



# Game Industry Update: More Foreign Game Companies to be Required to Designate Domestic Representative

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## 1. What is the Domestic Representative Requirement?

On September 22, 2024, the Game Industry Promotion Act (“GIPA”) was amended to mandate foreign game companies operating in Korea to designate a local representative. Specifically, foreign service providers that (i) meet the user count and revenue thresholds prescribed by Presidential Decree and (ii) do not have an address or place of business in Korea must appoint a local representative, who will be responsible for fulfilling certain reporting and disclosure obligations under the GIPA.

Adopted in response to criticism over the government’s apparent lack of ability to enforce local game regulations against foreign companies at a level equivalent to domestic game publishers, the amendment is designed to enhance foreign businesses’ compliance with applicable laws and facilitate their communication with the Korean authorities. Under the newly-added provision, the local representative will be required to report certain information to the Minister of Culture, Sports and Tourism (“MCST”) at the latter’s request, and display the game’s age rating and probability information for loot boxes and other randomized in-game items.

Foreign game companies subject to the requirement must designate their domestic representative in writing by October 23, 2025, which is when the amended GIPA will take effect. Failure to do so may result in an administrative fine of up to KRW 20 million, which can be imposed repeatedly until a domestic representative is appointed.

## 2. Scope of foreign game companies subject to the domestic representative requirement

The draft amendment to the Enforcement Decree of the GIPA, which will set forth the specific user count and revenue

thresholds for triggering the domestic agent requirement, was first published by the MCST back in April. At the time, foreign game companies with (1) total annual global sales of KRW 1 trillion or more in the previous year, (2) an average of 100,000 or more monthly domestic users in the 3 months preceding the end of the previous year, or (3) deemed by the MCST to have “caused or are at risk of causing significant harm” to game users were captured by the criteria.

However, on July 9, the MCST re-issued a new draft of proposed changes to the Enforcement Decree, reflecting industry feedback on the previous draft that was announced back in April. One of the main criticisms from Korean game companies was that the threshold criteria for triggering the domestic representative requirement were too narrow, thus requiring only a handful of foreign game companies to comply with the new obligation and possibly resulting in reverse discrimination against domestic businesses. Accordingly, the MCST replaced the original requirement of “an average of 100,000 or more monthly domestic users in the 3 months preceding the end of the previous year” with “an average of 1,000 or more new downloads per day in the previous year.” As a result of this change, more foreign game companies are expected to be bound by the obligation to appoint a domestic representative (i.e., approximately 60 → 96). Meanwhile, the average number of daily downloads will most likely be calculated based on download figures available from app markets.

### 3. Implications

Foreign game companies servicing Korean users are recommended to assess the average daily number of downloads in Korea during the previous year to determine whether they will be required to designate a domestic representative. If so, a qualified local representative will need to be appointed to avoid potential risks associated with non-compliance under the GIPA.

In addition, service providers should also check whether a case could be made to the regulators that their company, despite seemingly meeting the criteria set forth in the Enforcement Decree, should not be considered subject to the domestic representative requirement. For instance, if a new game was released at the end of the previous year that initially exceeded the daily download threshold of 1,000 but later dropped below that level once the launch hype died down, the regulators may be willing to consider the special circumstances.

### About Shin & Kim’s Game Team

Shin & Kim’s Gaming Practice offers one-stop, integrated legal services tailored to game companies by leveraging the firm’s extensive expertise in ICT, IP, finance, M&A, blockchain, labor, and fair trade. Composed of attorneys and experts with a deep understanding of the gaming industry and emerging technologies, many of whom have worked for or advised government bodies and related agencies such as the Ministry of Culture, Sports and Tourism, the Game Rating and Administration Committee, and the National Assembly’s Culture, Sports and Tourism Committee, our professionals provide the highest level of strategic and policy advice based on a focused and industry-specific approach.

Please feel free to contact us with any questions or if you require our assistance, including with respect to the

appointment of a qualified domestic representative.

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