that stablecoin will actually function in real-world payments, has barely been discussed. Designing a payment instrument without first defining what it is meant to do in the payment ecosystem is a fundamental misalignment of the discussion. On real-world assets (RWA), regulators tend to confine them within the existing tokenized securities framework under the Capital Markets Act—a frame far too narrow to accommodate the broader RWA market that Korea purports to pursue.

(Floor Question) Is DeFi moving toward compliance with upcoming regulation, or is it trying to circumvent the regulatory perimeter?

Chris Montagano

From circumvention to utility: For most of its history, DeFi activity was driven by the impulse to test the limits of what was permissible—on-chain perpetual futures, for instance, operated for years without clear legal authorization as participants chased leverage and unconstrained trading. That is no longer the dominant motive. For the first time in five or six years, the leading edge of DeFi is driven by real use cases mostly, composability, efficiency, and the migration of real-world assets on-chain. The participants are within a loose definition of "institutional" with family offices, ultra-high-net-worth individuals, and smaller hedge funds, whose interest lies in tokenizing assets they already hold to unlock leverage and composability difficult to achieve off-chain. The recent signal is Morpho, which recently closed a major funding round backed by sophisticated traditional-finance participants. Its momentum reflects this institutional demand, not boundary-pushing.

2. Stablecoins

Once the GENIUS Act is fully implemented, will Tether (USDT) still be able to remain a major issuer in the U.S. market? The Act allows the Treasury to recognize foreign jurisdictions with "comparable" stablecoin regulation—which jurisdictions do you expect to actually meet that standard?

Miller Whitehouse-Levine

A U.S.-centric structure: The Treasury has not yet articulated the criteria by which it will determine any foreign regulatory framework to be "comparable." In practice, however, any major dollar-denominated stablecoin issuer will be compelled to base itself in the United States. The "comparable jurisdiction" provision appears to be a bridge enabling offshore issuers—currently dominated by Tether—to enter the U.S. market.

The balance-sheet treatment: Under the GENIUS Act, for a corporation or bank to recognize a stablecoin as a cash-equivalent asset, the issuer must be domiciled in the U.S. For any stablecoin that does not meet this criterion, banks must set aside an equivalent amount of cash as a buffer, incurring ongoing costs. Ultimately, serious institutional players will opt for U.S.-issued stablecoins, and while Tether may continue lawful operations offshore, it could progressively lose its institutional competitiveness over the long term.

How do you see the dollar-stablecoin market evolving after the GENIUS Act, and how do you view the three-year transition period ahead?

Chris Montagano

Positioning as mainstream payment infrastructure: In 2025, stablecoin settlement volumes are projected to surpass $40 trillion—approximately three times Visa's international processing volume. The GENIUS Act has only accelerated this trajectory.

Wall Street's pivot: The most telling signal lies in the shift among issuers. Even Jamie Dimon of JPMorgan—who once famously dismissed Bitcoin as a 'fraud'—is now issuing a dollar stablecoin for wholesale transactions. Now that the world's largest capital market has set the standard, global regulatory frameworks will inevitably converge toward this model.

With the U.S. dollar-stablecoin market expanding rapidly, continued delays in Korean legislation carry real costs. During this interim period before licensing is granted, what should Korea do? Could the regulatory sandbox be the answer?

Lee Yeo-jin

Methods to shorten the timeline and the need for proactive voice from industry participants: The one-year grace period is not a statutory mandate and can be shortened at any time. The real issue is the absence of a national blueprint. The next three years represent a golden window in which global standards for tokenized finance will be set. If a KRW stablecoin is not introduced until 2029, Korea will have no place in the global market. In an era of borderless liquidity, the state-driven urge to ring-fence the market domestically is itself a profound strategic error. But regulators often ask me why I express these frustrations though the market does not say anything. I want to encourage industry participants to voice their needs louder.

Kim Hyo-bong (Partner, Bae, Kim & Lee LLC)

The case for prioritizing issuance provisions: Listening to Ms. Lee Yeo-jin, one point stands out. Under MiCA, the EU brought stablecoin issuance rules into effect first (June 2024), with full implementation following six months later. Following that precedent, Korea need not wait for the entire framework to be completed—it could accelerate stablecoin issuance well ahead of schedule.

3. Tokenized Securities

Korea is tilting its STO framework toward a private-chain model, citing concerns that public chains expose transaction information and that open nodes pose risks. What is your view on this?

Miller Whitehouse-Levine

Private chains negate innovation: A private chain that strips away openness and global liquidity is little more than a relabeling of the existing exchange system—it removes the point of adopting blockchain in the first place.

Privacy and resilience via decentralization: I completely understand the privacy concerns. Thankfully software developers are very smart so privacy issues are addressable through technologies such as Solana's Confidential Token Extension, which conceals transaction details from the public but allows issuers to disclose information upon legitimate regulatory request.
Finally on network resilience, in my view, the more people are participating in validation globally, the more dependable a network is and the more secure a network is. If the North American continent were to disappear tomorrow, the public chain would continue to operate but the NYSE and NASDAQ would be gone.

Orca has actually operated tokenized securities. How was it designed, and how did it meet SEC requirements?

Chris Montagano

Separating infrastructure from regulation: Orca built a model in which permissioned trading occurs on top of a permissionless infrastructure. Regulatory and investor controls reside with the issuer, not with the exchange.
The yield-bearing gold token GLDY, issued by Nasdaq-listed Stream X, is classified as a security under U.S. securities law. The issuer implements a Know-Your-Wallet (KYW) process to whitelist only verified accredited investors, and restricts trading of those wallets to Orca's liquidity pools. As long as the conditions are met, the offering relies on an exemption from SEC registration—allowing the issuer to meet its regulatory obligations while preserving blockchain's composability.

Kim Hyo-bong

Institutional constraints in the Korean market: Unlike Regulation D private placement exemptions, which U.S. issuers actively leverage, Korean financial authorities tend to treat any tokenized financial instrument as a public offering by default. This structural barrier, which effectively precludes private STO structures, is a constraint that our market must also confront.

The STO framework is narrow, and in the end, the implementing decrees will decide everything. What must Korea urgently correct?

Lee Yeo-jin

Market fragmentation, the 20th-century blueprint and global alignment: First, the most consequential issue is not any single clause but the vision the enforcement decree will ultimately encode and on that measure, Korea is poised to repeat a strategic error. The framework contemplates a dedicated license for security tokens and a separate exchange on which to trade them, fragmenting a market that has scarcely formed. This is not a detail to be corrected later. Once a parallel-exchange architecture is embedded in the decree, it is nearly impossible to unwind.

The error is rooted in what might be called Korea's regulatory DNA. The economy of the twentieth century was built on a bank-centered, state-led financial system that served the country well in its time but now collides directly with the logic of blockchain finance. The STO framework carries this inheritance forward: a closed system in which only a handful of institutions participate as nodes on a private chain. It is, in effect, a twentieth-century blueprint preserved because a new one was never drawn—and it cannot grow so long as regulators decline to loosen their instinct for control.

The framework's origins compound the problem. It was designed in 2022 as a vessel for small-scale fractional investment such as NFTs, and its direction has changed little since, even as markets abroad advanced. The consequence is conceptual drift: Korea has yet to settle what a security token is, how it relates to real-world assets, or what function it should serve in capital markets—debates that recur without resolution.

The remedy is to set the definitional questions aside and design toward outcomes. Whatever regulators ultimately decide to call it, the decree should let Korea launch products equivalent to those already live abroad such as BlackRock's BUIDL, JPMorgan's tokenized instruments etc. and widen the pool of eligible underlying assets accordingly. There has been some movement, with MMFs and certain bonds now under discussion, but it remains well short of global standards. The timing is decisive: because the law is not yet finalized, the decree stage is the last practical opportunity to redraw the framework rather than entrench a flawed one.



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Hashed Open Research is the policy think tank of Hashed, established in 2022. Guided by its mission of "co-evolution of technology and regulation," HOR conducts research on national agenda items including AI competitiveness, the institutional adoption of scalable blockchains, and the consumer-centric technology.

Working in direct dialogue with policymakers and regulators, HOR addresses the practical challenges of market design alongside the broader societal implications of emerging technologies.

Led by
Simon Kim



SOLANA POLICY INSTITUTE

Solana Policy Institute, SPI

The Solana Policy Institute is a non-partisan U.S. policy organization launched in 2025 dedicated to informing policymakers on the role that public blockchains can play in economic and social infrastructure.

Solana Policy Institution is led by founder and CEO Miller Whitehouse-Levine, previously CEO of the DeFi Education Fund, alongside president Kristin Smith, formerly CEO of the Blockchain Association. SPI leads Project Open, an SEC pilot program proposal aimed at enabling the issuance and secondary trading of securities on public blockchains.

Led by
Miller Whitehouse-Levine




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Conversation.
We appreciate your active participation, and once again, I sincerely thank everyone for joining us for this meaningful event.
Next, we will listen to the opening remarks from Assemblyman Min Byeong-deok, who is hosting today's event.
Yes, it is a pleasure to meet you. I am Min Byeong-deok, a member of the National Assembly for the Democratic Party of Korea.
I sincerely congratulate you on hosting the Policy Symposium Toward Digital 02: The Future of Digital Assets and Capital Markets, Choices for the U.S. and Korea.
Representative Alex Deok-wei, CEO Kim Seo-joon, and Representative of the Policy Research Institute of the Miller White House, Lewis Solano,
민병덕










Chris
Montagano


Stella Lee


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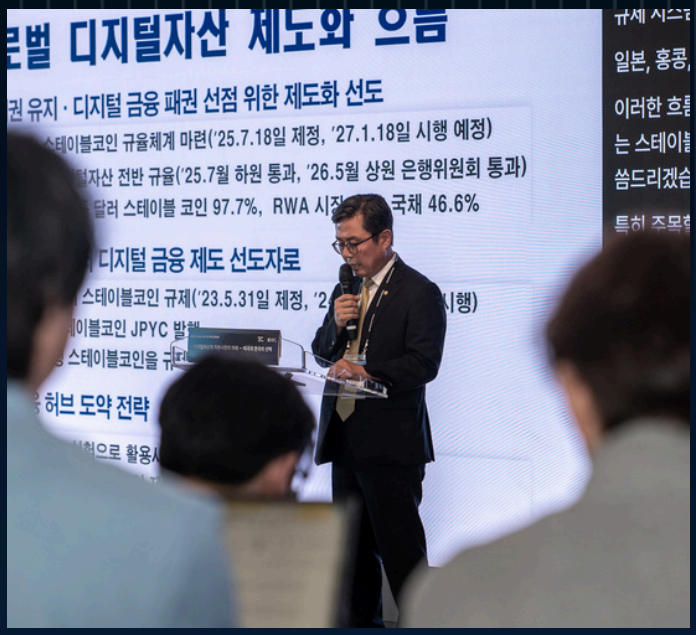
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