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The Seoul Standard

How Korea's Digital Asset Basic Act and STO Framework Will Catalyze Institutional Adoption, Non-USD Stablecoins, and RWA

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Executive Summary

South Korea has been historically restrictive toward digital assets, even while embracing the underlying blockchain technology. For nearly a decade, heavy restrictions and outright bans kept institutions out, and in their absence retail investors filled the market at extraordinary scale: more than 16 million people, roughly 32% of the population, held crypto by early 2025, and won pairs rank among the most heavily traded in the world, behind only the dollar.

This restrictive stance began to shift in January 2026, when new rules started opening the market to institutions for the first time in nearly a decade. Two legislative tracks are driving that shift: a tokenized-securities (STO) framework already enacted that month, and the Digital Asset Basic Act (DABA), the stablecoin and issuance law still working through the National Assembly.

That opening arrives as the retail market changes character rather than simply cooling. Crypto holdings on domestic exchanges had roughly halved to about 60.6 trillion won ($44 billion) by February 2026, as prices fell and retail money rotated into a rallying stock market. Demand for stablecoins moved the opposite way over the same period, as a weakening won pushed investors toward dollar-denominated stability.

Through 2025 and into 2026, Korean capital increasingly converted into dollar stablecoins and moved abroad. Cryptocurrency exchanges processed roughly $40.6 billion abroad in the first quarter of 2025 alone, about $19.5 billion of it in stablecoins. With no regulated won stablecoin, domestic demand is forced into dollar tokens that live offshore, so the value leaves the country as it converts. A won stablecoin does not win that demand back, since dollar hedging is a bet on the dollar. What the outflow marks is the stake: dollar stablecoins settling into domestic payment and settlement flows is a monetary-sovereignty problem, and it is the reason the Bank of Korea insists any won issuance stay inside the banking system.

The reform's own case runs on a different track. A lawful won stablecoin, tokenized deposits, and tokenized securities would give domestic won activity a native onchain settlement unit and put otherwise idle won to work onchain in lending, market-making, and real-world assets. That case does not depend on recapturing the dollar hedgers. The potential is already visible in the numbers: global onchain real-world assets stand near $38 billion today against a represented pipeline above $360 billion, and Korea's own tokenized-securities market is projected to grow from KRW 34 trillion in 2024 to KRW 367 trillion (about $249 billion) by 2030.

The securities framework is settled, enacted and taking effect in 2027. DABA is not. It remains held up over the single most consequential question in the market: whether KRW stablecoin issuance is reserved for bank-led consortiums or opened to fintech issuers. The Financial Services Commission is consolidating roughly ten competing bills into one government-backed act, which the ruling party aims to pass by the end of 2026. Separately, the nine-year corporate investment ban was lifted in January 2026, subject to a 5%-of-equity cap, giving institutions their first direct access.

For an allocator, the signal to track is the direction of that decision and the triggers around it: the unified DABA's introduction, the first KRW stablecoin license, and the first spot-ETF approval. Forecasts for tokenized assets vary widely, ranging by 2030 from McKinsey's roughly $2 trillion to the $16 trillion projected by BCG and ADDX, all projections rather than commitments. Korea enters this shift late, but with deeper native liquidity than any comparable new market and a rulebook now taking shape.

Methodology & Sourcing Note

Scope and cutoff

This report covers South Korean digital asset legislation, the won and regional stablecoin markets, and tokenized real-world assets. Market data carry the date on which they were pulled, most of them August 18, 2026. The legislative record was checked through September 15, 2026. The Digital Asset Basic Act had not passed at that date; its provisions are described from the bill texts and from reported negotiating positions, and capital thresholds, issuer eligibility and ownership caps may change before enactment. Readers should confirm the status of the Act at the time of reading.

Co-authorship

This report is written jointly by Kaia, an EVM-compatible Layer 1 blockchain, and RedStone, an oracle network. Both have a commercial interest in the infrastructure this report describes. References to either appear only in Sections 3.4 and 4.4, as examples of a category of infrastructure rather than as recommendations, and are held to the same sourcing standard as any other claim: each carries a source and a date, and each is paired with at least one citation independent of the company concerned. Neither company is named in this summary, in the risk section or in the conclusion. Readers should weigh those two passages with the authorship in mind.

Source hierarchy

Regulators and legislatures come first: the Financial Services Commission, the Financial Supervisory Service, the Bank of Korea, the National Assembly, the Hong Kong Monetary Authority, the Monetary Authority of Singapore and Japan's Financial Services Agency. Law-firm analyses (Shin & Kim, Cha & Kwon, Chambers) and Korean press (Yonhap, Seoul Economic Daily, Korea JoongAng Daily, Korea Times) come next, with Korean-language originals consulted where the English text is a translation. Specialist outlets (The Block, CoinDesk, Cointelegraph, Ledger Insights) follow. Onchain and market data come from rwa.xyz, DefiLlama, CryptoQuant, Kaiko and CoinGecko.

Numbers

Every figure in the text carries its source and date. Trackers disagree: stablecoin supply differs by several billion dollars between aggregators on any given day, holder counts depend on what each tracker includes, and rwa.xyz separates distributed (tradeable) value from represented (pipeline) value. This report anchors to distributed value throughout and does not combine figures from different trackers into a single total.

Forecasts

Projections are labeled as such, the forecaster is named, and ranges are shown rather than point estimates. The spread between forecasters reflects scope (whether stablecoins and deposits are counted), asset-class definitions and assumptions about regulatory speed, and Section 4.2 explains each. None is a forecast commitment.

Currency

Conversions use the rate quoted by the source. Where none is given, KRW 1,400 per US dollar is used and marked approximate; the won traded between roughly 1,380 and 1,510 per dollar over the period covered.

Citations

Footnotes are numbered continuously and give source, title and date in short form. Full URLs appear in the Sources appendix under the same numbers.

Nothing in this report is investment advice.

SECTION 01

From Ban to Basic Act: A History of Korean Digital Asset Regulation

South Korea did not arrive at comprehensive digital asset legislation by design. It arrived there through a decade of regulation by restriction; a reactionary framework in which each market crisis produced the next statutory layer. Understanding that sequence matters for allocators, because the two laws now reshaping the market, the Digital Asset Basic Act and the tokenized-securities framework, are direct responses to specific failures of the restriction era rather than abstract policy ambitions. This section traces that lineage.

1.1 The restriction era (2017–2020)

Korea's first major regulatory act was a prohibition. On September 29, 2017, at the height of the global ICO boom, the Financial Services Commission (FSC) banned all forms of initial coin offerings[1], regardless of technical structure, and prohibited margin trading in virtual currencies. The regulator called token sales overly speculative and a violation of capital markets law.

It would only take another four months for the second pillar of the restriction era to pass. On January 30, 2018, the government's Anti-Money Laundering Guidelines for Virtual Currencies[2] took effect, requiring all crypto trading to run through real-name bank accounts verified against the trader's identity at a partner bank. According to the Korea Herald[3], six banks began verifying investor identities that day. The system's design had a consequence that would define Korean market structure for nearly a decade: banks were instructed to withhold real-name accounts from corporate entities[4], which excluded companies and institutions from domestic exchanges entirely. Almost a decade later, in January of 2026, this corporate ban was lifted.

The restriction era produced two structural distortions worth quantifying. The first was the "kimchi premium," the persistent gap between crypto prices on Korean exchanges and global venues. Research from the University of Calgary, cited by CNBC[5], found the premium averaged 4.73% between January 2016 and February 2018 and peaked at 54.48% in January 2018, the month the real-name system took effect. Bloomberg documented the premium's collapse[6] within days of the new banking rules. The premium was arbitrage that could not be closed because capital controls prevented institutional flows from closing it; a signature of a domestic retail market walled off from global liquidity.

The second distortion was jurisdictional flight. Because token issuance was banned at home, Korean-founded projects incorporated abroad and listed their tokens back onto Korean exchanges. The Bank of Korea itself later cited Terraform Labs as the defining example[7] of this circumvention, in a 2022 report arguing the ICO ban had failed on its own terms. Rather than preventing Korean crypto entrepreneurship, the restriction era drove projects overseas while leaving Korean retail holding the tokens.

1.2 The Travel Rule and exchange consolidation (2020–2022)

The second statutory layer arrived through anti-money-laundering law. Amendments to the Act on Reporting and Using Specified Financial Transaction Information[8], commonly called the Special Financial Transactions Act, required virtual asset service providers

[1] CoinDesk, South Korean Regulator Issues ICO Ban, 29 Sep 2017.
[2] Financial Services Commission, Real-Name System for Cryptocurrency Trading to Be Implemented, 23 Jan 2018.
[3] Korea Herald, Real-name system for cryptocurrency trading kicks off, 30 Jan 2018.
[4] Lexology, FSC Announces Roadmap for Corporate Participation in the Virtual Asset Market, Feb 2025.
[5] CNBC, South Korea's 'kimchi premium' in the spotlight after bitcoin's record highs, 3 Apr 2024.
[6] Bloomberg, Bitcoin's 'Kimchi Premium' Has Vanished, 2 Feb 2018.
[7] CoinDesk, South Korea Must Reverse 'Ineffective' Ban on Crypto ICOs, Central Bank Says, 30 Aug 2022.
[8] ScienceDirect, Mapping South Korea's digital asset regulatory landscape, 2025.

(VASPs) to obtain Information Security Management System (ISMS) certification and, for any exchange offering won trading, a real-name banking partnership.

The compliance deadline of September 24, 2021 functioned as a licensing cliff, with roughly 60 exchanges operating in Korea before the deadline. The Korea Herald reported[9] that only four of those exchanges secured real-name bank accounts in time to meet the deadline: Upbit (K Bank), Bithumb (KB Kookmin), Coinone (Kakao Bank), and Korbit (Shinhan). Gopax joined the won-trading group later after its banking arrangement was initially delayed[10]. The remaining exchanges closed or converted to crypto-only trading. In one regulatory stroke, Korea consolidated retail order flow onto five venues; a concentration that persists today and appears in this report's risk register. The Act's Travel Rule provisions, requiring originator and beneficiary information to accompany transfers, took full effect on March 25, 2022[11].

1.3 Terra/Luna and the regulatory inflection (2022)

In May 2022, the collapse of TerraUSD and LUNA erased more than $40 billion in market value[12]. Terra was founded by Korean entrepreneur Do Kwon, incorporated offshore in the pattern described above, and held disproportionately by Korean retail investors. The psychological and political impact in Korea exceeded that of any prior crypto failure anywhere: a Korean-founded project, inaccessible to Korean regulators, had destroyed Korean household wealth at scale.

Two legislative responses followed quickly. The first was the Virtual Asset User Protection Act, whose drafting accelerated through the National Assembly. The second came from the Bank of Korea, which published a Korean translation of the EU's Markets in Crypto-Assets regulation together with a report arguing that the 2017 ICO ban had failed on its own terms and that Korea should adopt MiCA-level rules for stablecoins.[13] The central bank was specific about the lesson it drew: any future framework act, it said, should define the Bank of Korea's role as monetary authority.[14] That 2022 position is the origin of the dispute over stablecoin issuance examined in Section 2.3.

The Terra episode also produced a legal precedent that still shapes how Korean law classifies tokens. In January 2025, Korea's Supreme Court rejected prosecutors' attempts to treat LUNA as a financial investment product[15] under the Capital Markets Act, agreeing with lower courts that the token fell outside existing securities law. The ruling confirmed the gap the Digital Asset Basic Act is designed to fill: tokens that are not securities need their own statutory category, with redemption-bearing tokens (stablecoins) treated differently from the rest. DABA's two-tier architecture, described in Section 2.1, is a direct answer to this classification gap.

1.4 VAUPA and the first statutory framework (2023–2024)

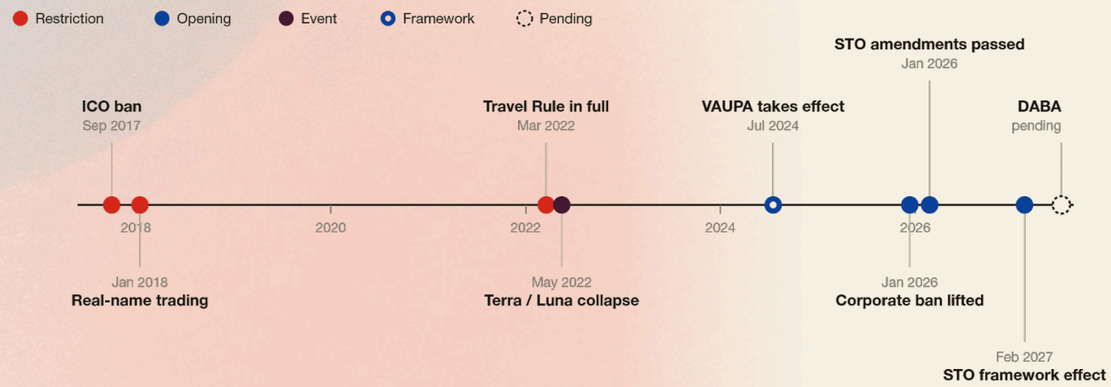
The Virtual Asset User Protection Act (VAUPA) passed the National Assembly on June 30, 2023[16], consolidating 19 pending bills. It was promulgated on July 18, 2023 and took effect on July 19, 2024[17] as Act No. 19563, making it Korea's first standalone digital asset statute.

VAUPA rests on three pillars[18]: protection of user deposits and virtual assets, including mandatory segregation and cold-storage custody; prohibition of unfair trading practices such as market manipulation and use of undisclosed information; and supervisory, inspection, and sanction authority for the FSC and Financial Supervisory Service.

What VAUPA deliberately omitted matters as much as what it contained. The law is silent on token issuance, disclosure obligations, and stablecoins. Korean regulators described it from the outset as a first step[19], with a comprehensive framework act to follow as the second. That framing is why Korean policy discourse refers to DABA as "Phase 2" legislation: VAUPA regulated conduct in an existing market; DABA is meant to regulate the creation of assets.

[9] Korea Herald, 29 crypto exchanges meet registration deadline, 37 face closure, 26 Sep 2021.
[10] Verdict, South Korea crypto exchanges: dozens close as registration deadline passes, Sep 2021.
[11] ScienceDirect, Mapping South Korea's digital asset regulatory landscape, 2025.
[12] ScienceDirect, Mapping South Korea's digital asset regulatory landscape, 2025.
[13] CoinDesk, South Korea Must Reverse 'Ineffective' Ban on Crypto ICOs, Central Bank Says, 30 Aug 2022.
[14] Cointelegraph, South Korean central bank eyes MiCA, says future regulations may allow ICOs again, 29 Aug 2022.
[15] ScienceDirect, Mapping South Korea's digital asset regulatory landscape, 2025.
[16] Financial Services Commission, Virtual Asset User Protection Act Passes National Assembly, 30 Jun 2023.
[17] Library of Congress, South Korea: Act to Regulate Cryptocurrency Markets Goes into Effect, 18 Jul 2024.
[18] Korea.net, Virtual Asset User Protection Act to Take Effect on July 19, Jul 2024.
[19] Chambers and Partners, South Korea: Blockchain and Digital Assets Overview, 2024.

From Ban to Basic Act



Source: FSC; National Assembly; report Sections 1–2.

1.5 Liberalization signals (2024–2026)

Three developments between 2024 and 2026 mark the turn from restriction to structured opening. First, on February 13, 2025, the FSC's Virtual Asset Committee finalized a roadmap for phased corporate participation[20] in crypto markets, unwinding the 2018 exclusion in stages detailed in Section 2.5.

Second, crypto taxation moved from perpetual deferral toward implementation. Korea's tax on virtual asset gains, a 20% national levy plus 2% local surcharge on annual gains above KRW 2.5 million, was originally scheduled for 2022 and postponed three times[21], to 2023, then 2025, then January 1, 2027. The Ministry of Economy and Finance confirmed the 2027 start date on May 7, 2026[22], its first public commitment to proceed on schedule. The question is not fully settled: a People Power Party bill sponsored by floor leader Song Eon-seok, introduced March 19, 2026[23], would abolish the tax entirely and was referred to the Strategy and Finance Committee on July 29, 2026[24]. A fourth deferral cannot be excluded.

Third, the kimchi premium inverted. In August 2025, Bitcoin on Korean exchanges traded at a discount of 0.18% to global venues[25], with won deposits on domestic exchanges down 22% from their peak[26]. A market that once paid 54% over global prices now trades roughly at par or below.

Two readings are possible, and both are partly true: retail speculative demand has cooled sharply, and the market has matured toward global price integration. Section 5 examines the less comfortable reading. This section acts as the groundwork for laying the decade-long legislation arc. Korea moved from banning issuance, to licensing venues, to protecting users, and now to legislating the creation of digital assets themselves. Each layer was built on the failures and outcomes of the last.

[20] Financial Services Commission, Third Virtual Asset Committee Meeting: Roadmap for Corporate Participation in Virtual Asset Trading, 13 Feb 2025.
[21] The Block, South Korean lawmakers move to abolish planned crypto tax, 19 Mar 2026.
[22] CryptocurrencyHelp, South Korea Confirms Crypto Tax for 2027, May 2026.
[23] crypto.news, South Korea advances crypto bill as 22% tax nears, 29 Jul 2026.
[24] Bloomingbit, Crypto tax abolition bill referred to Strategy and Finance Committee, 29 Jul 2026.
[25] AInvest, Bitcoin Hits -0.18% Negative Kimchi Premium in South Korea, 16 Aug 2025.
[26] AInvest, Kimchi Premium: A Strategic Indicator for Crypto Arbitrage and Market Sentiment in 2025, Aug 2025.

SECTION 02

DABA and the STO Framework: The Institutional Compliance Blueprint

Korea's second-phase legislation is not one single law, but two tracks moving at different speeds. The tokenized-securities framework passed the National Assembly in January 2026 and takes effect in early 2027. The Digital Asset Basic Act, which would govern everything that is not a security, including won-pegged stablecoins, remains unpassed, held up by a single unresolved question: who may issue a KRW stablecoin. This section describes both tracks and what each requires of institutions.

2.1 What DABA is and where it stands

Representative Min Byung-deok of the Democratic Party of Korea introduced the Digital Asset Basic Act on June 10, 2025[27] as the umbrella statute complementing VAUPA. The bill covers entry requirements for digital asset businesses, issuance and circulation procedures, disclosure obligations, and unfair trading prohibitions[28]; the issuance-side rulebook VAUPA deliberately left out.

The bill's central design choice is a two-category architecture. "General digital assets" face a notification regime; "asset-linked digital assets," the category covering stablecoins, face an authorization regime[29] with FSC licensing. The logic is that a token carrying a redemption promise implicates issuer solvency and, for won-pegged tokens, monetary sovereignty, and therefore demands stronger entry controls than a token that promises nothing. This is the statutory answer to the classification gap the LUNA ruling exposed.

DABA has not passed. Its progress stalled in late 2025 over the stablecoin issuer question[30], and the law firm Cha & Kwon observed by April 2026 that DABA was no longer the first mover, as the securities track and stablecoin negotiations proceeded separately. The National Policy Committee left the bill off its final review agenda in May 2026[31], pushing substantive review past the June local elections.

The most significant recent development points toward consolidation rather than abandonment, though the timetable has slipped again. On July 29, 2026, the FSC told the National Assembly it would coordinate a single government-backed bill merging the roughly ten pending digital asset and stablecoin bills into one framework.[32] According to an Edaily report cited by Cointelegraph, the consolidated act would cover stablecoin issuance and circulation, business conduct rules, exchange entry requirements, disclosures, internal controls and system-resilience standards,[33] and the Political Affairs Committee set a target of completing legislation before the end of 2026.[34] The FSC had originally intended to submit the bill in the first quarter. As of mid-September it had not, and an FSC official told the Korea JoongAng Daily that the remaining issues were being settled and the goal was submission “within September.”[35] The ruling Democratic Party has said it will not wait indefinitely and plans a public hearing on the Act to move deliberations forward on the strength of the bills already tabled. Two questions account for the delay: whether won-stablecoin issuers must be at least 50% plus one share bank-owned, and a proposed 20% cap on controlling shareholders of exchanges.

One point of precision for institutional readers, because Korean and English coverage routinely conflates three separate bodies. The "Digital Asset Committee" launched on May 13, 2025[36] and chaired by Rep. Min is a Democratic Party organ, not a state agency. The proposed presidential-level committee on digital assets is a policy pledge to centralize crypto policymaking in the executive; it does not yet exist in law. Furthermore, the Trading Support Eligibility Review Committee is a product of the bill itself: Article 130 of Min's DABA[37] would house it under a statutory Korea Digital Industry Association to decide which assets may be listed or delisted, absorbing the role the exchange self-regulatory body DAXA performs today under voluntary guidelines. Assessments of "the digital asset committee" that merge these three entities misread who holds which power, so this distinction is vital.

[27] Shin & Kim, Introduction of the General Act on Digital Assets, 12 Jun 2025.
[28] Chambers and Partners, Blockchain and Crypto Assets 2026: South Korea, Trends and Developments, 2026.
[29] Law.asia, Guide to Korea's stablecoin regulation framework, 2025.
[30] Cha & Kwon, Korea's Digital Asset Basic Act: How Stablecoin and STO Tracks Are Moving Separately, 17 Apr 2026.
[31] Cryptopolitan, South Korea delays Digital Asset Basic Act review past June elections, 12 May 2026.
[32] crypto.news, South Korea advances crypto bill as 22% tax nears, 29 Jul 2026.
[33] Cointelegraph, South Korea to consolidate crypto laws as lawmakers push tax repeal, 29 Jul 2026.
[34] The Crypto Times, South Korea FSC Moves to Merge Crypto Bills, Set Stablecoin Rules, 29 Jul 2026.
[35] Korea JoongAng Daily, Korean banks race to test stablecoins as Seoul's digital currency rules remain stuck, 15 Sep 2026.
[36] Cointelegraph, South Korea's Democratic Party launches Digital Asset Committee, 13 May 2025.

2.2 Stablecoin issuance rules: the competing bills

Three bills define the negotiating space for won-stablecoin regulation. Their common ground is substantial: all three require FSC authorization, reserves of at least 100% of circulating supply held in high-quality liquid assets such as bank deposits and government bonds, and guaranteed redemption at par. The differences concentrate in capital thresholds, the treatment of interest, and disclosure.[38] [39] [40] [41] [42]

Three bills, one licensing regime

Provision	Min Byung-deok DABA, Jun 2025	Ahn Do-geol "Value-Stabilised Digital Assets Act," Jul 2025	Kim Eun-hye "Payment Innovation" bill, Jul 2025
SCOPE	Full digital asset framework; stablecoins as licensed sub-category	Stablecoins only	Stablecoins only
MINIMUM CAPITAL	KRW 500 million[38]	KRW 5 billion[39]	KRW 5 billion[40]
RESERVES	100%+, refund reserves, repayment plan	100%+ in high-liquidity assets	100%+, redeemable on demand
INTEREST TO HOLDERS	Not specified	Prohibited[41]	No prohibition[42]
DISCLOSURE	Registration statement covering technical infrastructure, issuance limits, redemption mechanics	Published prospectus plus monthly reserve disclosure[43]	Licensing and disclosure focus (whitepapers, product descriptions)
ISSUER DOMICILE	Domestic corporation required	Domestic corporation required	Domestic corporation required

The capital numbers should be read as an opening position, subject to further potential changes. Reporting through the winter of 2025–2026 placed proposals anywhere from KRW 500 million to KRW 25 billion[43], and the ruling Democratic Party's Digital Asset Task Force spent early 2026 drafting an alternative from the existing bills. By the Task Force's final advisory session in late February 2026[44], the prevailing view among advisers favored allowing ordinary corporations to issue, and both parties had converged on a minimum capital of at least KRW 5 billion[45]. The interest question tracks the same divide as the US GENIUS Act debate: the ruling party favors an interest ban to protect bank deposits, while Kim Eun-hye's bill omits one. For institutions, the practical takeaway is that Korea's stablecoin regime will require licensed domestic issuers, full reserves, par redemption, and recurring disclosure under any surviving draft. What remains genuinely open is who qualifies to issue, which is the subject of the next subsection.

2.3 The Bank of Korea versus the FSC: the single biggest swing factor

The dispute that stalled DABA is a two-agency disagreement over issuer eligibility, and its resolution will determine the structure of the entire KRW stablecoin market.

[37] Shin & Kim, Introduction of the General Act on Digital Assets, 12 Jun 2025.
[38] Law.asia, Guide to Korea's stablecoin regulation framework, 2025.
[39] Law.asia, Guide to Korea's stablecoin regulation framework, 2025.
[40] Decrypt, South Korea's Ruling, Opposition Parties Clash Over Stablecoin Regulation, Jul 2025.
[41] Law.asia, Guide to Korea's stablecoin regulation framework, 2025.
[42] Decrypt, South Korea's Ruling, Opposition Parties Clash Over Stablecoin Regulation, Jul 2025.
[43] Cryptopolitan, South Korea's Digital Asset Basic Act faces delay amid stablecoin issuer disputes, Dec 2025.
[44] CoinGecko, 2026 Asia Stablecoin Market Overview, 2026.
[45] CCN, Korean Lawmakers Review Three Rival Stablecoin Bills, Nov 2025.

The Bank of Korea's position is that issuance should begin with bank-led consortiums in which banks hold at least 50% plus one share[46]. The central bank grounds this in monetary sovereignty, run risk, and foreign-exchange control concerns, and it has held the line consistently: it reaffirmed the position in documents submitted to the National Assembly's Strategy and Finance Committee on July 9, 2026[47], alongside a proposal for a statutory cross-agency policy body. Governor Shin Hyun-song has framed the underlying view since his confirmation: CBDCs, deposit tokens, and stablecoins can serve complementary roles[48], but a private won token touches monetary policy, FX policy, and financial stability at once, and should therefore launch inside the banking perimeter.

The FSC's counterargument draws comparisons with the EU dispensation, as under the MiCA regime, most licensed e-money-token issuers are electronic money institutions, not banks[49]. This, the FSC argues, would suppress fintech participation due to the 51% bank-ownership rule. The ruling party has largely sided with the FSC on this point; Rep. Ahn Do-geol, sponsor of the strictest stablecoin bill, noted that global legislative precedent for a mandatory majority stake by one sector is hard to find[50].

The compromise now under discussion narrows, but doesn't completely close the gap. One formulation, voiced by Ahn in July 2026, would pair a bank holding 50% plus one share with a single technology or fintech firm holding up to 34%[51], which under Korean commercial law is the blocking-minority threshold for special resolutions. Min Byung-deok has rejected the premise outright, calling bank-led consortiums a structure "for vested interests." A second ownership question runs in parallel: whether controlling shareholders of the major exchanges should be capped, with the figure now reported as a proposed 20% after earlier discussion of a 15% to 20% range.[52] [53] Both fights turn on the same underlying issue, which is who controls won-denominated crypto infrastructure.

The Issuer Question

Banks ≥50%+1 · Single tech / fintech ≤34% · Other shareholders

BANK OF KOREA POSITION



PROPOSED COMPROMISE · Rep. Ahn Do-geol, Jul 2026 · proposed



FSC & RULING PARTY POSITION

No mandatory bank majority · banks, fintechs & platforms eligible

34% is the blocking-minority threshold for special resolutions under Korean commercial law.

Source: Crypto Economy, Jul 2026; BigGo Finance, Jul 2026; Cha & Kwon, Apr 2026.

[46] Crypto Economy, Bank of Korea Backs Bank-Led Won Stablecoins, Jul 2026.
[47] crypto.news, Bank of Korea defends bank-first stablecoin plan, Jul 2026.
[48] CryptocurrencyHelp, Bank of Korea Governor Reaffirms Push for Won Stablecoin, Jul 2026.
[49] Cha & Kwon, Korea's Digital Asset Basic Act: How Stablecoin and STO Tracks Are Moving Separately, 17 Apr 2026.
[50] Yahoo Finance, South Korea's long-awaited crypto law delayed over stablecoin issuer dispute, Dec 2025.
[51] BigGo Finance, Lawmakers split on bank-led structure for won stablecoin consortiums, Jul 2026.
[52] The Crypto Times, South Korea FSC Moves to Merge Crypto Bills, Set Stablecoin Rules, 29 Jul 2026.
[53] Korea JoongAng Daily, Korean banks race to test stablecoins as Seoul's digital currency rules remain stuck, 15 Sep 2026.

For allocators, this is the highest-value single variable in the Korean market. A bank-majority regime produces a small number of consortium coins with deposit-like distribution and conservative onchain behavior. A broad-eligibility regime produces a competitive field including fintech and platform issuers, faster DeFi integration, and correspondingly higher supervisory complexity. Positioning that depends on KRW stablecoin composability should be sized against both outcomes until the consolidated government bill fixes the answer.

2.4 The STO framework: already law

While DABA has stalled, the securities track has largely been completed. The path ran from the FSC's February 2023 policy framework for security token offerings[54], which permitted STOs within the Financial Investment Services and Capital Markets Act and promised implementing legislation, through three years of regulatory-sandbox workarounds, to passage: on January 15, 2026, the National Assembly passed amendments to both the Capital Markets Act and the Electronic Securities Act[55]. The amendments were promulgated in February 2026 and take effect around February 2027[56], one year after promulgation.

The two amendments are fundamentally different in scope. The Electronic Securities Act amendment recognizes distributed-ledger technology as a legally valid electronic registration ledger[57], with the Korea Securities Depository participating as a node, and allows qualified issuers to record securities rights directly onchain, in defined cases without a securities-company intermediary. The Capital Markets Act amendment brings token securities into the trading perimeter as investment contract securities handled through licensed brokerages. Notably, a token security under this framework is not a new asset category but a new issuance form for existing securities[58], which means the full body of Korean securities regulation, from disclosure to unfair trading rules, applies unchanged. For compliance teams, that is the framework's main virtue: it imports a known rulebook rather than inventing one. Implementation is led by the FSC, the FSS, and the Korea Securities Depository, with a consultation body building the ledger-based account-management infrastructure toward full operation in 2027.

The STO framework legalizes a market Korea has been running, albeit on a small scale, for years. The precedent case is Musicow, a music-royalty fractionalization platform whose claims the Securities and Futures Commission classified as investment contract securities on April 20, 2022[59], the decision that pulled fractional investment products into securities regulation and set the template the 2026 amendments now generalize.

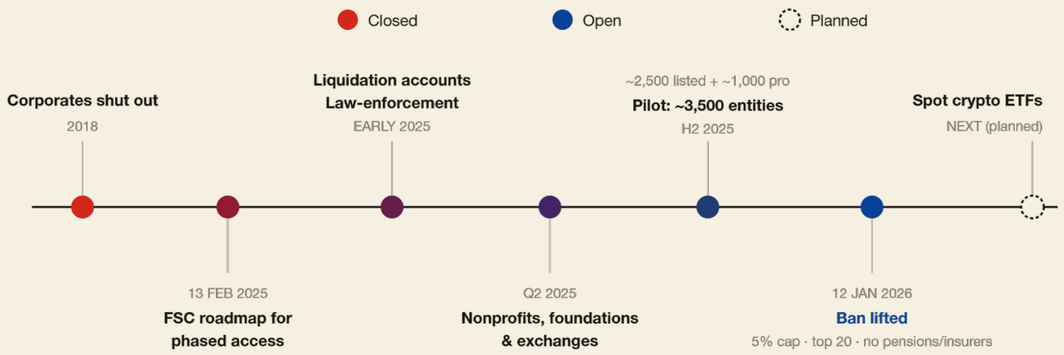
The most widely cited domestic projection puts Korea's security token market at KRW 367 trillion by 2030, up from KRW 34 trillion in 2024, an annual growth rate near 20%, with finance-related products expected to make up about 70% of the total. The figures originate with the Hana Institute of Finance, whose 2023 research put the 2030 figure at roughly 14.5% of GDP.[60] The projection is a scenario, not a forecast commitment, and this report treats it as one.

Securities firms, meanwhile, are not waiting for the February 2027 effective date to roll around, but are instead pushing forward with their own developments. Mirae Asset Securities acquired an approximately 92% stake in the licensed exchange Korbit for about $92 million[61] and rebranded it to its existing digital arm; Digital X[62]. This marks the first takeover of a licensed Korean crypto exchange by a domestic financial group, pairing a virtual asset service provider license with a securities brokerage under one roof. That stake has since risen to 97% in June of 2026. The firm has also issued KRW 100 billion in digital bonds[63], described in coverage as the first such issuance by a Korean financial institution and among the first in Asia, and has signed with a tokenization platform to launch a tokenized share class of a Hong Kong-listed covered-call ETF in Q3 2026[64], with its global ETF unit managing about KRW 421 trillion[65] as of May 2026. Section 4 places these moves in the broader RWA context; but the point here is sequencing. Korean institutions are building tokenization capacity a year ahead of the law that will let them use it at scale.

[54] Financial Services Commission, FSC Announces Plans to Overhaul Regulatory System for Security Token Offerings, 6 Feb 2023.
[55] The Block, South Korea passes tokenized securities framework, 15 Jan 2026.
[56] Cha & Kwon, Korea's Digital Asset Basic Act: How Stablecoin and STO Tracks Are Moving Separately, 17 Apr 2026.
[57] Chambers and Partners, Blockchain and Crypto Assets 2026: South Korea, Trends and Developments, 2026.
[58] Cha & Kwon, Korea's Digital Asset Basic Act: How Stablecoin and STO Tracks Are Moving Separately, 17 Apr 2026.
[59] Lexology, Musicow's music copyright fee participation claims determined to be investment contract securities, May 2022.
[60] KED Global, Korea's security token market to reach 367 trillion won by 2030: Hana Institute of Finance, 28 Mar 2023.
[61] MEXC News, Mirae Asset acquires 92% stake in Korbit for $92 million, Jul 2026.
[62] Tech Times, Mirae Asset Rebrands Korbit as Digital X in Korea's First TradFi Crypto Takeover, 24 Jul 2026.
[63] Mirae Asset Securities (USA), Mirae Asset Securities issues 100 billion won in digital bonds, Jan 2026.
[64] Markets Media, Ondo Partners with Mirae Asset to Tokenize Global X ETFs, Jun 2026.
[65] Tech Times, Mirae Asset Rebrands Korbit as Digital X in Korea's First TradFi Crypto Takeover, 24 Jul 2026.

2.5 Corporate access and the ETF track

Unwinding the Corporate Ban



The 2018 corporate exclusion unwound in the following three steps: under the FSC's February 13, 2025 roadmap[66], law-enforcement bodies gained liquidation accounts first, followed in Q2 2025 by nonprofits and university foundations, and exchanges liquidating fee revenue[67]. The second half of 2025 opened pilot trading to roughly 3,500 entities, about 2,500 listed companies plus 1,000 registered corporate professional investors[68].

The final step came on January 12, 2026, when the FSC lifted the nine-year corporate investment ban outright[69], subject to guardrails: each firm may allocate up to 5% of its equity capital[70], investment is restricted to the top 20 assets by market capitalization on the five licensed exchanges, and pension funds and insurers are excluded for now. The exclusion of exactly the institutions with the largest balance sheets is the clearest signal that Korean regulators view corporate access as a staged experiment rather than a finished liberalization.

The forward agenda extends further. Under the government's 2026 Economic Growth Strategy, spot crypto ETFs are planned[71], with enabling amendments to the Capital Markets Act under review, and government strategy documents describe a goal of distributing up to 25% of national treasury funds through digital assets by 2030[72].

Next up, we examine the state of the stablecoin market and forecast how the launch of a fully-fledged KRW stablecoin would activate liquidity flows, along with the onchain infrastructure required to activate a latent RWA market such as South Korea's.

[66] Financial Services Commission, Third Virtual Asset Committee Meeting: Roadmap for Corporate Participation in Virtual Asset Trading, 13 Feb 2025.
[67] Shin & Kim, FSC Announces Roadmap for Corporate Participation in the Virtual Asset Market, Feb 2025.
[68] Daily Crypto Briefs, South Korea Ends Corporate Crypto Ban: FSC Allows 5% of Equity in Top-20 Tokens, Jan 2026.
[69] MEXC Blog, South Korea Ends 9-Year Corporate Crypto Ban: 5% Bitcoin Investment Allowed, Jan 2026.
[70] Yahoo Finance (Coinspeaker), South Korea to Lift Corporate Crypto Investment Ban with 5% Equity Cap, Jan 2026.
[71] Coinspeaker, South Korea Amends Tokenized Securities Framework, Jan 2026.
[72] CoinCentral, South Korea Lifts Crypto Ban, Allowing Firms 5% Equity Investment, Jan 2026.

SECTION 03

The Non-USD Stablecoin Opening: KRW, Asia, and Idle Liquidity

3.1 The Global Stablecoin Baseline

The stablecoin market entered the second half of 2026 at roughly $314 billion in circulating supply across 382 tracked coins, with Tether's USDT at 59.2% and Circle's USDC at 23.8%.[73] Consequently, almost the entire stablecoin market is denominated in dollars. Euro-referenced coins sit near 0.2%, and every non-USD stablecoin combined stays under 1%.[74] Supply has grown close to twelvefold since the end of 2020, when it stood near $27 billion.[75] Different trackers disagree by several billion dollars on any given day, so each figure here carries its own source and date.

Where that supply moves matters more than its size alone. Asia was the largest stablecoin-flow region in 2025 at $12.5 trillion, a 67% rise year over year and the highest of any region.[76] In February 2026, stablecoins settled $7.2 trillion and passed the United States ACH network for the first time, reaching $7.5 trillion in March.[77]

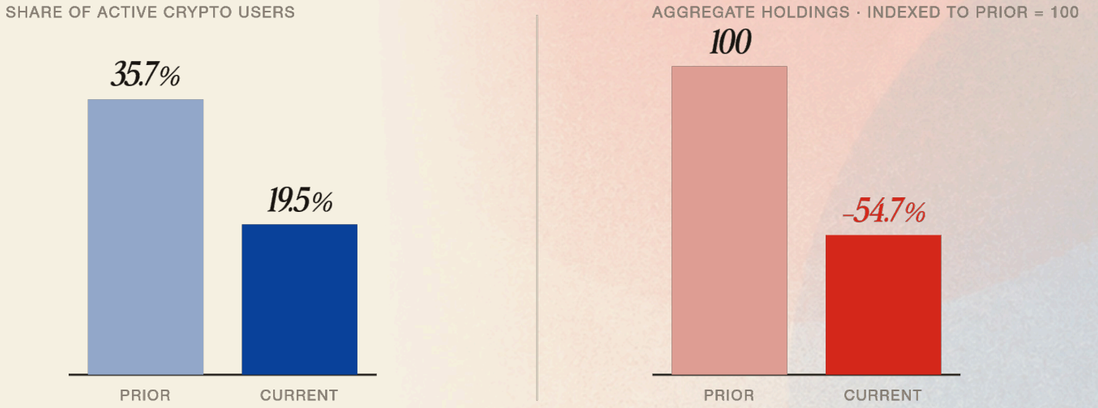
For Korea, the structural problem is dollar dominance. In the first quarter of 2025, the five licensed exchanges transferred about KRW 56.8 trillion (roughly $40.6 billion) in digital assets abroad, of which stablecoins accounted for KRW 26.87 trillion (roughly $19.5 billion), or 47.3% of the total.[78] A separate Bank of Korea disclosure covers trading rather than transfers: KRW 56.95 trillion of USD-pegged stablecoins traded on the top five exchanges in the same quarter, split USDT 83.1% and USDC 16.9%.[79] The two figures are numerically close and describe different things, so they should be considered as completely separate.

Net stablecoin outflows from the five won-based exchanges have been negative in every month since the Financial Supervisory Service began compiling the series in January 2025. In June 2026 the exchanges sent KRW 2.76 trillion in stablecoins abroad and received KRW 2.20 trillion back, a net outflow of KRW 560.3 billion (about $367 million) and the eighteenth consecutive monthly deficit. That figure equaled 77.6% of Korean investors' net purchases of overseas equities in the same month. Cumulative net outflows over the eighteen months reached roughly KRW 14.92 trillion, or about $10.4 billion.[80]

The decrease in market participation is just as, if not more pressing than the capital drain. Over the full 18-month run, the cumulative outflow reached about $10.4 billion (roughly KRW 14.92 trillion), while the share of active crypto users fell from 35.7% to 19.5% and aggregate holdings dropped 54.7%.[81]

[73] DefiLlama, Stablecoins Dashboard, Jun 2026.
[74] CoinGecko, The Rise of Non-USD Stablecoins, 2026.
[75] DefiLlama, Stablecoins Dashboard, Jun 2026.
[76] CoinDesk Research, The 2026 Global Digital Asset Adoption Index, 2026.
[77] Bloomberg Opinion, The Cypherpunk Dream Ended Up Securing the Dollar's Future, 15 Apr 2026.
[78] crypto.news, Stablecoins account for nearly 50% of South Korea's crypto outflows in Q1, officials say, 8 May 2025.
[79] KED Global, Dollar stablecoin trading on Korean exchanges tops 57 trillion won in Q1: BOK, 2 Jun 2025.
[80] Korea Times, Rising stablecoin outflows raise investor protection, FX concerns, 2 Aug 2026.
[81] Cointelegraph, South Korean stablecoin outflows top $367M in June as 18-month streak continues, 3 Aug 2026.

Korea's Retreating Retail Market



≈ KRW 14.92T (≈ $10.4B) cumulative net stablecoin outflow over 18 consecutive monthly deficits.

Source: Cointelegraph, 3 Aug 2026; Korea Times, 2 Aug 2026. Holdings shown as an index to the prior period.

3.2 The Non-USD Stablecoin Wave Across Asia

Korea is arriving late to a regional shift that is already law elsewhere. Hong Kong's Legislative Council passed the Stablecoins Ordinance (Cap. 656) on 21 May 2025, and it took effect on 1 August 2025, giving the Hong Kong Monetary Authority a licensing regime for fiat-referenced stablecoins, including HKD-referenced issuers operating anywhere in the world.[82]

The HKMA logged 77 expressions of interest by 31 August 2025 and granted its first two issuer licenses on 10 April 2026, to HSBC and to Anchorpoint Financial, a joint venture of Standard Chartered Bank (Hong Kong), HKT and Animoca Brands in which Standard Chartered is the largest shareholder.[83] Anchorpoint's HKDAP token began a phase-one beta with institutional distributors and professional investors on August 12, and Standard Chartered became its first bank distributor the same month. The issuer has disclosed no circulation or volume figures, and retail access is not expected before late 2026.

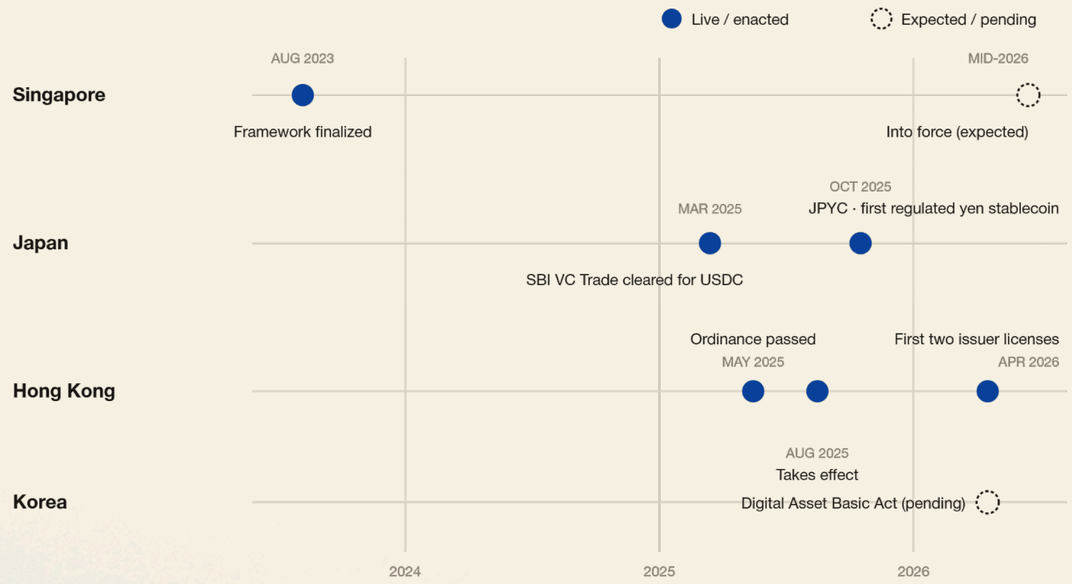
Japan is a case of moving from framework to live product. JPYC launched on 27 October 2025 as the first regulated yen-pegged, fiat-backed stablecoin, issued by JPYC Inc. after its August 2025 registration as a Funds Transfer Business Operator, with a ¥1 million per-transaction cap and backed one-to-one by yen deposits and Japanese government bonds.[84] The FSA has signaled that it will review the ¥1 million cap, which applies to fund-transfer-type issuers such as JPYC and not to trust-type stablecoins. Circulating supply of JPYC reached about ¥2.8 billion (roughly $17.6 million) by end-August 2026. Earlier that year, SBI VC Trade became Japan's first registered Electronic Payment Instruments Service Provider, cleared in March 2025 to handle Circle's USDC,[85] and SBI and Progmat advanced separate yen-stablecoin work aimed at tokenized-asset settlement.

Singapore finalized its Single-Currency Stablecoin framework under the Monetary Authority of Singapore in 2023 and is now legislating it into force, expected mid-2026, with StraitsX issuing XSGD, the first stablecoin MAS has acknowledged as substantively compliant with that framework, and the Project Guardian and Project BLOOM pilots supplying the tokenized-settlement context.[86]

Liquidity is what separates Korea from the region's other entrants. Won-denominated pairs reportedly account for about 30% of global spot crypto trading volume in 2026, second only to dollar markets.[87] A regulated KRW stablecoin would launch into unusually deep native liquidity, a starting position none of the region's other new local-currency coins can claim.

[82] Hong Kong Monetary Authority, Regulatory Regime for Stablecoin Issuers, 2025.
[83] Hong Kong Monetary Authority, Register of Licensed Stablecoin Issuers, 2026.
[84] Chambers and Partners, Fintech 2026: Japan, 2026; Ledger Insights, Japanese yen JPYC stablecoin issuer extends Series B to $38m, 2026.
[85] Chambers and Partners, Fintech 2026: Japan, 2026.
[86] StraitsX, Compliance and Regulations: The Driver of Fiat-Backed Stablecoin Operations, 2025; Monetary Authority of Singapore, MAS Finalises Stablecoin Regulatory Framework, 15 Aug 2023.
[87] Kaiko, The State of the Korean Crypto Market, Apr 2026.

Asia Moves First



3.3 The KRW Stablecoin Race

Preparation is running well ahead of the enabling law. KakaoBank has moved into active development, hiring blockchain engineers and filing four new stablecoin trademarks (BKRW, KRWB, KKBKRW, KRWKKB) that bring its pending crypto-related marks to twelve.[88] KakaoPay has filed six ticker-symbol marks (PKRW, KKRW, KRWP, KPKRW, KRWKP, KRWK), and Naver is building through its fintech arm alongside Dunamu.[89] The trademark activity is a land grab for names, not evidence of live products.

The largest structural move is the proposed combination of Naver and Dunamu, the operator of Upbit. The all-stock deal is valued near $10.3 billion (about KRW 15.1 trillion) at an exchange ratio of 2.54 Naver Financial shares per Dunamu share.[90] The shareholder vote, first set for May 22, 2026, was moved to August 18 and then to November 19, and completion moved from June 30 to September 30 and then to December 31, 2026; both companies attributed the delays to the Fair Trade Commission's review and the associated approvals from financial regulators.[91] Dunamu's first-quarter 2026 results, with revenue down 55% and operating profit down 78% from a year earlier, add commercial pressure to the regulatory one. The deal is no longer the certainty it appeared at announcement, which matters for any thesis that treats Naver plus Upbit as a settled distribution channel for a won stablecoin.

Meanwhile, two pilots are already onchain, although neither exist in a Korean legal framework. BDACS launched KRW1 on Avalanche as a proof-of-concept on 18 September 2025, backed one-to-one by won held in escrow at Woori Bank with API-based proof of reserves. Key to note is that KRW1 does not publicly circulate. It remains a testnet proof-of-concept pending Korean stablecoin law, so it is not possible to attribute a live circulating supply to it.[92] KRWQ, an offshore-launched KRW stablecoin co-developed by IQ and Frax, launched on Base in October 2025 and Solana in May 2026, reaching roughly KRW 1 billion in daily volume by April 2026, and is used mainly by foreign institutions hedging Korean-equity exposure.[93] To call KRWQ a KRW stablecoin, however, would be a slight misnomer, as KRWQ is largely backed by USD-denominated assets, which in and of itself comes down to the regulatory vacuum which exists in South Korea.

[88] The Block, South Korea's KakaoBank advances stablecoin initiative to development stage: report, Dec 2025.
[89] The Block, South Korea's KakaoBank advances stablecoin initiative to development stage: report, Dec 2025.
[90] Bloomberg, Naver to Acquire Crypto Exchange Upbit's Parent Dunamu, 26 Nov 2025.
[91] BigGo Finance, citing Seoul Economic Daily, Naver Financial–Dunamu shareholder vote delayed again to November, Jul 2026.
[92] Decrypt, BDACS Launches Won-Backed Stablecoin KRW1 on Avalanche, Sep 2025; rwa.xyz, Real-World Assets Dashboard, 2026.
[93] The Block, IQ and Frax launch Korean won stablecoin KRWQ on Base, Oct 2025.

Cross-border corridors are being wired ahead of issuance. Kbank, HashKey, and BPMG signed a memorandum of understanding on 21 July 2026 targeting a Korea–Hong Kong remittance corridor, with BPMG's US subsidiary building settlement infrastructure and HashKey serving as the off-ramp.[94] This is a memorandum, not a live service, and as such the parties disclosed no volumes, launch date, or final technical structure, and the work remains subject to regulatory approval. The same caution applies to every MOU in this race.

3.4 Activating Idle KRW Liquidity via DeFi Primitives

Regulatory clarity does more than simply permit a KRW stablecoin. It converts one from a payment token into DeFi collateral, and that conversion is what mobilizes won balances that now sit inert.

Tokenized bank deposits, of the kind the Bank of Korea is piloting under Project Han River[95], and regulated KRW stablecoins, feed onchain money markets. Tokenized treasury bills and other real-world assets are posted as collateral against them. Yield becomes composable across those positions, and the resulting depth in won-denominated liquidity works against the structural kimchi discount that has priced Korean venues below global ones for most of 2026. Bitcoin traded at a reverse premium on 123 of the year's first 221 days, the first year in which negative days have outnumbered positive ones since CryptoQuant began the series in July 2020, and the index averaged -0.48 in early August.[96] The discount then reversed: the index turned positive on August 25 and averaged 0.49 through September 1, by which point it had been negative on 137 of 244 days in the year. Set against the maturity of dollar-denominated DeFi, the headroom is large: the pool being activated is the stock of retail and corporate won deposits, not a niche crypto float.

From Premium to Discount

2016–FEB 2018 AVG	JAN 2018 PEAK	AUG 2025	2026 · THRU 1 SEP
+4.73%	+54.48%	−0.18%	137 / 244
Average premium	Highest premium	Now a discount	days negative

2026 is the first year negative days outnumbered positive ones since the CryptoQuant series began in 2020.

Source: University of Calgary via CNBC; AInvest; Asia Economy citing CryptoQuant. No continuous series shown.

As one illustration of the distribution layer: Kaia is an EVM-compatible Layer 1 formed from the merger of Klaytn (Kakao) and Finschia (LINE), with mainnet live since August 2024. It onboarded native USDT in May 2025 and has been vocal in championing efforts for the KRW stablecoin. Kaia reports reach of more than 250 million users through LINE integration, and KB Kookmin Bank, Korea's largest bank, completed a proof-of-concept on Kaia on 17 May 2026, settling a QR payment at a retail coffee outlet and a won-to-dollar-stablecoin remittance to Vietnam in under three minutes at roughly 87% below the cost of an equivalent SWIFT transfer, with KG Inicis and OpenAsset as partners.[97] This is one consumer-facing chain among others, cited as an industry data point, however it is exactly that type of consumer-focused integration which stands to unlock further liquidity through uncomplicated and abstracted frontends.

[94] HashKey Group, HashKey Signs Strategic MoU with Kbank and BPMG to Strengthen Asia Connect Ecosystem, 21 Jul 2026; Korea Herald, Kbank, HashKey, BPMG sign MOU for Korea–Hong Kong stablecoin remittance corridor, 21 Jul 2026.
[95] Asia Stablecoin (Substack), In Korea, deposit tokens and tokenized government bonds move first as won stablecoin legislation lags, 2026.
[96] Asia Economy, citing CryptoQuant, Korea Is Now Cheaper: Kimchi Premium Turns Negative for Most of 2026, 11 Aug 2026; Bloomingbit, Bitcoin reverse kimchi premium persists into August, Aug 2026.
[97] CoinTrust, KB Financial Tests Stablecoin Payments on Kaia Blockchain, May 2026.

Compliant lending markets and automated market makers depend on reliable price, net-asset-value, and proof-of-reserve data to function. That data layer is where the oracle infrastructure sits, and Section 4 develops it in the context of real-world assets.

3.5 The BOK CBDC and Deposit-Token Parallel Track

The state is building its own rail in parallel. Project Han River, the Bank of Korea's deposit-token and CBDC pilot, opened about 81,000 wallets and processed roughly 114,880 transactions in its first phase, with retail trials running April to June 2025 under a KRW 1 million holding cap.[98]

The project's path has not been smooth. The BOK notified participating banks on 26 June 2025 that the second phase was suspended, after the seven banks had already spent about KRW 35 billion (roughly $24 million) on the first phase, amid a broader pivot toward stablecoins. The project was revived once a concrete use-case took shape: distributing government subsidies onchain. Phase 2 formally began in March 2026, expanding the pilot from seven to nine banks and targeting deposit tokens for disbursing roughly KRW 110 trillion (about $73 billion) in subsidies, with EV-charging disbursement as the first use case and large-scale live transactions planned for the second half of 2026. It connects internationally through the Bank for International Settlements Agorá Project.[99]

The Bank of Korea's stance under its current governor is more guarded than the "complementary" framing sometimes attributed to it. At his confirmation hearing on April 15, 2026, Shin Hyun-song said won stablecoins could coexist with CBDC and deposit tokens "in a manner that is supplementary and competitive," while his written answers to the National Assembly supported a won stablecoin led by a bank consortium.[100] His inaugural address on April 21 set out a digital-money agenda built on the second phase of Project Hangang and on Project Agorá and did not mention stablecoins.[101] His predecessor, Rhee Chang-yong, led the bank through the first phase. For allocators the two rails remain hedges against each other. Deposit tokens are the state's instrument, won stablecoins are the private sector's, and both depend on the same onchain infrastructure of oracles, custody and compliant venues. That shared dependency is why the infrastructure layer is investable regardless of which rail wins.

[98] Bank of Korea, Project Hangang: Results of the CBDC and Deposit Token Pilot, 2025.
[99] Ledger Insights, Bank of Korea launches Phase 2 of Project Han River tokenized deposit pilot, 18 Mar 2026.
[100] Decrypt, Bank of Korea's New Governor Prioritizes CBDCs Over Stablecoins in First Policy Address, 21 Apr 2026.
[101] The Block, Bank of Korea's new chief vows to push CBDC, deposit tokens; leaves out stablecoins, 21 Apr 2026.

SECTION 04

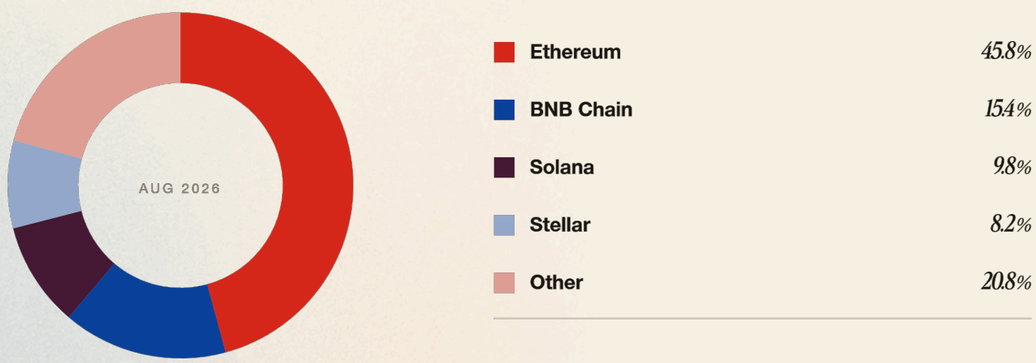
RWAs and the Institutional Onchain Stack

4.1 Global RWA Market Sizing

Tokenized real-world assets, excluding stablecoins, reached $38.08 billion onchain with 2,019,977 holders as of 18 August 2026,[102] up more than 400% since early 2025. That figure is the tradeable, or distributed, total. The referenced, or represented, figure that appears in some pipeline headlines runs near $366 billion.[103] The gap between the two is close to an order of magnitude, and conflating them is the most common error institutional readers encounter, because most tokenized Treasuries and credit still mint and redeem rather than trade on a secondary market. This report anchors to distributed value throughout.

By network, Ethereum holds about 45.8% of tokenized RWA value, followed by BNB Chain at 15.4%, Solana at 9.8%, and Stellar at 8.2%.[104] Ethereum's share has fallen from about 93% in January 2025 even as its absolute RWA value has risen, the decline reflecting faster multi-chain issuance elsewhere rather than any outflow. Solana's RWA holder count overtook Ethereum's during mid-2026 even as Ethereum kept the lead by value.

Tokenized RWA Value by Network



Source: rwa.xyz, August 2026. Share of tokenized real-world-asset value by settlement network.

The category breakdown, as of 18 August 2026,[105] places tokenized Treasuries at roughly $16.2 billion, with private credit the other major segment and real estate and tokenized equities each nearer $2 to $3 billion. Commodities run to roughly $5 billion, of which tokenized gold (Tether Gold and PAX Gold) is the large majority.[106]

Among individual products, the leaders by assets under management are Circle's USYC at $3.0 billion, BlackRock's BUIDL at $2.7 billion, Ondo's USDY at $2.1 billion, and Franklin Templeton's BENJI suite, which Franklin reported at $1.98 billion as of April 29, 2026, of which the flagship Franklin OnChain U.S. Government Money Fund accounted for roughly $0.7 billion on rwa.xyz at the time of writing.[107] BUIDL is issued through Securitize.

[102] rwa.xyz, Real-World Assets Dashboard, Aug 2026.
[103] rwa.xyz, Real-World Assets Dashboard, Aug 2026.
[104] rwa.xyz, Networks, Aug 2026.
[105] Stellar Development Foundation, Franklin Templeton and Stellar Development Foundation Mark Five Years of BENJI, the First U.S.-Registered Tokenized Money Market Fund, Apr 2026.
[106] rwa.xyz, Real-World Assets Dashboard, Aug 2026.
[107] rwa.xyz, Real-World Assets Dashboard, Aug 2026.

4.2 Forecasts and How to Read Them

Every projection below is a scenario model, not a commitment, and each is labeled accordingly. The spread across them exceeds an order of magnitude. What an allocator picks depends almost entirely on scope and on assumptions about how fast regulation moves.

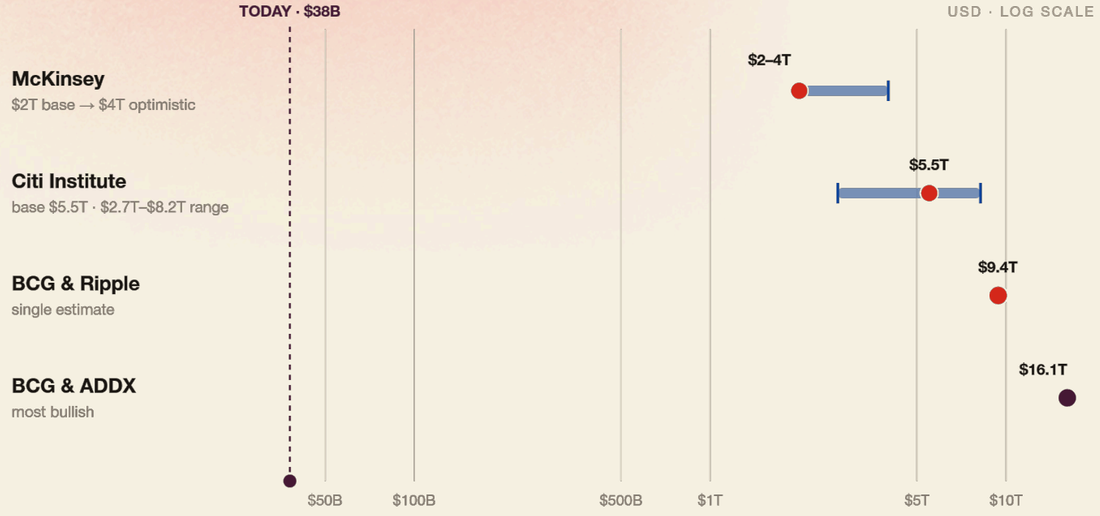
BCG and ADDX projected tokenized illiquid assets reaching $16.1 trillion by 2030, roughly 10% of global GDP, with a best case of $68 trillion, a fiftyfold rise from $310 billion in 2022.[108] McKinsey projected a base case near $2 trillion by 2030, with an optimistic case up to about $4 trillion, and excluded stablecoins, crypto, and CBDCs from the count.[109]

Standard Chartered has published two separate figures that should not be merged. A 2024 report with Synpulse projected $30.1 trillion of tokenized real-world assets by 2034.[110] A later note from Geoffrey Kendrick projected $4 trillion onchain by the end of 2028, split roughly $2 trillion in stablecoins and $2 trillion in other RWAs.[111] BCG returned with Ripple to project $9.4 trillion by 2030 rising to $18.9 trillion by 2033.[112]

Citi has published the two most recent estimates from a major bank. Its September 2025 report put stablecoin issuance at $1.9 trillion in the base case and $4.0 trillion in the bull case by 2030.[113] Its June 2026 report projected tokenized assets at roughly $5.5 trillion by 2030 in the base case, within a range of $2.7 trillion bear to $8.2 trillion bull, led by public-market securities rather than private assets.[114] The June 2026 figure is itself a revision upward of Citi's earlier $4 to $5 trillion estimate, and Citi notes the spread across the field remains very wide.

The forecasts diverge because they define the asset universe differently, count or exclude stablecoins and deposits, and assume different regulatory speeds. Anchored to today's distributed value near $38 billion, all of them describe steep growth from a small base.

Tokenized Asset Forecasts for 2030



Different horizons, not plotted above: Standard Chartered $4T by 2028 and $30.1T by 2034; BCG & Ripple $18.9T by 2033. All figures projected.

Source: McKinsey (Jun 2024); Citi Institute (Jun 2026); BCG/Ripple (Apr 2025); BCG/ADDX (Sep 2022); Standard Chartered (2024–25). Baseline: rwa.xyz, 18 Aug 2026.

[108] BCG and ADDX, via Benzinga, Asset Tokenization to Grow 50x into a US$16.1 Trillion Opportunity by 2030, Sep 2022.
[109] McKinsey, From ripples to waves: The transformational power of tokenizing assets, 20 Jun 2024.
[110] Standard Chartered, Trade finance to play substantial role in USD 30.1 trillion tokenised real-world assets market by 2034, 6 Jun 2024.
[111] The Block, Standard Chartered projects $2 trillion in tokenized RWAs by 2028, most on Ethereum, May 2025.
[112] Ledger Insights, BCG, Ripple predict tokenization to reach $18.9 trillion by 2033, Apr 2025.
[113] Citi Institute, Stablecoins 2030, Sep 2025.
[114] Citi Institute, Tokenization 2030: Wall Street On-Chain, Jun 2026.

4.3 Asia and Korea-Specific RWA

Korea's securities-token framework is the domestic on-ramp for tokenized assets, and the amendments to the Capital Markets Act and Electronic Securities Act passed in January 2026 take effect in February 2027.[115] The precedents are already in place: Musicow fractionalized music royalties and had them classified as investment securities in 2022[116], and the pipeline extends into real estate, livestock, or "cattle tokens," and SME financing.

The domestic sizing here comes from an industry projection, rather than a regulator. Korea's STO market is projected to grow from KRW 34 trillion in 2024 to KRW 367 trillion (about $249 billion) by 2030, a roughly 20% compound annual rate, with finance-related fields making up about 70% of the total.[117] The Hana Institute of Finance reached a comparable figure independently.[118]

The clearest institutional build-out is at Mirae Asset, where its digital-asset arm, Digital X, took a stake of about 92.06% in the licensed exchange Korbit, subsequently increasing to 97%[119]—the first takeover of a licensed Korean exchange by a traditional financial institution. Mirae's global ETF assets stood near KRW 421 trillion (about $286 billion) as of May 2026, within group assets above $721 billion. In June 2026 the firm signed a memorandum with Ondo Finance to launch a tokenized share class of its Global X HSCEI Covered Call ETF, targeted for the third quarter of 2026.[120] The demand channels behind these moves are twofold: pensions and asset managers routing in through the ETF track, and corporate treasuries using the 5%-of-equity allowance that opened when the nine-year corporate investment ban was lifted in January 2026.

4.4 Solving the Institutional Technical Hurdles

Three technical problems stand between institutions and onchain RWA activity, and they are worth naming plainly. First, assets that do not trade continuously still need a reliable onchain valuation, which means a dependable net-asset-value feed. Second, stablecoins and tokenized funds need proof-of-reserve and attestation that auditors and counterparties can verify. Third, RWA collateral posted inside DeFi has to be liquidated in a compliant way when positions move against a borrower. Each is a data-and-infrastructure problem before it is a market problem.

The oracle and data layer is where the first two are solved. Per a RedStone case study, $580 million of BlackRock's BUIDL fund was live on Ethereum as of February 2026 (the Ethereum-deployed portion at that date, not the fund's total), with daily onchain valuation and interest accrual supported by RedStone oracle feeds.[121] RedStone is Securitize's primary oracle partner, delivering NAV feeds for BUIDL, ACRED, HLSCOPE, VBILL, and STAC across Ethereum and additional networks, and it moved tokenized private credit from quarterly to daily NAV updates.[122]

For the third problem, RedStone Settle launched on 28 April 2026 as on-demand liquidation infrastructure aimed at roughly $30 billion of idle tokenized assets held under 60 to 180-day redemption windows.[123] On scale, RedStone's total value secured stood at $6.48 billion as of August 2026,[124] against an all-time high of $6.6 billion in December 2024. RedStone acquired Credora Network in September 2025.

The distribution layer completes the picture. Kaia is one consumer-facing EVM-compatible Layer 1 offering stablecoin payment, RWA and DeFi services, reached through Unifi, the stablecoin wallet LINE NEXT built into LINE Messenger and launched in March 2026.

These are the plumbing that makes compliance under the Digital Asset Basic Act and the STO framework operational rather than aspirational: auditable reserves, verifiable valuation, and liquidation that a regulated counterparty can accept. They are presented here as examples that illustrate a category, not as endorsements of any single provider.

[115] Financial Services Commission, FSC Announces Plans to Overhaul Regulatory System for Security Token Offerings, 6 Feb 2023; The Block, South Korea passes tokenized securities framework, 15 Jan 2026.
[116] Lexology, Musicow's music copyright fee participation claims determined to be investment contract securities, May 2022.
[117] Seoul Economic Daily, STO Set to Reshape Capital Market Paradigm, Experts Say, 5 Jun 2026.
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[120] Markets Media, Ondo Partners with Mirae Asset to Tokenize Global X ETFs, Jun 2026.
[121] RedStone, Case Study: How Securitize and RedStone Enable DeFi-Ready RWAs on Ethereum, 26 Feb 2026.
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[123] RedStone, RedStone Settle: Bringing Instant Settlement to Real-World Asset Liquidations, 28 Apr 2026; Cointelegraph, RedStone launches settlement layer to close RWA liquidity gap in DeFi lending, 28 Apr 2026.
[124] RedStone, RedStone Oracles, 18 Aug 2026.

SECTION 05

Forward-Looking Scenarios & Risks

The scenarios below are reference paths rather than predictions, each tied to events an allocator can date and verify. The risk register that follows holds itself to the same standard: every entry carries a source and, where the record allows, a number.

5.1 Base, bull, and bear scenarios

The base case is that the government executes its own published timetable, later than planned. In July the ruling party and the FSC agreed to hold Political Affairs Committee subcommittee sessions twice a month and to bring the framework act forward in September,[125] and the government has said it wants the legislation finished within the year.[126] The government bill had not been filed by mid-September; an FSC official said submission was still the goal "within September," and the Democratic Party announced a public hearing so that deliberation can proceed on the tabled bills in the meantime.[127] On the base path, a bill reaches committee this autumn and passes in late 2026 or early 2027, resolving the issuer question close to the Bank of Korea's position: consortiums with bank majorities, softened by a minority carve-out along the lines of the 34% stake Rep. Ahn Do-geol has floated for a single fintech partner. The first won-stablecoin licenses would follow in 2027, alongside the tokenized-securities framework taking effect in February. The FSC has already committed, as of September 4, to moving stocks, bonds and funds onto ledger infrastructure by that date, naming onchain stablecoin settlement as the eventual destination,[128] so under the base case the two tracks converge within about a year of each other. What to watch is mundane: whether the government bill or the party's hearing produces a text before the December budget season, whether that text reaches a committee vote, and the first license application under whatever regime emerges.

The bull case turns on a single variable breaking the other way. If the final text lets ordinary corporations issue, which was the prevailing view among the ruling party task force's outside advisers in February, the won stablecoin market becomes a competitive field including platform and fintech issuers with distribution already in hand, rather than a bank utility. Add spot ETF approval on the government's stated schedule and an early loosening of the pension and insurer exclusion, and Korea would be the first major Asian market where a local-currency stablecoin, tokenized securities, and institutional custody all operate under one statute. Won-denominated collateral would then begin absorbing flows that currently leave the country as dollar stablecoins, and the reverse premium documented in Section 3.4 would close from below as institutional demand replaced the retail bid. The tells for this path are the issuer language in the filed bill, an ETF enabling amendment reaching a plenary vote, and any announced timetable for pension access.

The bear case needs no new shock; the status quo extended is bear enough. The bill has already lost a full year, ten drafts sit unreconciled, and the party's own task force was being reshuffled as recently as July. If the September package slips into 2027, it slips into a market that keeps shrinking underneath it. Domestic trading was down roughly 89% year over year in July, with retail capital rotating into a KOSPI that gained 114% over the same twelve months,[129] and fee income has fallen far enough that at least one licensed venue sold reserve assets to meet payroll.[130] On this path, either bank-only issuance passes without a carve-out or nothing passes at all, offshore KRW-linked products in the KRWQ mold keep filling the vacuum from outside Korean jurisdiction, and the tokenized-securities framework arrives in February 2027 with thin issuance, because the settlement asset it was designed around still has no legal basis. A second missed filing window, the quiet death of the twice-monthly committee cadence, or a continued run of monthly net stablecoin outflows in the FSS data would each be confirmation that the market is on this path.

[125] The Crypto Times, South Korea Targets September for Won Stablecoin Bill, Vows Fortnightly Reviews, 20 Jul 2026.
[126] Digital Today, South Korea government, ruling party step up push for digital asset framework law this year, 22 Jul 2026.
[127] Korea JoongAng Daily, Korean banks race to test stablecoins as Seoul's digital currency rules remain stuck, 15 Sep 2026.
[128] Tech Times, South Korea Commits to Blockchain Securities Registry by February 2027: Stablecoins Next, 5 Sep 2026.
[129] GNcrypto, Korean Crypto Volumes Plunge as KOSPI Rally Draws Retail, Jul 2026.
[130] Disruption Banking, Korbit Sells 15 BTC and 60 ETH as Korean Trading Volume Drops 89%, 27 Jul 2026.

Three Paths for Korean Digital Asset Law

	Bear	Base	Bull
PATH	The bill slips into 2027; bank-only issuance or nothing passes; offshore KRW-linked products fill the gap; the STO framework launches with thin issuance.	The bill passes in late 2026 or early 2027 with bank-majority issuers plus a minority carve-out; first licenses in 2027 alongside the STO framework in February.	Ordinary corporations can issue; spot ETFs approved; the pension and insurer exclusion loosened.
WHAT TO WATCH	A second missed filing window, the twice-monthly committee cadence lapsing, continued monthly net stablecoin outflows.	A text before the December budget season, a committee vote, the first license application.	Issuer language in the filed bill, the ETF amendment reaching a plenary vote, a timetable for pension access.

5.2 Risk register

Legislative risk comes first because everything else is priced off it. The question of who may issue a won stablecoin has held the framework act in committee since late 2025; the Bank of Korea restated its bank-majority position to the National Assembly on July 9,[131] and the government bill stalled at the point of submission in September over that question and over a proposed 20% cap on controlling shareholders of exchanges.[132] The ruling party's decision to proceed by public hearing rather than wait is a sign of impatience, not of resolution. The September 4 securities-registry commitment shows the state can move one track while the other stays frozen,[133] which is evidence of execution capacity and, at the same time, a reminder that passing one law says nothing about how close the other is.

Market structure is the second concern. Upbit and Bithumb handle about 96% of domestic volume, and the revenue base underneath that concentration is eroding. Average monthly volume across the five licensed venues fell 21.7% between the fourth quarter of 2025 and the first quarter of 2026,[134] and by July daily turnover had shrunk to about 1.6% of KOSPI turnover, from 11.3% in January.[135] A market this concentrated and this thin on fee income enters the institutional era with weak shock absorbers, and the smaller venues are already liquidating treasury assets to keep operating.

Operational risk has two recent and well-documented faces. On February 6, 2026, a Bithumb employee credited promotion winners with 2,000 BTC apiece instead of 2,000 won, creating roughly 620,000 BTC of phantom balances, a 17% flash crash in the BTC/KRW pair and, by the end of the day, a recovery of 99.7% of the erroneous credits.[136] No internal control caught the entry before execution; the exchange reconciled its ledger once every 24 hours. The FSC's response, reconciliation every five minutes plus monthly external audits and automated halts on any discrepancy, is now the operating baseline for every licensed venue,[137] and the episode cost Bithumb roughly seven points of market share in seven weeks. The second face is compliance. On March 16, 2026, the Financial Intelligence Unit fined Bithumb KRW 36.8 billion (about $24.5 million), the largest penalty ever imposed on a Korean exchange, after identifying some 6.65 million anti-money-laundering violations, and ordered a six-month partial suspension of external transfers for new customers; a Seoul court later stayed the suspension pending a final ruling.[138] Upbit had been fined KRW 35.2 billion the previous November. Taken together, the two episodes indicate that the binding constraint on Korean exchange credibility is operational and compliance control rather than market risk, and that regulators are prepared to act on it.

[131] Crypto Economy, Bank of Korea Backs Bank-Led Won Stablecoins, Jul 2026.
[132] Korea JoongAng Daily, Korean banks race to test stablecoins as Seoul's digital currency rules remain stuck, 15 Sep 2026.
[133] Tech Times, South Korea Commits to Blockchain Securities Registry by February 2027: Stablecoins Next, 5 Sep 2026.
[134] CoinGecko, South Korea Crypto Market in 2026: Maturity, Regulation and Growth, Jun 2026.
[135] Korea Times, Crypto trading volume in Korea shrinks to around 1% of KOSPI, 23 Jul 2026.
[136] CoinDesk, Bitcoin Crashed to $55,000 on Bithumb After Exchange Accidentally Airdropped Users 2,000 BTC, 6 Feb 2026; Phemex, Bithumb's 620K BTC Error: What Happened and What It Means, Feb 2026.
[137] Finance Magnates, South Korea Orders 5-Minute Reconciliation for Crypto Exchanges After $56B Bithumb Error, Apr 2026.
[138] Cointelegraph, South Korea fines Bithumb $24.5M, orders six-month partial suspension over AML failures, 16 Mar 2026.

The monetary risks are the mirror image of this report's thesis. The capital-flight pattern described in Section 3.1 is not only an argument for a won stablecoin; it is also the reason the central bank hesitates, having said plainly that private won tokens could force it to revisit its stance on foreign-exchange liberalization.[139] Research on the premium finds a structural floor near 1.24% for as long as capital controls remain,[140] which complicates the comfortable reading of the current discount. A market that traded below its structural floor for most of the year, before recovering a modest premium in late August, is not simply maturing. Part of the demand left, and the outflow data show where it went.

Technical risk is industry-wide but lands harder in Korea than elsewhere. The first half of 2026 was the most exploited six-month period on record, with 212 verified incidents and more than $1.1 billion stolen, roughly two-thirds of it attributed to North Korea-linked actors; cross-chain bridges were the second-largest loss category at $372 million.[141] The prior year's first-half total had been dominated by a single event, the roughly $1.5 billion Bybit theft.[142] Korea's defining market trauma is a Korean-founded stablecoin collapse, so the political tolerance for a depeg or a bridge failure involving a licensed KRW coin should be assumed to be close to zero. Four years on, Terra still shapes how Korean rules get written.

Tax is the final entry and the least predictable. The 22% levy on annual gains above KRW 2.5 million takes effect on January 1, 2027, confirmed by the finance ministry in May after three deferrals.[143] An opposition bill to abolish it reached committee referral on July 29,[144] and a fourth deferral cannot be ruled out. Implementation, repeal, and delay would each change retail behavior in the framework's first year of operation, and none of the three outcomes can be priced with confidence today.

[139] Decrypt, Stablecoin Issuance Should Begin With Banks, BOK Official Says, Jun 2025.
[140] KuCoin, Korea's Crypto Market Faces Structural Shifts Amid Bithumb Suspension, Apr 2026.
[141] Tech Times, Crypto Hacks Hit All-Time High: North Korea Drains Over $600M, AI Agents Become New Target, 29 Jul 2026.
[142] DeepStrike, Crypto Hacking Incidents Statistics 2025: Losses and Trends, 2025.
[143] CryptocurrencyHelp, South Korea Confirms Crypto Tax for 2027, May 2026.
[144] Bloomingbit, Crypto tax abolition bill referred to Strategy and Finance Committee, 29 Jul 2026.

Conclusion

South Korea is converting the world's most restriction-shaped retail crypto market into a rules-based institutional one, and the conversion runs on three tracks that move at different speeds. The tokenized-securities framework is law and takes effect in February 2027. Corporate market access is open, capped, and functioning. The stablecoin statute, which would supply the settlement asset the other two tracks were built to use, is still in committee.

That sequencing is where an allocator's attention belongs. Korea has legislated its capital-markets layer before its payments layer, the reverse of Hong Kong's order, and the gap between the two is where both the opportunity and the risk now sit. A securities registry going live in February 2027 without a licensed won settlement token underneath it is finished infrastructure waiting on an unfinished political argument. That argument has narrowed to the single question of issuer eligibility. Its next decision point is whichever text reaches the Political Affairs Committee first: the government bill the FSC says it will submit within September, or the tabled bills the ruling party has chosen to advance through a public hearing rather than wait.

What to watch follows from there. The filing and committee handling of the consolidated bill, on the twice-monthly cadence the ruling party committed to in July, will show whether the timetable is real. The issuer language in whatever text gets filed matters more than the filing itself, since a bank-majority regime and a broad-eligibility regime produce different markets, one a deposit-adjacent utility and the other a competitive field. After that come the first KRW stablecoin license and the first live subsidy disbursement under the central bank's deposit-token pilot, which together will show whether the public and private rails behave as complements or as rivals. Once issuance is legal, onchain KRW stablecoin supply becomes the most direct measure of whether idle won liquidity is actually moving. The January 2027 tax start, or its repeal, closes the list.

The idle-liquidity argument at the center of this report does not depend on any of Section 4's forecasts proving right. It depends on a mechanism. Regulatory clarity turns a won stablecoin from a payment instrument into collateral, collateral feeds lending markets and tokenized-asset settlement, and that circuit can mobilize deposits that today either sit inert or leave the country as dollar stablecoins at a documented rate of hundreds of billions of won a month. Eighteen months of net outflows and a participation rate that has nearly halved are what the status quo costs, in the regulator's own numbers. The pending legislation will not create Korean demand for digital assets; that demand plainly exists. It will decide whether the demand is served onshore and in won, or keeps being served offshore and in dollars by default.

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