

Every month, KOTRA Express provides answers to some frequently asked questions submitted by foreign-invested companies in Korea and potential investors.

Foreign Investment in Cryptocurrency Transaction Business

Q. A foreigner plans to invest in a domestic company to operate a cryptocurrency transaction-related business in Korea. In this case, can foreign direct investment pursuant to the Foreign Investment Promotion Act be made?

A. Cryptocurrency transaction in itself is not foreign direct investment. However, foreign investment is permitted for making an equity investment (including the establishment of a new domestic firm) in a domestic company operating a cryptocurrency exchange developing cryptocurrency related software.

Additional information

- Because there are no definitions in the Korean law on cryptocurrency as of now, it is difficult to precisely categorize related businesses.
- However, because there are domestic companies that operate a cryptocurrency exchange and cryptocurrency is traded through such exchanges, foreign investment notification and registration of a foreign-invested company can be made by referring to the Korea Standard Industrial Classification Code in the table below.

| Statistics Korea's classification of cryptocurrency related businesses | Korea Standard Industrial Classification Code and corresponding business |
|---|--|
| Development and supply of general software related to cryptocurrency | 58222 (Application software development and supply) |
| Development and supply of customized software related to cryptocurrency | 62010 (Computer programming services) |
| Management and operation of computer systems related to cryptocurrency mining | 62090 (Other information technology and computer operation related services) |
| Operation of exchange or brokerage of intangible information goods | 63999 (Other information service activities) |

- A direct cryptocurrency transaction by a foreigner (or foreign company) requires the opening of an account at the cryptocurrency exchange, and transactions are made through a domestic foreign exchange bank under the Foreign Exchange Transaction Act. Therefore, this cannot be considered foreign investment under the Foreign Investment Promotion Act.

If you have further questions please, contact +82-1600-7119 or visit www.investkorea.org >>How We Can Help >> Online Consulting.

