



South Korea is Expected to Tighten its Loot Box Probability Disclosure Laws

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Since August 2025, a unique regulation under South Korea’s Game Industry Promotion Act (GIPA) has required game companies to disclose precise probability data for loot boxes (randomized items), while imposing corrective orders and punitive damages for non-compliance. Furthermore, independent of the GIPA, the Korea Fair Trade Commission (KFTC) has characterized the misrepresentation of loot box probabilities as a “dark pattern.” As such, it has been levying administrative fines or penalty surcharges, identifying such conduct as a violation of Article 21(1)(1) of the Act on the Consumer Protection in Electronic Commerce, Etc. (the “E-Commerce Consumer Protection Act”), which prohibits deceptive consumer inducement.

During Ministry of Culture, Sports and Tourism (MCST) 2025 year-end policy briefing, President Lee Jae-Myung emphasized the necessity of swift and rigorous sanctions, including the immediate clawback of profits gained through the manipulation of probabilities by the game companies. The National Assembly has also been consistently introducing bills to strengthen the legal accountability of game companies.

Moreover, with the launch of the Loot Box Victim Relief Center on February 27, 2026, the Game Rating and Administration Committee (GRAC) stated its intention to take a proactive stance not only in conducting investigations into randomized items but also in mediating disputes related to consumer damages.

Amid growing government scrutiny over loot boxes, a major Korean game company recently announced a proactive full refund for all affected products following a controversy where the company displayed item probabilities as “X or less” while internally setting them to “less than X,” thereby creating a discrepancy between the advertised rates and the actual settings.

With the implementation of the Domestic Agent System for overseas game companies under the GIPA in October 2025, overseas game companies are expected to face heightened compliance requirements. As a result, it has become increasingly imperative for overseas game companies to fulfill their obligations regarding loot box probability disclosures.

Accordingly, we would like to outline the primary legal obligations concerning loot boxes and share some recent enforcement cases for your reference.

1. Disclosure Requirements Regarding Loot Boxes

According to the “Guideline on Loot Box Probability Disclosure” published by the MCST in February 2024, the specific details of the disclosure obligations under the GIPA are as follows:

(1) Scope of Application for Loot Box Disclosure Requirements

The disclosure obligations for loot boxes apply to game items purchased through direct or indirect payment. Accordingly, the following purely free items *are not subject* to the loot box disclosure requirements:

- Items that can only be obtained for free through gameplay
- Items that were obtained through free in-game or out-of-game events, promotions, coupons, etc., that can be used within the game
- Items that can be purchased using basic in-game currency (e.g., gold) obtained entirely for free (However, this excludes any currency that can be purchased in game for a fee, whether directly or indirectly, even if it is categorized as basic in-game currency).

Additionally, loot box disclosure requirements apply to games provided through information and communications networks*. Consequently, these requirements apply to mobile games as well as PC games.

* An information and communications system that collects, processes, stores, searches, transmits, or receives information by utilizing telecommunications facilities or by combining telecommunications facilities with computers and computer-related technologies.

(2) Types of Loot Boxes (Randomized Items)

Capsule Type	<ul style="list-style-type: none">• Loot boxes that provide other game items upon purchase or use• The types, grades, performance, etc., of the items provided are determined by chance
Upgradable Type	<ul style="list-style-type: none">• Loot boxes that change the type, grade, or performance of another game item upon purchase or use• The outcome of these changes is determined by chance
Combinable Type	<ul style="list-style-type: none">• Loot boxes obtained by combining game items that users have purchased, directly or indirectly, with other game items• The outcome of changes to the type, grade, or performance of the item obtained through combination is determined by chance

(3) Required Disclosure Items

The disclosure requirements for each type of loot box are outlined in the table below. Furthermore, please note that if a loot box falls into multiple types, all required information for each respective type must be disclosed.

Type	Information to be Disclosed
Capsule Type	Probability information for all game items provided through loot boxes, categorized by type, grade, and performance
Upgradable Type	Probability information for each outcome regarding changes in type, grade, or performance provided through loot boxes
Combinable Type	Probability information for each outcome of item combinations, categorized by type, grade, and performance

Furthermore, if a loot box satisfies any of the following conditions, the following additional information must be disclosed:

Condition	Information to be Disclosed
Time-limited or quantity-limited loot boxes	Total quantity or duration of availability for the loot box
Loot boxes with variable or adjusting drop rates	Information regarding changes to drop rate resulting from the purchase, use, or combining of in-game items
Loot boxes featuring a pity system (guaranteed acquisition mechanic triggered by specific conditions)	Specific conditions, including the number of purchases, openings, enhancements, or combinations

(4) Method of Disclosure

- Loot box types and corresponding probability data must be displayed intuitively so that users can easily understand the information.
- In principle, probability information must be displayed as a percentage. However, where this is not feasible, other methods that users can easily understand, such as fractions or functions, may be used.
- Also, any changes to required information must be pre-announced both in-game and on the website, including the details and the scheduled date of the change.
- The types of loot box items and their respective supply probability information must be displayed in game, directly on the screens where these items are purchased, viewed, or used.
- Information on loot boxes must be provided on the official website in a format searchable by text or numbers.
- Advertisements and promotional materials must indicate that the game contains loot box items.

2. Key Considerations for the Mandatory Disclosure of Specific Loot Box Categories

In December 2025, the GRAC published a *Collection of Case Studies Regarding Loot Box Probability Disclosure Violations*. It categorizes and explains instances of probability disclosure violations, in accordance with the disclosure standards for loot boxes. The key considerations and precautions highlighted in the report are as follows:

Category	Important Points to Note
When Displaying Probability Information	<ul style="list-style-type: none"> • For bundled items, probability information must be displayed for each individual item in the package • Probability information must be disclosed for content such as dice rolls and roulettes • Individual probabilities for each item must be clearly disclosed, even if they belong to the same grade or category • If a paid element is involved in the process of obtaining a specific item, or if it can be acquired through paid conditions, it is subject to mandatory loot box disclosure
When probabilities fluctuate or change	<ul style="list-style-type: none"> • There have been identified instances of non-compliance regarding “dynamic probabilities” that fluctuate under specific conditions, where both the baseline rates and the trigger conditions were insufficiently disclosed • The specific conditions and mechanisms governing dynamic probabilities must be explicitly disclosed
When there is a pity system	<ul style="list-style-type: none"> • For loot boxes featuring a pity system, probabilities must be disclosed separately for cases where the pity condition has been met versus those where it has not • If there are changes in the probability before the pity threshold is reached, the extent of those changes and the method of application must be disclosed
Advertisements and Promotions	<ul style="list-style-type: none"> • For advertisements, verify that text ratios and other display requirements meet the recommended standards for each platform to ensure that disclosure statements are clearly visible • Disclosure notice on the opening screen of the video should be displayed for at least 3 seconds
Disclosure Placement	<ul style="list-style-type: none"> • Probability information must be displayed both in-game and on the website • Probability information must be displayed directly on the screens for in-game purchase or usage.

3. Examples of Enforcement Actions Regarding Loot Boxes

(1) Failure to Notify Probability Adjustments

Company A, a Korean game developer, has been selling paid items for the past 15 years. Although the company lowered the drop rates of popular potential options during this time, it failed to notify users of these changes.

Considering the prolonged period of the violation, the KFTC imposed the largest administrative fine in history for a violation of the Electronic Commerce Act.

Additionally, the Consumer Dispute Mediation Committee under the KFTC ruled that the company must refund a certain percentage of the amount spent on each item to the approximately 5,000 item purchasers who participated in the collective dispute mediation, and recommended compensation for users who did not participate in the mediation. Company A accepted the mediation settlement and ultimately paid a substantial amount in compensation.

(2) Failure to Disclose Changes in Item Probability Conditions without Intent or Negligence

Company B, a Korean game developer, sold capsule-type loot boxes for approximately five years without disclosing that users had to use them a certain number of times before they had a chance to obtain a particular item.

Regarding this, Company B maintained that they had no intention of deceiving customers and that the error occurred without intent or negligence. However, the KFTC imposed a fine on Company B, reasoning that sanctions for a violation of the Electronic Commerce Act may be imposed solely based on the facts alone, regardless of whether intent or negligence was present.

Accordingly, companies must bear in mind that they may be subject to administrative sanctions for failing to comply with loot box disclosure requirements, regardless of whether the error was intentional.

(3) Failure to Disclose Probability Information During Promotional Events

Company C, a Korean game developer, was penalized with surcharges and administrative fines by the KFTC for misrepresenting item probabilities during a promotional event. Even if an event is temporary, any resulting changes to the contents of loot box items must be disclosed accurately. Companies should be aware that failure to do so may lead to sanctions as severe as penalty surcharges, depending on the nature of the violation.

About Shin & Kim's Game Industry Team

The Game Industry Team at Shin & Kim LLC leverages its expertise accumulated across various fields—including ICT, IP, finance, M&A, blockchain, labor, and fair trade—to provide gaming companies with optimized, integrated legal services through a one-stop solution. Furthermore, the team consists of attorneys and experts who possess various understanding and experience in the gaming industry and emerging technologies, as well as those who have worked for or advised government agencies and related organizations, such as the MCST, the GRAC, and the Culture, Sports and Tourism Committee. We offer strategic policy advice and regulatory compliance solutions designed to lead the gaming industry forward. Please feel free to contact us at any time if you have any questions or require further professional guidance.

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