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## South Korea Advances Crypto Market with ETF and Stablecoin Plans

August 9, 2025

– Categories: *Crypto*



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South Korea is positioning itself to revive and modernize its cryptocurrency market by unveiling plans to introduce spot crypto exchange-traded funds (ETFs) and establish stablecoin regulations. This strategic shift marks a departure from previous cautious policies, signaling a new era for digital asset adoption in the Asian nation.

The Financial Services Commission (FSC), South Korea's top financial regulator, submitted a comprehensive proposal this week outlining the country's roadmap for integrating crypto investment products into its financial system. This includes a plan to legalize spot crypto ETFs by the end of the year, aiming to provide investors with regulated and transparent access to digital assets.

The FSC has presented this roadmap to the Presidential Committee on Policy Planning, which lays out a legal and regulatory framework to govern crypto ETFs. The plan reflects a shift toward embracing innovation and aligning South Korea's financial sector with global trends, as major markets like the United States and Europe have already established strong footholds in the spot ETF space.

The commission is tasked with establishing the necessary legal and technical infrastructure to support these products. This involves developing standards for custody, pricing, fund management, and operational transparency. Crucially, the FSC intends to implement investor protections to mitigate risks associated with crypto investments.

The proposal follows months after the election of President Lee Jae-myung, who campaigned on a platform that included legalizing crypto ETFs and improving safeguards for investors. This pro-crypto stance contrasts with the previous administration's more restrictive approach, which included banning crypto ETFs amid concerns over market volatility and investor protection.

South Korea's plan also aims to maintain the country's competitive edge as a global hub for digital assets, attracting both retail and institutional investors with regulated and accessible financial products.

Beyond ETFs, the roadmap includes ambitious proposals for stablecoins pegged to the Korean Won. These local stablecoins would serve as secure digital payment and remittance tools, reducing reliance on foreign-issued stablecoins like USDT and USDC. The Bank of Korea governor has expressed support for central bank-issued stablecoins, indicating a broader move towards regulated digital currencies within the country.

The FSC is also advocating for a reduction in trading fees from the current 0.05% to approximately 0.015%, making crypto trading more affordable, especially for younger investors who have shown growing interest in the market.

Additionally, the roadmap proposes stricter oversight measures to combat illegal activities. This includes harsher penalties such as lifetime bans and substantial fines for fraudulent actors. Cryptocurrency exchanges will be required to increase transparency in trading fees and listing rules to enhance investor confidence.

South Korea's approach balances innovation with investor protection, aiming to foster a robust, transparent, and regulated crypto market that can compete internationally while safeguarding its participants.