

[English Translation]

The web3 White Paper 2024

– A New Era Where Technology Forms the Foundation of Society –

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LDP Headquarters for the Promotion of Digital Society
The web3 Project Team

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1. Nippon Nexus: Weaving the web3 Era

(1) The trajectory of Japan's web3 policy

"JAPAN IS BACK, AGAIN." We declared it emphatically in the "web3 White Paper," a policy proposal published in April 2023. Since then, in order to make Japan the frontier of web3, we have involved business operators, the government, and public agencies, picked up issues one by one, and linked them to measures. We are now in the process of developing one of the world's leading web3 business environments that is both safe and secure, but also capable of challenging innovation.

Two years ago, in our NFT White Paper, we earnestly expressed our sense of crisis, stating "The arrival of the Web 3.0 era is a great opportunity for Japan. But if we continue as we are now, we will surely miss the boat." At the time, the clarity and strictness of Japan's web3 regulations stood out from the rest of the world and were highly regarded for their robustness against crises, but from the perspective of fostering innovation, there were a myriad of issues in legislation and taxation. Many businesses were voicing issues from various perspectives, but a majority held a skeptical view that the business environment would rapidly improve, leading not a few entrepreneurs to move abroad.

However, with a strong determination to "**make Japan the center of web3,**" we continued to work with various stakeholders to improve the business environment. Through hearings and the rule-making hackathon, a pioneering effort, we collaborated with business operators to gain a comprehensive and detailed understanding of use cases and business issues. We also worked closely with the government and competent authorities to find optimal measures and steadily implement them, while taking into consideration stakeholders other than business operators, such as a safe and secure usage environment. In this past year, the issue of year-end market value taxation of our company-owned crypto assets, which we raised in the "NFT White Paper," was resolved, and amendments to the Payment Services Act, etc., allowed the circulation of permissionless stablecoins (electronic payment instruments), and the acceleration of token reviews by JVCEA and FSA progressed. The acquisition of legal entity status for DAOs (autonomous decentralized organizations), which was the first item on the list in the "Proposal on DAO Rulemaking," is also progressing with a sense of urgency. An environment in which entrepreneurs can provide new services with peace of mind is rapidly being established. For investors, the FY2024 Tax Reform Proposal stipulates that third-party long-term holdings of crypto assets are exempt from corporate taxation, which are currently subject to taxation based on year-end mark-to-market valuation, and the Cabinet approved a draft amendment to Limited Partnership Act for Investment (LPS Act) to allow investment limited partnership (LPS) to acquire and hold crypto assets. The environment for investment in web3 business is becoming more favorable.

As a result of these reforms, which are unparalleled in the world in terms of speed, we have even heard from entrepreneurs who have gone abroad that they would like to consider returning to Japan. I would like to express my sincere appreciation for the efforts of the many people who have been involved in these reforms.

However, we must not forget that our transformation is only halfway through. We must continue to build an environment that is safe and secure for users and allows businesses to take on the challenge of innovation without limit.

(2) web3 accelerating worldwide

The movement toward mass adoption of web3 is accelerating around the world. The market capitalization of stablecoin, which is mainly denominated in dollars, is well over 10 trillion yen, and its presence as a means of payment is growing. In the United States, an Exchange Traded Fund (ETF) linked to bitcoin has been approved, and a wider range of investors than ever are now investing in crypto assets. The movement of mass adoption is not limited to the financial world. Global DAOs are building networks across borders and regions using web3 technology. In the future, DAOs will play an increasingly important role as organizations of like-minded people who are not bound by existing institutions and frameworks.

In our country, the year was also marked by great progress toward mass adoption. Following the approval of permissionless stablecoin, many players, from startups to large corporations, announced their entry into the market. Also in Japan, efforts to utilize DAOs are spreading in a variety of settings, including regional development.

Furthermore, the application of web3 technologies is expanding beyond the web3 economy. The world that Japan presented as "Society 5.0" about 10 years ago, in which cyberspace and physical space are highly integrated, is becoming a reality in which economic development and solutions to social issues are compatible. In addition to technologies such as AI, IoT, and metaverse, blockchain is one of the most important technologies. Expectations are growing for stablecoin as a means of payment, DAO as a community infrastructure, and VC (Verifiable Credentials) and DID (Decentralized Identity) as a means of proving one's existence. Blockchain technology, with its decentralized nature, has the potential to provide an optimal solution for those who recognize the downside of centralized management of personal information by giant platforms and wish to manage their own personal information independently.

(3) This White Paper

This paper is a statement of our commitment to not only incorporate the expanding web3 ecosystem into the development of our country, but also to strongly encourage the further development of blockchain technology, which can become a social infrastructure by integrating with other technologies, including the aforementioned VC/DID.

In January 2024, the Liberal Democratic Party's web3 Project Team of Headquarters for the Promotion of Digital Society released its "Proposal regarding DAO rulemaking" (see Attachment 4) in light of the spread of DAO, and presented issues related to DAO and policies for dealing with them.

Based on past discussions and hearings at the PT meetings (see Attachment 3), this paper presents issues and target policies, not limited to DAOs, divided into (1) issues that should be addressed immediately for the promotion of web3 and (2) issues for which discussions should be initiated and deepened with a view to further development of web3.

In addition, (3) we also follow up on the progress of the proposal items described in “NFT White Paper” and “web3 White Paper” by the relevant ministries and agencies (see Attachment 1 and 2). Follow-up will continue to be conducted on an ongoing basis, including the content of the current recommendations.

In creating this White Paper, we received valuable opinions and knowledge sharing from many business stakeholders, experts, and knowledgeable persons through participation in hearings and rule-making hackathons. In addition, the members of the working group (see Attachment 5), consisting of outside attorneys and others with expertise in the web3 business, provided invaluable assistance in organizing and writing the discussion points. Once again, we would like to express our deepest gratitude to them.

2. Issues to be addressed immediately for promoting web3

(1) Promote cross-sectional studies with other fields, such as AI, with a view to realizing "Society 5.0"

A. Issue

- As mentioned in section 1, Japan has presented a worldview of "Society 5.0" as a "human-centered society that balances economic development and the resolution of social issues through a system that highly integrates cyberspace and physical space," and has long been promoting measures aimed at achieving this vision.
- On May 20, 2023, after the release of the previous web3 White Paper, the G7 Hiroshima Leaders' Communiqué stated that "In areas such as AI, immersive technologies such as the metaverses and quantum information science and technology and other emerging technologies, the governance of the digital economy should continue to be updated in line with our shared democratic values." On July 11, 2023, the European Union (EU) announced an initiative of "Web 4.0" as a new concept of web that seamlessly blends the physical and digital worlds, which will be realized through AI, IoT, blockchain, virtual worlds and XR.
- The importance of blockchain and web3 as an infrastructure or concept to realize a highly reliable governance of the digital economy is expected to increase. On the other hand, in order to realize "Society 5.0" where cyberspace and physical space are highly integrated, collaboration with other fields such as AI, IoT, and the metaverse is considered essential. However, at this juncture, government departments are mainly engaged in studies on a theme-by-theme basis, and it is difficult to say that sufficient cross-disciplinary studies are being conducted.

B. Recommendations

- In order to realize "Society 5.0," web3 policy should not be confined to the blockchain domain, but should be promoted with an awareness of the linkage with, for example, the metaverse, which is linked to the physical space, and AI, which could become the engine of a new digital economic sphere. First of all, a cross-agency study should be initiated to identify the values and new issues to be created by the areas where multiple themes such as web3, the metaverse, and AI are interlocked and work together.

(2) Japan's contribution to international rule-making

A. Issue

- As the global crypto assets industry enters a winter period, countries around the world are tightening regulations on crypto assets and similar assets. Under such circumstances, the environment in Japan is also accelerating.
- The joint statement following the G7 Finance Ministers and Central Bank

Governors' Meeting and the G7 Leaders' Summit in May 2023, under the chairmanship of Japan, clearly stated support for responsible innovation and recognized the critical importance of effective monitoring, regulation and oversight to address the risks posed by crypto assets.

- The G7 Finance Ministers and Central Bank Governors' Meeting emphasized the importance of implementing an effective regulatory and supervisory framework for crypto assets and stablecoins in each country. The Financial Stability Board (FSB), taking into account the discussions under the Japanese Chairmanship, finalized in July 2023 its high-level recommendations on the regulation and supervision of crypto assets and stablecoins. At the same time, the International Organization of Securities Commissions (IOSCO), the relevant standard-setting body, published its recommendations on crypto and digital assets in November 2023, based on the said recommendations.
- In addition, the International Monetary Fund (IMF) and the FSB published the "IMF-FSB Integrated Document: Policy on Crypto Assets" in September 2023 and submitted it to the G20 New Delhi Summit. The roadmap presented in the report (including implementation of the FSB high-level recommendations) was adopted as the "G20 Roadmap on Crypto Assets" at the G20 Finance Ministers and Central Bank Governors Meeting in October 2023.

B. Recommendations

- Japan, reflecting on the repeated large-scale hacking scandals in the past, has long placed a strong emphasis on consumer and investor protection. Japan has been ahead of other countries in establishing a registration system for virtual currency exchange operators and a system for safeguarding customer assets (e.g., 95% cold wallet regulation), and has succeeded in limiting the impact of recent global bankruptcies on the domestic market.
- Thus, at a time when the crypto asset industry is still in the midst of a winter period and a global trend toward increased regulation is occurring, Japan has proven globally that it has a resilient legal and regulatory system that minimizes the domestic impact of a global failure event.
- At the G7 Finance Ministers and Central Bank Governors' Meeting in 2023, discussions were held under the Japanese chairmanship, and various recommendations were made based on these discussions. Based on the leadership demonstrated at the G7 Finance Ministers and Central Bank Governors' Meeting, Japan should continue to play a leading role in technology-neutral and responsible innovation in the implementation of international recommendations, etc., with a view to the future of web3.

(3) Study on promotion of utilization of VC and DID, and DIW

A. Issue

- In anticipating the mass adoption of web3, it is necessary to expand the use cases

of blockchain-related technologies beyond the utilization of stablecoin, security tokens, and DAOs. Among them, VC (Verifiable Credentials) and DID (Decentralized ID) are attracting attention as promising technologies that can contribute to the digitization of society at large.

- In today's digital society, as various systems become interconnected, there is a growing dependence on specific platform providers, particularly concerning user contact points, identity management, and cloud infrastructure, which is a challenge from the perspective of international industrial competitiveness and economic security. For this reason, it may be possible both to promote further digitization and data utilization in society and reduce privacy risks by utilizing distributed identity, which is information linkage through the person himself/herself, using VC/DID based on web3 technology.
- On the other hand, for Japan to take the lead in implementing VC/DID while maximizing its potential, it is essential to provide business incentives to the private sector, follow up on related standards, and ensure international interoperability, based on analysis of leading use cases such as Trusted Web The following are some of the key issues that need to be addressed. While considering practices in digitization and web3 in other countries, we believe that internationally competitive human resources should be developed through cross-organizational practice and use case development and that knowledge and digital building blocks should be shared through open source.
- In addition, the realization of decentralized identity using VC/DID will be accompanied by the use of unhosted wallets, in which tokens are not under the control of a specific entity, but are managed by the entity itself through a wallet application or other means. Unhosted wallets are used not only for crypto assets, but also for the management of various tokens such as NFTs, Soulbound Tokens, and DAO governance tokens, and there are active international discussions on various issues including identity verification methodologies. The relationship between attribute proofing using such unhosted wallets and Digital Identity Wallets (DIWs: wallets that store and present attributes and credentials of individuals and corporations), which are being discussed in Europe and other countries, and the issues involved in utilizing these in financial and government services. Further discussion is also required on the issues of utilizing these in financial services and government services.

B. Recommendations

- To avoid the vertical division of services in Japan, the public and private sectors should collaborate, led by ministries and agencies with jurisdiction, on related technological and standardization trends such as VC, DID, and zero-knowledge proofs, deepen dialogue with countries that share the same vision, participate in international standardization and other discussions, and harmonize requirements with those in Japan. Early implementation in Japan should be promoted.
- In order to use VC, DID, DIW, and other new technologies as a catalyst for business incentives to link information via the person himself/herself, the Digital

Agency needs to take charge of organizing institutional and technical issues to have federal and local governments take the lead in becoming Issuers and Verifiers of VC.

- In addition, the implementation of leading administrative use cases should be promoted in cooperation with and led by relevant ministries and agencies. With regard to vouchers and attached documents issued by the public and private sectors that are necessary for administrative procedures, if there are any that have not yet been digitized, the necessary legislative measures for digitization should be implemented.¹
- Given that the DIW, which will serve as a hub for information linkage through the principal, could become a new choke point in the digital society, the competent ministries and agencies should conduct policy studies, including from the perspective of industrial promotion and competition policy. In addition to keeping a close eye on related international standardization trends, the government should also cooperate with other countries on cross-border use cases and promote interoperability assurance, etc. In particular, it is necessary to identify and study the needs for interoperability, based on the development of cross-border use cases (tourism, study abroad, employment) not only in Europe, where interoperability within the region is well secured, but also in neighboring countries with strong human exchange and economic ties.
- Regarding the information systems maintained by the government, it is necessary to increase composability by promoting the open sourcing-of technical documents and building blocks that can be used in other systems and in the private sector. In addition to improving interoperability of government information systems, it is necessary to create an environment in which domestic operators seeking to provide ID/wallets independent of platform operators can take up challenges and receive necessary support, including disclosure of specifications. In doing so, it is desirable to establish a consultation service in case of any barriers.
- In anticipation of the revision of the Personal Information Protection Law, it is necessary to develop an environment that complies with the principle of data minimization, where information about oneself held by multiple public and private organizations can be obtained in a wallet of the user's choice and disclosed selectively, and where the recipient of the disclosed information can verify the authenticity of the content. The data specifications should be defined in a machine-readable format, and the implementation of the verifier should be provided as open source.

(4) Diversification of investment vehicles and plans for blockchain-related businesses

A. Issue

- In the "web3 White Paper" dated April 2023, this project team proposed that the

¹ For example, certificates of residence, tax payment certificates, receipts, payment records, qualification certificates, graduation certificates, employment certificates, etc. are assumed.

legal precedent to allow Limited Partnerships for Investment (LPS), a fund format adopted by many venture capital firms, to invest in crypto assets and other tokens issued by startups and others. We proposed that amendments and clarification of the interpretation of laws and regulations should be promoted.

- In response, the Ministry of Economy, Trade and Industry (METI) has conducted a study on the state of LPS in Japan, and based on this study, a draft amendment to the Limited Partnership Act for Investment Business (LPS Act), which allows LPS to invest in crypto assets, has been submitted to the current Diet session.
- On the other hand, it is not necessarily clear at this time whether a crypto asset exchange business is applicable when an issuer of crypto assets such as a startup sells crypto assets to an LPS, or whether a GP (general partner) of an LPS that invests in crypto assets is required to register as a crypto asset exchange business when making an investment decision in crypto assets.

B. Recommendations

- With regard to the above revision of the LPS Law, since there are considerable matters that should be stipulated in subordinate laws and regulations as a business incidental to the acquisition and holding of crypto assets issued on behalf of businesses, METI, while listening to the opinions of the industry, should endeavor to formulate subordinate laws and regulations necessary to make LPS investment in crypto assets function in a practical manner. Therefore, METI should endeavor to formulate the subordinate laws and regulations necessary to make LPS investment in crypto assets work practically, while listening to industry opinions.
- Even if the LPS Act is amended, it will be difficult for LPS to invest in tokens of crypto assets such as startups unless the above-mentioned issues regarding the applicability of the cryptographic asset exchange business are resolved. Therefore, it is necessary for the FSA to proceed with discussions with the crypto asset industry and relevant ministries and agencies and take necessary measures as soon as possible. In doing so, the FSA should take into consideration the government's policy of fostering startups and the fact that venture funds such as LPS are professional investors and do not need the same user protection as individual investors.

(5) Tax Reform

(5-1) Revision of income taxation on crypto assets held by individuals

A. Issue

- Two major tax obstacles to the development of the web3 business in Japan have been the year-end mark-to-market taxation for corporate tax purposes and the income taxation of crypto assets held by individuals. The issue of year-end mark-to-market valuation taxation for corporate tax purposes was reviewed and

resolved to a certain extent with the 2023 and 2024 tax reforms, which exempted crypto assets held by the issuing company and other companies from the year-end mark-to-market valuation taxation. On the other hand, no progress has been made on the issue of income taxation on crypto assets held by individuals, and the situation continues to require further examination.

- In Japan, income from crypto asset transactions is taxed as miscellaneous income at a maximum rate of 55% (income tax and inhabitant tax combined), and is treated more harshly than in other countries; as a result, it is indicated that more and more taxpayers are flowing abroad. In relation to this point, ETFs using crypto assets as underlying assets are currently being introduced overseas. In cases where such ETFs are traded in Japan or ETFs using crypto assets as underlying assets are established in Japan, if the income from these transactions is subject to the separate taxation, there would be a tax imbalance with physical transactions in crypto assets, which are subject to comprehensive taxation as described above. As a result, the liquidity of crypto assets in Japan would be significantly reduced, which could hinder the development of the web3 business. In order to avoid such a situation, if income from ETFs with crypto assets as underlying assets are subject to separate taxation, it is highly necessary that income derived from crypto asset transactions be subject to separate taxation as well (for more information on crypto asset ETFs, see 3(5)-2 below).
- Under the current taxation system, income tax is imposed on gains or losses related to the transfer of crypto assets not only when crypto assets held are exchanged for legal tender such as yen or dollars, but also when crypto assets are exchanged for other crypto assets as a transfer of crypto assets. However, since no legal tender is acquired when crypto assets are exchanged for other crypto assets, this hinders taxpayers from facilitating tax reporting.
- In the NFT white paper, we proposed that (1) the taxation of crypto assets, including the separate taxation of gains and losses arising from transactions of crypto assets by individuals at a tax rate of 20%, should be examined. In addition to (1), the web3 white paper proposes (2) that gains and losses from the exchange of crypto assets should be exempt from taxation.
- Furthermore, in addition to the above issue of whether comprehensive taxation or separate taxation should be applied, various use cases have emerged regarding web3, and there is the issue of whether it is appropriate to treat them uniformly for tax purposes. Depending on the nature and use of crypto assets, there may be some cases that should be treated differently from the principle treatment, such as by establishing preferential tax treatment. The best example of such a case is a donation of crypto assets, and the question arises whether certain preferential tax treatment should be allowed. This point is discussed separately in (5-2) below.

B. Recommendations

- With regard to the taxation of crypto assets held by individuals, it should be examined (1) that profits and losses arising from transactions in crypto assets

should be subject to separate taxation at a 20% tax rate, (2) that losses on crypto assets should be allowed to be carried forward from income (for three years from the following year), and (3) that crypto asset derivatives transactions should also be subject to separate taxation at the same tax rate.

- In addition, it should be examined that gains and losses related to crypto asset transactions should not be taxed at the time crypto assets are exchanged for other crypto assets, but should be taxed collectively at the time the crypto assets held are exchanged into legal tender.
- With regard to the above examination, especially the proposal regarding the separate taxation, the issue is whether crypto assets should be treated as financial assets that are investable by the public in the same manner as securities and other assets. In this regard, it is necessary to examine whether it is justifiable to treat crypto assets differently from income generated by other assets in terms of the nature of crypto assets and the laws and regulations governing crypto assets. First, it is necessary to examine whether it is appropriate to subject the income to separate taxation, based on the current laws and regulations regarding crypto assets, which parts of the laws and regulations should be modified, if any, and whether the separate taxation should be adopted even with such modifications. In addition, while it is conceivable that crypto asset transactions should be uniformly subject to separate taxation, it is also conceivable to examine whether only certain types of crypto assets should be subject to separate taxation, given that there are a wide variety of crypto assets of various nature.
- Furthermore, in examining the above, it is necessary to compare and contrast the tax treatments of crypto asset transactions by individuals in other countries. It is also necessary to examine how the above treatment would affect taxpayers' tax filing and the tax revenues of the state, and whether the above treatment would be widely understood and accepted by the public.
- In addition to the above recommendations, in cases where there are some items, such as donations of crypto assets, that should be treated differently than usual for tax purposes, such as by providing certain preferential tax treatments, taking into consideration the nature and use of the crypto assets, certain measures should be taken after prompt consideration.

(5-2) Clarification and revision of tax treatment of donations of crypto assets

A. Proposal

- There are considerable requests from individuals and corporations holding crypto assets to donate such assets to the national government, local governments, public corporations, non-profit organizations, and so on. Since fees for crypto asset donations are less expensive than those of credit card donations and processes of crypto asset donations are simpler than those of bank transfers, they can be used quickly and effectively to provide emergency assistance in the event of a large-scale disaster, etc. In fact, in the U.S., donations of crypto assets are becoming widely used. For example, the scale of crypto asset donations to

charitable organizations has reached \$400 million as of 2021 only on the platforms where specific donation amounts have been announced.

- However, under the Japanese tax system, it is not clear whether donations of crypto assets qualify as specified donations, so it is not always clear whether individuals can claim a donation deduction when they donate crypto assets to the national government, local governments, or public corporations, etc., or whether corporations can claim a special deduction when they donate crypto assets to the national government, local governments, or public corporations, etc. As a result, they are a disincentive to donation of crypto assets.
- In addition, when an individual donates real estate or land to the national government, local governments, or public interest corporations, there is a special exception (Article 40 of the Act on Special Measures Concerning Taxation) that exempts from taxation the deemed capital gain income on the unrealized gains of such property. However, in the case of crypto assets, no such special exception exists. Therefore, if a donor has unrealized gains on crypto assets, such unrealized gains will be included in the taxable income when the donation is made, which discourages the donation of crypto assets.
- Thus, since tax reasons are inhibiting donation of crypto assets, it is necessary to remove these obstacles and promote the effective use of crypto assets for public benefit purposes.

B. Recommendations

- It should be clarified by publicizing, through basic circular or tax answers, etc., that when donations of crypto assets are made, they may be eligible for donation deductions under the Income Tax Act if donated by individuals, and may be deductible under the special deductible limit if donated by corporations.
- Under the current Income Tax Act, when an individual donates crypto assets, the market value of the crypto assets must be included in his or her income. However, a measure should be taken to exempt from taxation donations of crypto assets by applying a measure to crypto assets similar to the special exception that exempts from taxation the deemed capital gain income arising from donation in kind in Article 40 of the Act on Special Measures Concerning Taxation.

(6) Ensure opportunities for accounting audits of companies issuing crypto assets

A. Issue

- The NFT White Paper recommends that accounting standards be clarified and that certified public accountants and auditing firms be encouraged to actively conduct accounting audits in response to the cases where companies are unable to obtain audits from certified public accountants and auditing firms.
- Although some major audit firms have recently been commissioned to perform audits of web3 businesses, there are still concerns that companies related to web3 that issue or own crypto assets are behind in their accounting and auditing systems, and that they are unable to receive audits from CPAs and audit firms.

- This is a serious obstacle to the sound development of crypto assets and NFT-related businesses in Japan, and by extension, to the sound development of web3.
- Specifically, it has been reported that the existence of only partial accounting standards for the issuance and holding of crypto assets and the lack of clarity regarding the legal arrangements and rights and obligations related to the issuance of crypto assets are factors that have prevented the commissioning of such audits.

B. Recommendations

- First, regarding accounting treatment and accounting standards, in March 2018, the Accounting Standards Board of Japan (ASBJ), the accounting standard setter in Japan, released the "Tentative Treatment of Accounting for Virtual Currencies under the Funds Settlement Law." Subsequently, in March 2022, the ASBJ issued the "Discussion Paper on Accounting for Issuance and Holding of ICO Tokens that Fall under Crypto Assets under the Funds Settlement Law or Electronic Records Transfer Right under the Financial Instruments and Exchange Law." It is necessary to quickly develop accounting treatment, standards and guidelines based on this paper. The ASBJ has also released a "Summary of Issues Concerning Accounting for Issuance and Holding of ICO Tokens." In this regard, the ASBJ deliberated on the accounting treatment of crypto assets allocated to itself by the issuer of crypto assets at the time of issuance, and in its published summary of the proceedings, clarified that certain crypto assets "are not valued at fair value for accounting purposes until a transaction with a third party occurs." The issue of crypto asset issuance is challenging, as there are few examples of transactions, transaction practices have not necessarily been established, and it is difficult to specify the nature of the obligations owed by the issuer. Therefore, the relevant ministries and agencies should encourage the ASBJ to conduct appropriate studies based on practical considerations in the industry.
- Based on the Web3 White Paper and the recommendations of the Web3 White Paper, in 2023, the "Study Group on Accounting Audit of Web 3.0 Related Companies" was established at the Japanese Institute of Certified Public Accountants (with FSA and METI participated as observers) to secure opportunities for accounting audit of companies issuing crypto asset and others. The Japan Institute of Certified Public Accountants (JICPA), the Japan Crypto Asset Business Association (JCABA), and other organizations have developed and published their own guidelines. In the future, the relevant ministries and agencies should support the efforts of the JICPA and others to ensure that the guidelines developed by the JICPA permeate practice.

(7) Further measures to promote the use of DAOs

A. Issue

- In response to the recommendations made in the web3 white paper, as well as

the “Proposal on DAO Rulemaking – New Organizational Structure in Japan” (see Attachment 4) published by the web3PT in January 2024, the Financial Services Agency revised the Office Ordinance on Definitions (Cabinet Office Ordinance on Definitions as stipulated in Article 2 of the Financial Instruments and Exchange Act). In addition, the Ministry of Justice clarified the interpretation of the regulations regarding limited liability companies (*Godo Kaisha*) under the Companies Act, allowing for the use of limited liability company (*Godo Kaisha*)-type DAOs (“GK-type DAOs”). In conjunction with this, the Japan DAO Association, an industry organization for DAOs, was established with the partial cooperation of web3PT working group members.

- In order to promote the use of GK-type DAOs in the future, it will be necessary to identify practical issues involved in establishing and operating a GK-type DAO, and to consider measures to resolve these issues. For example, according to a survey conducted by the Japan DAO Association, the following issues were raised in preparation for the establishment of a GK-type DAO:
 - Restrictions on the ability of non-executive members to, among other things, solicit members of GK-type DAOs, could be an obstacle to the formation and expansion of DAOs.
 - In some cases, where web3, crypto assets, tokens, or other DAO-related matters are listed in the business purpose of the articles of incorporation, the examination for opening a bank account for a GK-type DAO may not be approved.
- Examples of the use of DAOs in Japan include local development, resolution of social issues, and community management, and it is expected that DAOs will be used for a wider range of purposes and scope (e.g., public benefit and non-profit DAOs that do not aim to return profits to DAO members, as well as for-profit DAOs that aim to return profits to DAO members), and there is great potential from the perspective of revitalizing the Japanese economy and local communities. In order to promote further utilization of such DAOs, it is desirable to be able to utilize legal forms other than limited liability companies (*Godo Kaisha*) in accordance with the purpose of the DAO, the attributes, number, and composition of DAO members, and the operational form of the DAO, but to this end, there is a growing need to clarify the treatment of each legal form when applied to DAOs as well as unclear accounting and tax-related treatment.
- In addition, in order to promote the use of DAOs, it is necessary to ensure interoperability with DAO legislation and practices related to DAOs in other countries.

B. Recommendations

- In order to make GK-type DAOs easier to use, it is necessary to consider (i) reviewing the applicability of membership tokens as securities and the rules for solicitation, etc. by members other than executive members, depending on whether or not revenue is distributed to DAO members, as well as (ii) measures to ensure the anonymity of DAO members (e.g., listing members by their

respective KYC-compliant wallet addresses instead of their names, etc.), while paying attention to the possibility that they may be used in fraud cases. And, even in cases where web3, crypto assets, tokens, and other matters related to DAOs are listed in business purposes, there should be no obstacle to the opening of bank accounts solely because of such business purposes. In addition, practical issues in establishing and operating GK-type DAOs should be identified with reference to actual use cases in the future, and any points that can be addressed through further clarification of interpretation or revision of practical operations should be promptly addressed.

- Any unclear treatments where existing legal forms other than limited liability companies (*e.g.*, NPOs, associations, and unincorporated associations) are applied to DAOs as well as any practical issues upon establishment and operation of DAOs utilizing such existing legal forms that can be addressed by clarifying interpretations and reviewing practical operations (*e.g.*, speeding up the certification of articles of incorporation of NPOs and clarifying the criteria for certification of NPOs as DAOs) should be promptly addressed.
- In addition, based on research and studies of overseas legal systems (*e.g.*, Switzerland, Marshall Islands, etc.) and DAOs operating globally, specific consideration should be given to the possibility of creating a legal form specialized for DAOs that is not bound by existing legal forms, and proactive measures to encourage overseas players to form DAOs in Japan or participate in DAOs formed in Japan (*e.g.*, fully online legal procedures, granting visas to DAO members using national strategic special zones, etc.) should also be considered.
- For each existing legal form applicable to DAOs, the accounting and tax treatment of DAOs and DAO members (*e.g.*, taxation when contributing crypto assets, etc. upon DAO participation) should be clarified, and the possibility of tax incentives for DAOs' business activities and donations to DAOs should be considered.
- In addition to the above, the recommendations in the "Proposal on DAO Rulemaking – New Organizational Structure in Japan" (see Attachment 4) will remain in this white paper.

(8) Digitalization of payment and investment instruments

(8-1) Measures to promote circulation of permissionless stablecoins

A. Issue

- In the "web3 Whitepaper" dated April 2023, the project team proposed that in order to promote industries such as web3, digital asset trading, and the metaverse, permissionless stablecoins, which will serve as a means of payment, should be issued and distributed in Japan, and that various related businesses should be created. In order to achieve this, it is important for the public and private sectors to cooperate in creating an environment in which permissionless stablecoins can

be used safely and freely.²

- Subsequently, in June 2023, relevant laws and guidelines, factoring in the above proposal, came into effect, which allows permissionless stablecoins to be issued and traded in Japan under the law. Based on this, preparations are currently underway for the issuance and distribution of permissionless stablecoins, mainly in the form of specified trust beneficiary rights.
- However, although 10 months have already passed since the enforcement of the revised law, no firms have succeeded in obtaining the necessary license and there are no confirmed cases of actual issuance or distribution of stablecoins, and no relevant self-regulatory organization has yet been established, although there have been efforts to establish one³. In addition, although fund remittance is one of the core businesses of banks, and the issuance of stablecoins is deemed as a type of fund transfer under the relevant laws and regulations, the issuance of permissionless stablecoins by the banks themselves is not allowed under administrative practice.
- In addition, there is demand for web3-related startups to accept investment by stablecoins, but it is difficult to accept such investments due to the uncertainty of whether or not an inspector's investigation is required under the Companies Act and the procedural and financial burden if such an investigation is required.

B. Recommendations

- While the use of stablecoins is expanding overseas, there are still no examples of stablecoin issuance or distribution in Japan, and no self-regulatory organization has been established, despite the fact that about 10 months have passed since the enforcement of the revised law. The authorities and the industry are urged to take the necessary steps toward the early issuance and distribution of stablecoins and the establishment of a self-regulatory organization.
- Regarding the issuance of yen-denominated stablecoins in the form of specified trust beneficiary rights, all reserves must be managed in yen-denominated demand deposits, which makes it difficult to continue the business as the short-term yen interest rate is virtually zero. As such, there is a strong industry demand for allowing JGBs as reserves. In this regard, it is desirable to consider the pros and cons of allowing JGBs as a reserve, taking into account both the positive aspects (improvement of business continuity (profitability) and safety as underlying assets) and the negative aspects (price fluctuation and liquidity risk

² Specifically, the report recommended the need to (1) improve the environment for prompt license examinations by the authorities, (2) establish a self-regulatory organization in the industry as soon as possible, and (3) study business models for the issuance and distribution of yen-denominated stablecoins by domestic financial institutions and industry associations.

³ On April 1, 2024, the Japan Virtual and Crypto assets Exchange Association (JVCEA) published a draft of its self-regulatory rules and regulations regarding stablecoins and began soliciting public comments in preparation for applying to the Financial Services Agency for accreditation as a self-regulatory organization regarding stablecoins.

- with respect to JGBs).
- In addition, the relevant authorities, as a matter of practice, are not allowing banks to issue permissionless stablecoins as a banking business while allowing money transmitters to do so. This is considered a kind of distorted state of affairs because fund remittance is one of the core banking businesses. In addition to the needs of banks to issue permissionless stablecoins, there are a wide range of issues to be discussed, including the impact on the soundness of banks, the arrangement of the relationship with deposit insurance, and anti-money laundering measures. It is therefore desirable for the authorities and the industry to cooperate in working out the issues to eliminate the distortions through discussions in the banking industry and setting up opportunities for hearings at the Financial Services Agency.
 - In addition, the Ministry of Justice should clarify the interpretation of the Companies Act to the effect that, at the very least, when an investment to a company is made with stablecoins which has been listed by a licensed electronic payment instruments exchange services provider (i.e. licensed stablecoin exchange) via such provider, the payment constitutes a contribution in cash.

(8-2) Measures to promote the circulation of security tokens

A. Issue

- In the “web3 White Paper” dated April 2023, the project team pointed out that in order to develop the security token market, it is an important issue not only to develop the primary market but also to develop the secondary market from the perspective of ensuring investors’ needs of selling security tokens for cash in a timely manner.
- Subsequently, the Japan Securities Dealers Association and the Japan Security Token Offering Association formulated self-regulatory rules for trading of unlisted securities, including security tokens, on Proprietary Trading Systems (PTSs). Based on this rule, in December 2023 trading of security tokens on a PTS (Osaka Digital Exchange) began. As seen above, the development of the secondary market is progressing.
- In addition, a proposal to amend the FIEA has been submitted to the Diet to allow a Type 1 Financial Instruments Business Operator (i.e. securities broker-dealers) to operate PTSs without the additional approval by the regulator, on the condition that any such PTS provides trading of only illiquid unlisted securities and the size of the transactions are limited.
- In addition, in the “web3 White Paper” dated April 2023, the Project Team recommended that tax treatment, including tax procedures, be considered for the development of the security token market. In the FY2024 Tax Reform Proposal, interests on corporate bond security tokens that are managed, with certain requirements, by financial instruments business operators, etc., will be subject to the exemption from withholding tax on interest income received by financial institutions, etc., and the tax exemption for public corporations, etc. and charitable

trusts, etc. However, other taxation issues for the development of the security token market require continued consideration.

B. Recommendations

- The market for security tokens continues to expand, and it is expected that the diversification of underlying assets and the scale of transactions will continue to increase. If the above amendment to the FIEA is enacted in the current Diet session, two types of PTSs that handle security tokens will be created: licensed PTSs and registered PTSs, depending on the size of transactions. It is important for the authorities and the industry to make rules to ensure that secondary market transactions are conducted under the discipline appropriate to each PTS from the perspective of ensuring fairness and transparency of the market, investor protection, and the sound development of the security token market.
- With regard to the taxation system, it is desirable for the relevant authorities to conduct hearings, etc. with the industry on the appropriateness of security tokens (of which type is publicly offered trusts issuing specified beneficiary certificates) for the NISA (Nippon Individual Savings Account), considering the fact that (i) there are already many examples of issuance of such security tokens, (ii) such security tokens have become easier financial products for general investors to invest in because it is easier for them to understand risks, and (iii) they have become more tradable since they have started being traded on a PTS.
- On the other hand, income from profit distributions and transfers of tokenized rights of silent partnership contract is currently subject to comprehensive taxation. It is desirable to consider the tax treatment of such products from the viewpoint of revitalizing the market, taking into account the characteristics of each product type, whether they are suitable for investment by general investors, and their characteristics when compared to schemes such as trusts issuing beneficiary certificates.

(9) Clarification of criteria for financial institutions' entry into web3 business and appropriate operations of regulations

A. Issue

- For web3 services to be widely accepted as reliable and safe services, it is desirable for interested banking and insurance groups to be involved in businesses related to web3 services. The momentum for entry into the web3 business by financial institutions has increased and opportunities for consultation with regulators have also increased since the publication of the web3 White Paper in April 2023.
- However, when a banking group or an insurance group tries to enter the web3 business in relation to its banking or insurance business, the question is whether it is included in the incidental business under the law, and if not, whether it can obtain approval as an advanced banking service company as non-banking or

advanced insurance service company as non-insurance. In practice, however, it is not always clear whether or not a company falls under the category of incidental business, and it is not clear to what extent the abstract and qualitative requirements⁴ must be explained to the authorities during the examination for approval as an advanced service company.

B. Recommendations

- For banking and insurance groups attempting to enter the web3 business, the authorities should provide support for efficient preparation of applications through prior consultation, and should improve the efficiency of consultation services with the authorities in order to speed up the approval process.
- In addition, from the viewpoint of improving transparency, the interpretation of incidental business and criteria for approval review should be continuously developed and published in a timely manner by the authorities in accordance with the accumulation of future cases of web3 service-related businesses.

(10) NFT Business

(10-1) Revitalization of NFT utilization in the content industry in Japan

A. Issue

- Although there have been no cases in which the crime of gambling has been established for the service that combines random NFT sales and secondary distribution market (hereinafter referred to as "NBA Top Shot"), which has developed rapidly in Europe and the United States, there have been some voices expressing concern. Based on the recommendations in the NFT White Paper published by this project team in 2022, the Council for Sports Ecosystem Promotion formulated and published guidelines on September 20, 2022, following consultations with relevant ministries, agencies, and sports organizations ("NBA Top Shot Type Guidelines").
- On the other hand, although there have been no cases filed in Japan regarding the development of fantasy sports⁵ services utilizing NFTs, which have been

⁴ For example, in the case of banking, it is required to satisfy requirements such as "the advanced banking service company subject to the authorization is capable of conducting its business properly and fairly," "no serious risk that may affect the sound and appropriate management of the services of the applicant bank," and "no serious risk that the interests of customers of the services carried out by the applicant bank or by the advanced banking service company subject to the relevant authorization will be unduly harmed" (Bank Act Enforcement Regulations, Article 17-5-2, Paragraph 2, Items 5, 7, and 9).

⁵ In this game, users create a fictitious team composed of real players and compete against other users based on the actual game performance of those players. Recently, a service has become popular in Europe and the United States where digital cards featuring athletes' portraits are converted into NFTs. Users can purchase these NFTs using crypto assets. In this service, the NFTs

expanding in Europe and the U.S. in recent years, some point out that depending on the manner, it may fall under the crimes of gambling and running a gambling place for the purpose of gain. Therefore, sports organizations and businesses are still cautious about providing the same type of service.

- In addition, in content industries other than sports, such as art, games, movies, cartoons, animation, and music, there may be concerns about the applicability of the crime of gambling and running a gambling place for the purpose of gain to businesses using NFTs, as well as NBA Top Shot-type services. In the content industry as a whole, including sports, there is a need for a unified industry association covering the web3 domains, and a challenge is how to disseminate the guidelines formulated by this association in cooperation with the public and private sectors.
- In March 2023, the FSA partially revised its administrative guidelines regarding the applicability of NFTs as crypto assets. The FSA's interpretation that the issuance of NFTs with a unit price of 1,000 yen or more or with an issuance number of 1 million or less is not considered a crypto asset was presented⁶, which has expanded the potential for NFTs to be utilized. On the other hand, while there is a plan to issue various tokens including NFTs to fans in the production of contents such as movies to grant them various rights and interests related to the production of the contents, there are still various legal issues to be resolved in order to realize the issuance of such tokens.

B. Recommendations

- In light of the fact that similar business models for fantasy sports services using NFTs are already rapidly developing in Europe and the U.S., the public and private sectors should work together to determine whether these services fall under the crime of gambling or running a gambling place for the purpose of gain, and to establish guidelines that indicate which forms of business can be legally operated. The guidelines should provide sports organizations and operators with legal ways to return profits when domestic organizations license the use of athletes' likenesses and data to overseas operators.
- For profitable business models utilizing NFTs in the content industries other than sports, where there are high legal hurdles to realization in Japan, measures should be considered in cooperation between the public and private sectors to provide active support and realization of such models. These models should promote the content industry and serve the public interest, for example, by making it a condition to return profits to content holders and utilize profits for public interest activities.
- On the other hand, looking overseas, as the NFT business develops in other countries, there is a concern that there will be an increase in the number of cases

acquired by the user grant them the right to participate in fantasy sports tournaments free of charge. Cash prizes are awarded to the participants who achieve outstanding results.

⁶ Response to FSA Public Comment dated March 24, 2023.

in which overseas NFT operators make profits by utilizing, without permission, content and data that are strong assets in Japan, such as sports, games, movies, cartoons, animation, and music. To ensure appropriate profit sharing, the relevant ministries and industry associations should work together to organize the rights of data and NFTs, and then consider how to realize profit sharing by legally licensing the content holders to the concerned NFT businesses.

- To solve the above issues, the government should actively support the formation of a unified industry association covering the web3 domains in the content industry, and the industry association and the government should work together to consider measures such as the formulation of guidelines. If guidelines are established, the government should disseminate them to the industry and encourage business operators to use and comply with them. The NBA Top Shot-type guideline has been disseminated through the Ministry of Economy, Trade and Industry (METI) website, but the public and private sectors need to work together to further disseminate information on whether the NBA Top Shot-type is considered illegal gambling.
- It is important for the FSA to continue its efforts to respond to legal inquiries from businesses that are concerned about the applicability of crypto assets and other legal and regulatory issues. In addition, as there is a plan to issue various tokens including NFTs, to fans in the production of contents such as movies and to grant various rights and interests related to such contents production, it is desirable for the FSA to continue to recognize the usage issues of various tokens, including NFTs, and consider how to address these issues.

(10-2) Return of revenue from secondary distribution market

A. Issue

- In the 2022 NFT White Paper, we recommended that the service that combines random sales of NFT and the secondary distribution market, which has developed rapidly in Europe and the U.S., should be improved with rules to appropriately return revenue from secondary distribution of NFTs that use the likenesses of athletes, actors, artists, and other performers to those athletes and performers. Based on these recommendations, on September 20 of the same year, the Council for Sports Ecosystem Promotion formulated and published guidelines following discussions with related ministries, agencies, and sports organizations.
- In the Guidelines, it is confirmed that there is an aspect of using the publicity rights of players when NFT transactions are conducted between users in the secondary distribution market, and (a) when the business entity issuing the NFT receives a part of the transaction amount in the secondary distribution market, the necessity of payment of the license fee to the sports organizations and players shall be determined through consultation and negotiation. (b) The party to whom the license fee is to be paid for the primary or secondary distribution market (whether it is to be paid directly to the athlete or through a sports organization), and the payment destination of license fees in the event that a player retires or

transfers, etc., shall be determined on an individual basis according to industry practice, internal rules and the content of the contract with the relevant entity for each sport.

- However, the lack of standard revenue return rules for each sports organization, especially when players transfer teams or retire, has been a stumbling block, and the utilization of the secondary distribution market itself for services that convert players' portraits, etc. into NFTs has been hampered.

B. Recommendations

- With regard to the return of revenue to players, it is necessary to continue working together with related organizations, relevant ministries and agencies, and industry associations to urgently develop rules, including the formulation of appropriate revenue return models. In this regard, since the industry practices and internal rules differ among sports organizations, it would be beneficial for the public and private sectors to work together and engage in dialogue with each sports organization to develop a model for profit sharing.
- In the future, in the utilization of the secondary distribution market for services in which a performer's portrait is converted into NFT, a similar issue may arise regarding the legal arrangement concerning the necessity of profit return to the performer. In addition, in the case of secondary distribution of NFT, such as a movie clip, if the one-chance principle in motion picture works is applied, although the performer cannot exercise his/her rights under neighboring rights with respect to the secondary distribution of such an NFT, the question of whether the performer can exercise his/her rights under his/her right of publicity may also be an issue. Since practitioners may have different interpretations on this point, the views of the relevant ministries should be presented.

(11) License appropriate for web3 business

A. Issue

- In the "web3 Whitepaper" dated April 2023, the Project Team stated that web3 services are expanding and diversifying, and that there are an increasing number of business models where it is not necessarily clear whether services related to crypto assets fall under the category of crypto asset exchange business. With this background, the web3 Whitepaper proposed that The FSA needs to (i) provide in its administrative guidelines, etc., points of consideration for determining applicability of crypto asset exchange business to businesses using crypto assets, and (ii) if the issue of uncertainty cannot be solved through the operation of regulations alone, consider necessary measures such as creation of flexible structure of regulations, including the creation of new regulated business types, to appropriately respond to the diversification of crypto asset related businesses.
- Around the same time, major telecommunications carriers, mobile gaming

companies, flea market app companies, and other companies have indicated their intention to enter the web3 business. These companies have a very large number of users and will be key players in the development of web3 in Japan.

- These companies are planning to promote their businesses by partnering with existing regulated companies rather than obtaining licenses of crypto asset exchange services or electronic payment instruments exchange services, but even in that case, it is difficult to provide a highly user-friendly UI/UX because connecting users with such regulated companies may fall under the category of crypto asset exchange services.

B. Recommendations

- The FSA is currently considering presenting points of consideration for determining applicability of crypto asset exchange business to businesses using crypto assets after listening to the opinions of the industry. It is important for the FSA to promptly publish revised guidelines including such points of consideration in a clarifying manner.
- In the traditional financial industry, there is a regime of licenses such as Bank Agency Services, Financial Instruments Intermediary Services, and Financial Services intermediaries, which allow non-financial businesses to act only as agents or intermediaries between users and banks, securities companies, and insurance companies. These business licenses are used to provide embedded finance to users, allowing more citizens to conveniently access financial services. Although similar system does not currently exist in the crypto asset exchange business or the electronic payment instruments business, it is exactly what is needed for the above-mentioned business companies, etc. to make a full-scale entry into the web3. In addition, the intermediary or agency system has already been introduced in the traditional financial industry, and the authorities have accumulated knowledge on how the system should work and how to actually supervise it. Therefore, the authorities and the industry should work together to identify the needs of such intermediary system with regard to crypto assets and electronic payment instruments in detail as early as possible, and then consider measures such as the creation of an intermediary business.

3. Issues that should be further explored for the further development of web3

(1) Support for overseas expansion of Japan's content industry using web3

A. Issue

- The content industry, which includes art, sports, games, movies, broadcasting, animation, manga, and music, is an industry of great strength for Japan, with abundant and high-quality intellectual property that is internationally competitive. If these fans and users can be incorporated into the web3 ecosystem, Japan's content industry has great potential to create new markets overseas by revaluing content to a globally appropriate price using web3 as a gateway.
- However, content holders and creators face high hurdles in recognizing and understanding how to use NFTs, legal risks, and how to select web3-related companies as partners who can safely and securely develop overseas business. This is a major stumbling block to the overseas expansion of Japan's content industry using web3.
- Various efforts are being made by relevant ministries and agencies to support the overseas development of Japanese content. For example, the Ministry of Economy, Trade and Industry (METI) is supporting the creation of use cases in the content field by encouraging the use of the subsidy for the project to promote overseas development of content and strengthen infrastructure (JLOX subsidy), which was provided in the second supplementary budget for FY2022. The Ministry of Internal Affairs and Communications provides support for program production and participation in trade fairs, while the Agency for Cultural Affairs offers subsidies to support the participation and exhibition of Japanese galleries at overseas art fairs and other events. In addition, the Intellectual Property Strategic Headquarters of the Cabinet Office announced its "Intellectual Property Strategic Plan 2023," which outlines the direction of measures to support "content creation in response to next-generation business environments such as Web 3.0 and the Metaverse," in cooperation with related ministries and agencies. However, the government as a whole has not yet established a system to promote support for overseas development of web3 content, and there is still a lack of clear contact points and insufficient coordination among the relevant ministries and agencies with jurisdiction.
- In addition, while there are rampant cases overseas where NFTs are issued and sold without permission by parties other than content holders, content holders cannot safely and securely utilize web3 if the arrangement of rights when their own content or data that is the main source of their content is converted to NFT is unclear.

B. Recommendations

- After clarifying which ministries and agencies will serve as the command post, it is necessary to establish a consultation service for content holders and creators

who are interested in overseas development using web3. In addition, as a measure to specifically support overseas development, the relevant ministries and agencies should partner with reliable overseas web3-related companies and study the use of overseas tax incentives collectively in the public and private sectors.

- Particularly in the film business, where DAOs are expected to be utilized in content production, the possibility of global utilization of DAOs by production committees should be promptly sorted out and examined, and measures to realize this should be considered in cooperation between the public and private sectors.

(2) Safe and Secure Use Environment

A. Issue

- General consumers are participating in the web3 ecosystem, and the web3 economy is expanding significantly toward mass adoption. In addition, blockchain technology has the potential to go beyond the web3 ecosystem to become a fundamental technology in the near future, as a world that balances economic development and the resolution of social issues is realized in a system that highly integrates cyberspace and physical space.
- On the other hand, for ordinary businesses and consumers who do not have particularly high IT literacy, there are high psychological hurdles to participating in the web3 ecosystem, which emphasizes the principle of self-responsibility, and to investing a large amount of assets. In the borderless web3 ecosystem, where there is no central authority, it is said to be more difficult to recover from hacking and fraud than with traditional assets. In fact, there have been some cases of money being transferred to the accounts of financial institutions of crypto asset exchangers in Internet banking frauds and special frauds, which are believed to be caused by phishing.
- As web3 grows from a small ecosystem of early adopters to a large ecosystem of general consumers, it is necessary to consider not only asking participants to take responsibility for their own actions, but also providing a safe and secure environment for use based on literacy.
- In particular, the development of highly secure chains and the provision of wallets that allow users who are not necessarily highly literate to securely store and transact property are important for the expansion of the web3 ecosystem.

B. Recommendations

- In the Web3.0 Research Society Report published by the Digital Agency, the importance of providing information and awareness to users and responding to cross-border crimes was presented as a basic direction for the healthy development of web3 ecosystem, based on the recognition that user protection is an urgent issue. Based on this policy, we understand that a survey on consumer protection among web3 users has been conducted, and the results of the survey should be promptly analyzed and linked to concrete measures.

- In providing information and education to consumers, it is important to implement measures that contribute to the development of a safe and secure use environment from the consumer's perspective, so as not to fall into so-called "stove-piped administration" or end up providing information in a one-way manner. We understand that the National Police Agency, in cooperation with the Financial Services Agency, has requested financial institutions to strengthen measures against unauthorized remittances to crypto asset exchangers. The National Police Agency should continue to promote efforts to realize a safe and secure web3 use environment by, for example, promoting the control of cyber crimes and the clarification of the actual situation in cooperation with foreign investigative agencies.
- At the same time, the government should closely monitor the development of wallets that are safer and easier for ordinary consumers to use as part of its user protection measures, and provide support as necessary.

(3) Utilization of web3 in revitalizing local communities

A. Issue

- The number of web3 projects is increasing in local development as well. The characteristics of web3, where communities are formed in digital space and participating members contribute to the activation of projects, are a good match for local development. As cyberspace and physical space continue to merge and diverse members participate in projects, the importance of blockchain technology, in which participants voluntarily provide part of their personal information for authentication, is expected to increase further.
- On the other hand, there are many challenges for local governments to promote web3 projects and link the fruits of these projects to local development and improved convenience for residents. For example, many local governments have a strong interest in web3 and are accumulating knowledge, but it is not easy to keep updating the knowledge and know-how of local government officials in a rapidly changing field. In addition, the situation where each local government is making efforts to acquire knowledge individually is inefficient from the perspective of the whole country.
- Another challenge is that laws, regulations, and systems related to local governments do not anticipate the promotion of web3 projects by local governments. For example, there is no government policy on whether local governments can hold crypto assets or NFTs, and if so, how they should account for them. Under these circumstances, many local governments are reluctant to promote web3.
- In Japan's regions, there are countless resources that foreigners find highly valuable, such as food, traditions, culture, nature, and sightseeing experiences, but in many cases, these resources are not sufficiently available to earn foreign currency at a high profit margin by offering them at a reasonable price built up from cost. By converting these resources to NFT and distributing them on a global

platform, they will be able to earn profits at international level prices. By forming an ecosystem in which the profits are further reinvested, it is expected that local regions will be revitalized.

B. Recommendations

- In October 2022, a “Web 3.0 Information Sharing Platform” was established on the “Digital Reform Co-Creation Platform” as a dialogue between local governments and relevant ministries and agencies, and we understand that it is being used to a certain extent to answer questions from local governments. On the other hand, it is not fully recognized that the platform functions as a consultation desk to the government. Local governments are expected to actively consult with the Digital Agency and other relevant ministries and agencies through the platform from the conceptual stage of web3 projects.
- It is expected that the Digital Agency and related ministries and agencies will promote the use of the platform and work together with local governments that have inquired about it to create examples of local development using web3, thereby revitalizing the platform. In addition, with regard to issues that local governments are sure to face in promoting web3 projects, such as how accounting procedures should be handled when local governments hold crypto assets, the relevant ministries and agencies should use the platform to collect information, identify issues at an early stage, and work closely with the relevant ministries and agencies to discuss measures to resolve them. The relevant ministries and agencies should work closely with each other to consider measures to resolve the issues.
- We promote initiatives to tokenize high-value local resources and distribute them on global platforms to generate revenue at international market prices. The government should examine mechanisms to ensure that a large number of NFTs are exhibited on the platform and that these transactions are actively conducted, and should provide support as necessary.

(4) Further promotion of measures against money laundering and terrorist financing in cooperation with the international community

A. Issue

- Crypto assets are often cited as having a high risk of being used for money laundering and terrorist financing due to their anonymity, and this risk is only increasing with the further development of anonymization technology. According to a U.S. blockchain analysis company (Chainalysis), the largest-ever money laundering case using crypto assets (amounting to approximately 2.5 trillion yen) was reported in 2022.
- The prevention of money laundering and terrorist financing through crypto assets cannot be achieved by the efforts of a single country alone; it requires international consensus and cooperation. The FATF revised the FATF standards

in June 2019, requiring countries and regions to introduce the so-called travel rule. This rule mandates that crypto asset exchangers obtain information on the source and destination of crypto assets when transferring them, and notify the crypto asset exchanger used by the transferee. In Japan, the Japan Crypto Asset Traders Association (JVCEA) implemented the travel rule in April 2022 through self-regulatory rules. Additionally, in June and December 2022, the government amended the Act on Prevention of Transfer of Criminal Proceeds. to introduce the travel rule for crypto asset exchangers and electronic payment methods, that trade or exchange stablecoins. The government has taken necessary measures such as introducing travel rules for crypto asset exchangers and electronic means of payment traders who buy, sell, or exchange stable coins. In addition, the government is currently participating in meetings on technical issues held by private organizations such as BGIN (a multi-stakeholder international conference to discuss blockchain governance) to discuss blockchain governance, including money laundering and terrorist financing.

- However, despite these international efforts, it is impossible to completely prevent money laundering and terrorist financing with crypto assets. New methods to “safely” launder money and finance terrorism continue to emerge, such as using mixing services to obscure the origins of funds and utilizing unregistered crypto asset exchangers that do not verify user identity.

B. Recommendations

- The government should continue to understand and analyze the risk of crypto assets being used for money laundering and terrorist financing, and consider establishing a framework such as an expert panel for this purpose.
- On that basis, the issues of money laundering and terrorist financing should continue to be discussed and examined in international forums, particularly the FATF. Japan should also take a leading role in international discussions to develop a sound crypto asset economic zone, based on these considerations.
- Of course, it should be noted that mere tightening of regulations may lead to a reduction in legitimate transactions and impede the sound development of the crypto asset economic sphere. Measures need to be considered based on discussions at expert meetings and with stakeholders in the crypto asset sphere. In this regard, the government is currently participating in meetings on technical issues at the BGIN and other private organizations, and it is necessary to continue discussions with a variety of stakeholders.

(5) Crypto asset business

(5-1) Crypto asset derivatives leverage ratio

A. Issue

- With the 2019 amendment to the FIEA (effective 2020), derivative transactions

with crypto assets or their indices as underlying assets (crypto asset derivative transactions) became a regulated transaction under the Act. In light of the high volatility and similar regulations in foreign countries, the maximum leverage ratio for crypto asset derivatives transaction is set at 2x for individual users, and for corporations, the Japan Virtual and Crypto assets Exchange Association (JVCEA), a self-regulatory organization, sets the maximum leverage ratio based on volatility, liquidity, and other factors.

- The maximum leverage ratio of 2x for individual users is considered appropriate from the viewpoint of user protection, in light of the high volatility of crypto assets. On the other hand, according to the JVCEA and other industry associations, there are many unregulated crypto asset derivatives firms overseas that allow much higher leverage multiples than those in Japan, and many Japanese retail users prefer to trade crypto asset derivatives with such unregulated overseas firms rather than Japanese crypto asset derivatives firms. This is not conducive to user protection, and the leverage ratio in Japan needs to be increased.

B. Recommendations

- The authorities should investigate and review, in cooperation with the industry and experts, the appropriateness of the current leverage ratio cap for crypto asset derivatives transactions, including the existence and extent of negative effects (such as outflow of funds to unregulated overseas firms) described by the JVCEA and others, the possibility of eliminating such negative effects by raising the leverage ratio cap, and the degree of transaction risk arising from raising the leverage ratio cap. The regulatory frameworks for crypto asset derivatives transactions in foreign countries (especially major countries) may also be considered as a reference.
- If the JVCEA and other industry associations believe that the leverage ratio should be increased, they should demonstrate with sufficient evidence that the increase in risk that would result from this is not a problem from the standpoint of user protection.

(5-2) Trends in Crypto Asset Cash ETFs

A. Issue

- In the United States, 11 Bitcoin ETFs were approved by the Securities and Exchange Commission on January 10, 2024 and are currently listed on several stock exchanges. The providers of these ETFs include some of the world's most prominent asset managers such as iShares, Fidelity, and Invesco. Trading has grown steadily since listing began, and according to Bloomberg, total net assets reached \$52.5 billion (approximately 7.875 trillion yen) as of March 22. In addition, outside the U.S., Bitcoin ETFs have already been listed in Canada and Germany.
- On the other hand, in Japan, crypto assets are not included in the specified assets to be invested in investment trusts under the Act on Investment Trusts and

Investment Corporations(Investment Trusts Act), and the creation and sale of investment trusts for non-specified assets is restricted under the relevant supervisory guidelines. Therefore, investment trusts (including Exchange Traded Funds (ETFs)) that invest in crypto assets do not exist.

- Since ETFs are structured as products that can be widely invested in by the general public, the inflow of funds into crypto asset ETFs will be strong as described above, and this may lead to further concentration of physical crypto asset trading in the US.
- In light of this situation, the question arises whether it is really appropriate monetary policy not to allow investment trust, including ETFs, that invest in crypto assets in Japan.

B. Recommendations

- Taking into consideration the current approval and trading of Bitcoin ETFs in the U.S. and some other major countries, the authorities are requested to consider the appropriateness and pros and cons of making Bitcoin and other crypto assets investable assets for investment trusts (including ETFs) in Japan (in other words, whether they can be said to be assets that need to be made easy to invest in) in light of the objectives of the Investment Trusts Act, 2 and the issues mentioned above. In doing so, it is desirable to take into consideration the possibility that not only individual investors but also institutional investors' assets under management may flow out to the U.S., etc., where Bitcoin ETFs already exist.
- Related entities for structuring and selling crypto asset ETFs are not only of crypto asset exchanges, but also securities broker-dealers, asset managers, and trust banks. Therefore, if it is desired to structure and sell crypto asset ETFs in Japan, it is desirable for related industries to work together to sort out and analyze issues, consider necessary efforts to foster public understanding of crypto assets as assets that should be easy to invest in, and make recommendations for necessary legal amendments, etc.
- In addition, since there are various crypto assets, it may not always be possible to draw appropriate conclusions by examining crypto assets as a whole in the examination of the necessity and appropriateness of the above in the authorities and the industry, it may be better to select specific crypto assets to be examined. In such a case, however, it would be necessary to consider the rationale for selecting such crypto assets.
- Furthermore, in the UK, the London Stock Exchange has announced that it will be listing Bitcoin and Ether ETNs (exchange-traded notes) for professional investors. As such, it is advisable to consider the pros and cons of structuring and selling investment trusts or similar products for professional investors (whether listed or unlisted).

Review and Progress of measures Covered in the web3 White Paper 2023
(Unpublished text only)

Theme	Overview of the web3 White Paper 2023 Recommendations	Progress of Measures by Relevant Ministries and Agencies
2. Issues to be addressed immediately for promoting web3		
Tax reform	<ul style="list-style-type: none"> Measures to exempt tokens held by third parties that are not for short-term trading purposes from year-end mark-to-market valuation 	<ul style="list-style-type: none"> In the 2024 tax reform, an exemption from year-end mark-to-market taxation was provided for crypto assets continuously held by third parties other than the issuer.
Screening, issuance and distribution of various tokens	<ul style="list-style-type: none"> Streamlining of token examination by JVCEA and the FSA by making examination items specific and visible 	<ul style="list-style-type: none"> In June 2023, the Financial Services Agency (FSA) decided that, in principle, the eligibility, feasibility, etc. of ICO/IEO eligible businesses shall be subject to examination by the JVCEA. JVCEA is studying and preparing for the specifics of examination items for ICOs/IEOs, which are not subject to the CASC system, and for the external publication of examination results (supplementary conditions and additional remarks). With regard to the status of JVCEA's examination of cryptoassets, (1) the number of cases awaiting examination decreased from 86 in October 2021 to 14, (2) the cumulative number of cases using the CASC system is 82, and (3) the number of cryptoassets examined has increased from 45 in October 2021 to 111 (all as of March 5, 2024).

Theme	Overview of the web3 White Paper 2023 Recommendations	Progress of Measures by Relevant Ministries and Agencies
Countermeasures against unlicensed NFT and consumer protection	<ul style="list-style-type: none"> Support from relevant ministries and public funds to achieve a steady takedown activity of unlicensed NFTs 	<ul style="list-style-type: none"> Following on from the FY2022 survey, the Ministry of Economy, Trade and Industry (METI) conducted a verification test of the takedown of unlicensed NFTs for major overseas platforms in FY2023. The survey revealed that IPs used in unlicensed NFTs can be withdrawn from the market by clarifying the location of the rights to the IPs and requesting their removal. The private sector is beginning to take action for takedown, and the (METI will support such efforts. The Consumer Affairs Agency is conducting a survey on consumer protection among web3 users (especially general consumers).
3. Issues that should be further explored for the further development of web3		
Private law treatment of digital assets	<ul style="list-style-type: none"> Examination of the legal nature of digital assets (valuation of property rights) and organization of opposition requirements, etc. 	<ul style="list-style-type: none"> Two civil and commercial law scholars were hired as special researchers at the FSA's Financial Research Center (December 2023), and are currently researching overseas initiatives. The Ministry of Justice will follow up on the progress and content of the FSA's research and international efforts, and provide necessary cooperation.
ML/TF prevention	<ul style="list-style-type: none"> Prevention of money laundering, etc., through the misuse of blockchain, including unhosted wallets 	<ul style="list-style-type: none"> We should deepen discussions to understand and analyze ML/FT risks due to crypto assets, including considering the use of frameworks such as

Theme	Overview of the web3 White Paper 2023 Recommendations	Progress of Measures by Relevant Ministries and Agencies
	<ul style="list-style-type: none"> Prevention of terrorism and organized crime targeting assets on the blockchain 	<p>the Expert Panel, and lead international discussions for the development of a healthy crypto asset economic zone and progress in ML/FT prevention measures.</p>
<p>Metaverse utilization</p>	<ul style="list-style-type: none"> Consideration of formulating guidelines for employment support using the metaverse Started discussions in the public and private sectors on support for job creation, technological development, overseas expansion, etc. 	<ul style="list-style-type: none"> In the draft budget for FY2024, the Ministry of Health, Labor and Welfare added virtual offices (including the metaverse) to the subsidies for supporting the securing of human resources (telework course). In addition, a budget was allocated to conduct hearings and surveys on AI and the state of labor management in virtual spaces. As part of its public relations efforts, the Osaka Labor Bureau set up a space on the metaverse where visitors can pre-experience employment assistance in order to uncover potential users. Starting in February 2024, the program was implemented to raise awareness of employment and eventually lead to visits to the real "Wakamono Hello Work." Some municipalities are using the metaverse space (Minecraft) as a place to deepen interactions among persons involved in support for social withdrawal.

Review and Progress of measures Covered in the NFT White Paper

Theme	Overview of NFT White Paper Recommendations	Progress of Measures by Relevant Ministries and Agencies
<p>Establish a system for formulating and promoting national strategies</p>	<ul style="list-style-type: none"> web3 and NFT should be positioned as a pillar of new capitalist growth, and a minister in charge of web3 should be appointed to promote economic policies and serve as a command post for cooperation with other countries. A cross-ministry consultation office should be established. 	<ul style="list-style-type: none"> The Digital Agency has set up a “consultation desk” for local governments and businesses, and has also developed a system for responding to the consultation desk. Under this system, not only do we receive consultations, but we also collect information on domestic initiatives, contact businesses that are implementing such initiatives, and listen to their issues and problems. However, the range of businesses is broad, and it is necessary to consider the selection of contacts and how to separate the roles of private businesses, such as law firms, from those of the private sector.
<p>Develop and secure engineers skilled in BC skills</p>	<ul style="list-style-type: none"> In the short term, an attractive development environment and tax system for entrepreneurs and engineers should be realized. In addition, measures should be implemented to encourage the inflow of foreign human resources, such as the issuance of special visas (crypto-VISA) for personnel with a certain level of knowledge and skills in crypto-asset related businesses. In the long term, efforts should be made to develop and secure human resources for advanced digital-related technologies. 	<ul style="list-style-type: none"> The Ministry of Economy, Trade and Industry (METI) and the Ministry of Justice (MOJ) have taken the lead in expanding the start-up visa system to allow private businesses as well as local governments accredited by METI to issue a letter of confirmation in order to facilitate the activities of entrepreneurs in Japan who are active in the web3 and other global fields. To further advance and diversify web3 business, consider supporting the development of human resources in related fields, including blockchain, and the creation of communities that

Theme	Overview of NFT White Paper Recommendations	Progress of Measures by Relevant Ministries and Agencies
		<p>contribute to technological development.</p> <ul style="list-style-type: none"> • The Digital Agency, METI, the Financial Services Agency, and others are already planning to co-sponsor, support, and dispatch speakers to several international web3 related events this year to encourage overseas BC personnel to visit Japan and support networking.
<p>Design protection in the digital space</p>	<ul style="list-style-type: none"> • While sorting out the limitations of measures by copyright, the Unfair Competition Prevention Act, etc., the possibility of allowance by amending design right should be considered in the future. 	<ul style="list-style-type: none"> • The 2023 amendment to the Unfair Competition Prevention Act expanded the scope of protection for acts of product form imitation (Article 2, Paragraph 1, Item 3 of the Act), one of the types of unfair competition under the Act, and came into effect on April 1, 2024. This will deter imitations of actual products in the digital space, and is expected to advance the protection of rights in product design, including clothing. • “The Public-Private Partnership Conference on Dealing with New Legal Issues Concerning Content in the Metaverse, etc.,” established by the Cabinet Office, organized and published its views concerning the handling of rights related to “IP use that intersects real space and virtual space, design of virtual objects, etc.” on May 23, 2023. In addition, the Conference also published reorganized documents for (i) metaverse platformers and platform users, and (ii) metaverse users and content right holders regarding the legal ideas, points to keep in mind, and effective

Theme	Overview of NFT White Paper Recommendations	Progress of Measures by Relevant Ministries and Agencies
		measures to deal with the issues on February 13, 2024.
Measures necessary to protect the rights of content holders	<ul style="list-style-type: none"> The rights to be acquired by NFT holders through the issuance and distribution of NFTs should be organized and made known to content holders. In addition, model clauses of license agreements and points to keep in mind for each clause should be presented to promote understanding. 	<ul style="list-style-type: none"> As part of its efforts to promote and raise awareness of copyright, the Agency for Cultural Affairs disseminates information on the relationship between copyright and NFTs related to content and points to keep in mind when using NFTs at copyright seminars⁷ and copyright educational materials.⁸
Secure content data not stored on the blockchain	<ul style="list-style-type: none"> The current response should be to explain the existence of such risks to consumers, and to encourage industrial organizations to establish rules for explanations by guidelines, etc. In addition, relevant ministries and agencies should take a certain amount of initiative in researching the possibility of utilizing data storage that does not depend on a specific entity, such as the mechanism of distributed storage (e.g. IPFS, the InterPlanetary File System). 	<ul style="list-style-type: none"> The relevant ministries and agencies should continue to educate consumers. While taking into account the latest actual conditions, the relevant ministries and agencies should continue to study the possibility of utilizing data storage that does not depend on a specific business entity.
Prevention of money laundering using NFTs and restrictions on transfers to	<ul style="list-style-type: none"> In light of the risk of money laundering/terrorist financing (ML/TF) using NFT, necessary and effective ML/TF prevention should be considered from multiple angles in cooperation with the public and private sectors, while also taking into 	<ul style="list-style-type: none"> Since money laundering using NFTs and the transfer of assets to countries subject to economic sanctions are not frequent in Japan, and since there has not been much discussion in international organizations such as the FATF, the necessity of

⁷ On February 24, 2023, an online copyright seminar (2022 Copyright Seminar) was held for a wide audience including those unfamiliar with copyright, and on December 22, 2022, the 10th lecture of the University of Electro-Communications Endowed Lecture Series "Entertainment Business and Copyright in the AI Age" was held.

⁸ On the Agency for Cultural Affairs website, "copyright texts" and copyright Q&A to answer various questions about copyrights, etc. are available.

Theme	Overview of NFT White Paper Recommendations	Progress of Measures by Relevant Ministries and Agencies
<p>countries subject to economic sanctions, etc.</p>	<p>consideration the balance with innovation promotion.</p> <ul style="list-style-type: none"> • The public and private sectors should work together to inform the public that certain NFT transactions may be subject to the Foreign Exchange and Foreign Trade Law’s licensing requirements and should be considered from multiple perspectives through public-private consultations and international cooperation. 	<p>regulation and how it should be done in Japan are issues for further study.</p> <ul style="list-style-type: none"> • We plan to continue to study this issue from various perspectives through public-private consultations and international cooperation, taking into account the status of responses by international organizations and countries to the risks of money laundering and asset transfers to countries subject to economic sanctions with respect to digital assets, including NFTs.

web3PT Interview Schedule

Date	Theme	Interviewee
Year 2023 Tuesday, June 6	Recent Trends in Crypto Assets	Financial Services Agency Japan Crypto Asset Traders Association
	Regulatory Compliance Status of Crypto Asset Exchangers	
June 7 (Wed.)	The latest case study on the use of blockchain technology (NFT/ST)“ Wallet dissemination initiative using my number	a42 corporation JPX Research Institute
	Green Digital Truck Bond Initiatives	
June 14 (Wed.)	The Role of Cryptography and Zero-Knowledge Proofs in Digital Governance	Aya Miyaguchi, Executive Director, Ethereum Foundation Kazumasa Miyazawa, President and Representative Director, Solamitsu Co.
	About CBDC (Central Bank Digital Currency)	
Tuesday, July 25	The Latest Trends in Web3 in Europe and the U.S.	Web3 Foundation Mysten Labs
September 6 (Wed.)	New Guidelines for Accounting Audits of Web3 Enterprises	Japan Crypto Asset Business Association Japan Institute of Certified Public Accountants
November 1 (Wed.)	Taxation related to web3	Japan Blockchain Association Japan Crypto Asset Business Association New Economy Alliance, Inc.
Thursday, November 2	Current status of the web3 white paper	RULEMAKERS DAO
	Current status regarding LLC-type DAOs	
Thursday, November 9	Winning Opportunities for Japanese Startups in the Web3 Industry	Sota Watanabe, Founder of Astar Network

Wednesday, November 15	DAO Rule Making Hackathon (1st)	Shiba Farm JPYC Corporation double jump.tokyo inc. Overlay
Wednesday, November 22	DAO Rule Making Hackathon (2nd)	ODK Solutions, Inc. Sony Corporation Blockchain Promotion Association, Inc. Civira Corporation pNouns DAO
Wednesday, November 29	DAO Rule Making Hackathon (3rd)	KDDI Corporation Fracton Ventures, Inc. Avispa Fukuoka SUPER SAPIENSS Toyota Financial Service Corporation RULEMAKERS DAO
December 6 (Wed.)	DAO Rule Making Hackathon (4th)	SOKO Lifetec Co. Makigumi Corporation Tales & Tokens, Inc. Sparkle Corporation, Michinoku DAO D.N.A. Inc. Neo Yamakoshi Village Caretaker DAO, Cattle Horns Club
Year 2024 Wednesday, January 24	Draft Proposal for DAO	(Continued to switch to a joint meeting with headquarters for discussion)
Wednesday, February 7	AVATECT™ Avatar Management Platform Initiative	Osamu Fujisawa, Director, Technology Strategy Center, TOPPAN Digital Corporation
Thursday, February 15	web3 promotion measures from Singapore	TECHFUND Inc. Ltd. and Emote Pte. Ltd.
Friday, February 16	DID/VC (Distributed ID/Verifiable Digital Certificate)	Digital Agency OpenID Foundation Japan DID/VC Co-Creation Consortium
Tuesday, February 20	web3 promotion measures from Singapore's perspective (2)	Sota Watanabe, Founder of Astar Network *Online Kengo Masuyama, Representative Director, BOBG PTE. Mr. Ryo Matsubara, President, OASYS Pte Ltd.
Friday, March 8	Others (Explanation regarding the matters pointed out) Guidelines for Blockchain Games	Hideto Kawasaki, Executive Director Ministry of Economy, Trade and Industry Mobile Content Forum, Inc.

Friday, March 15	DID/VC (Distributed ID/Verifiable Digital Certificate) (2)	RULEMAKERS DAO DataSign, Inc. DNP Corporation
Thursday, March 21	Follow-up on web3WP	Government ministries and agencies Financial Services Agency
	Revision of the DAO Related Ordinances	
Tuesday, March 26	About Global DAO	RULEMAKERS DAO Japan Crypto Asset Business Association KDDI Corporation Square Enix Co.
	Regulatory Reform to Promote Entry of Business Companies into the web3 Business	

Proposal on DAO rulemaking
- New Organizational Structure in Japan

- Proposal regarding DAO rulemaking(English)
- Recommendations on DAO rulemaking (Japanese)
- Recommendations on DAO Rulemaking_Summary Version (Japanese)

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