

## Launch of Joint Study for Issuance of National Stablecoin with Potential for Global Distribution

Tokyo, September 11, 2023 --- Mitsubishi UFJ Trust and Banking Corporation, in collaboration with multiple financial institutions across different financial groups has launched a joint study for the issuance of stablecoin that can be circulated globally, utilizing the "Progmat Coin" platform, a stablecoin issuance and management platform compliant with Japanese law.

Through the joint study of a "National Stablecoin", Mitsubishi UFJ Trust and Banking Corporation aims to contribute to the development of the global digital asset market from Japan by sharing business and technical knowledge across financial institutions, with the goal of issuing "National Stablecoin" that will provide overwhelming convenience to users.



### 1. Background and Objectives

Mitsubishi UFJ Trust and Banking Corporation is leading the development of the "Progmat Coin" platform as an infrastructure for issuing stablecoin in accordance with the revised Payments Services Act enforced in June 2023. We have also announced various technology partnerships\*1 with the aim of smooth mutual transfer and exchange of stablecoin issuance on various blockchains, including public blockchains such as Ethereum. Various brands of stablecoins based on the "Progmat Coin" platform will be available for issuance and circulation as soon as the intermediaries handling them have completed their license registration with the relevant authorities.

The goal of this joint study is to collaborate with financial institutions to issue Japanese law compliant stablecoins using the "Progmatic Coin" platform.

Toward the above, the objective is to accelerate the sharing of various knowledge, technical verification, and construction of concrete practices, and to promptly implement them in society.

**2. Overview of the Issuance Structure**

Under the revised Payments Services Act enforced in June 2023, there are three options when issuing stablecoins (legally termed as "Electronic Settlement Method"): "Bank Deposit-backed Digital Money\*2", stablecoins issued by licensed Fund transfer service providers ("Fund-transfer type"), and Trust banks ("Trust-type"). Based on the characteristics summarized below, the joint study will be based on "Trust-type" stablecoins which we believe have the advantage in terms of flexibility in issuance and usability.

	"Deposit-backed Digital Money"	"Fund-transfer type" Stablecoin	"Trust-type" Stablecoin
Necessity of acquiring license for issuance	Banking license required	Funds transfer service provider license required	No license required (Regulatory operations are handled by the trust bank)
Restrictions on beneficiary	Transfer is limited to KYC-completed addresses	Unclear whether transfers to non-KYC addresses are permitted	Transfers to non-KYC addresses are permitted (legally accepted)
Restrictions on remittance amount	No restrictions	Remittance amount per transaction is limited to 1 million yen	No restrictions

The issuance structure is as follows:

**Type of Electronic Settlement Method:**

- Item 3 (Beneficial interest in specific trusts)

**Issuance Applicant (Trustee):**

- Multiple financial institutions, etc. up to request

**Issuer (Trustee):**

- Mitsubishi UFJ Trust and Banking Corporation, and potential co-trust with other trust bank partners, etc.

**Placement of underlying assets (Deposits):**

- Multiple financial institutions, etc.

**Currency of underlying assets:**

- JPY and foreign currencies

**Name of Stablecoin:**

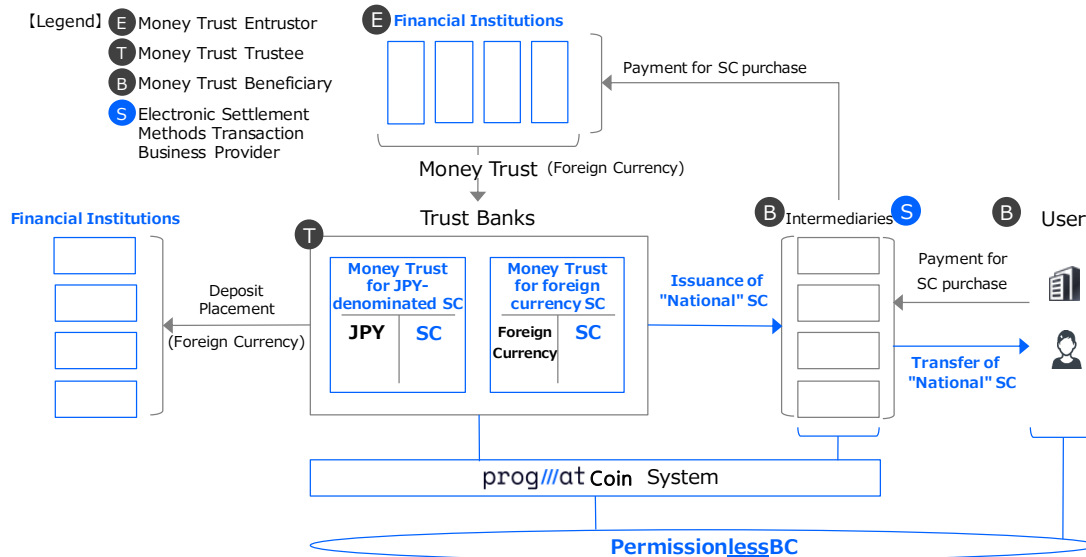
- TBD for each currency of underlying assets

**Intermediary:**

- All electronic settlement service providers (including banks handling their own transactions)

### Stablecoin infrastructure developer:

- Mitsubishi UFJ Trust and Banking Corporation (to be taken over by Progmatt after its establishment)



### 3. Steps and outline of the joint study

This joint study is expected to proceed in the following phases.

#### (1) Proof of Concept

##### Objectives and goals:

- Validation of usability in each bank's expected use cases (Programmability, scope of transfer, etc.)
- Characterization of each bank's public (permissionless) blockchain

#### (2) Commercialization Phase 1 (Limited blockchain coverage)

##### Objectives and goals:

- Prompt issuance of domestically issued stablecoins

#### (3) Commercialization Phase 2 (Extensive blockchain coverage)

##### Objectives and goals:

- Maximize the usability of domestically issued stablecoins

	Proof of Concept	Commercialization Phase 1	Commercialization Phase 2
Blockchain(s) issued	Ethereum	Ethereum	Multiple public chains (Multi-chain support)
Underlying Fiat	Not pegged to fiat (Registration is not required)	Pegged to JPY and foreign currency (Practical implementation of trust-type SC)	Pegged to JPY and foreign currency (Practical implementation of trust-type SC)

#### 4. Future Outlook

The "National Stablecoin" does not limit the financial institutions that can onboard as "Issuance Applicants" (and "Deposit Operators" and "Intermediaries") and is open to requests for participation in the joint study from financial institutions at any time. In addition, we also accept participation from businesses that wish to distribute the "National Stablecoin" as an intermediary. All applications are accepted by the Digital Asset Co-Creation Consortium (DCC).

In order for intermediaries to be able to handle stablecoins (Electronic Settlement Methods) as a business in Japan, it is compulsory to obtain the newly established "Electronic Settlement Methods Transaction Business Provider" license under the revised Payments Services Act. Assuming that it will take approximately one year (around June 2024) from the enforcement of the law until the first intermediary obtains the new license, we aim to complete the "Commercialization Phase 1" in the first half of 2024.

Digital Asset Co-Creation Consortium: [progmatt\\_post@tr.mufg.jp](mailto:progmatt_post@tr.mufg.jp)

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<sup>1</sup> Announced on September 29, 2022: "Publication of Interim Report by "Payments Services WG" and Start of Cross-Chain Technology Verification of "Progmatt Coin"" (Mitsubishi UFJ Trust and Banking Corporation)

March 28, 2023 Announcement: "Technical Alliance for Smooth Mutual Transfer and Exchange of a Wide Variety of stablecoins to be Issued in Japan" (Datachain, inc., Mitsubishi UFJ Trust and Banking Corporation, and soramitsu)

Announced April 27, 2023: "Successful Technical Verification of Cross-Chain Settlement of Digital Securities with stablecoins" (Mitsubishi UFJ Trust and Banking Corporation, Datachain, inc.)

Announced May 25, 2023: "Progmatt Coin" x "Datachain" x "TOKI" technology alliance to enable transactions using stablecoin between public blockchains" (Mitsubishi UFJ Trust and Banking Corporation, Datachain, inc., TOKI FZCO)

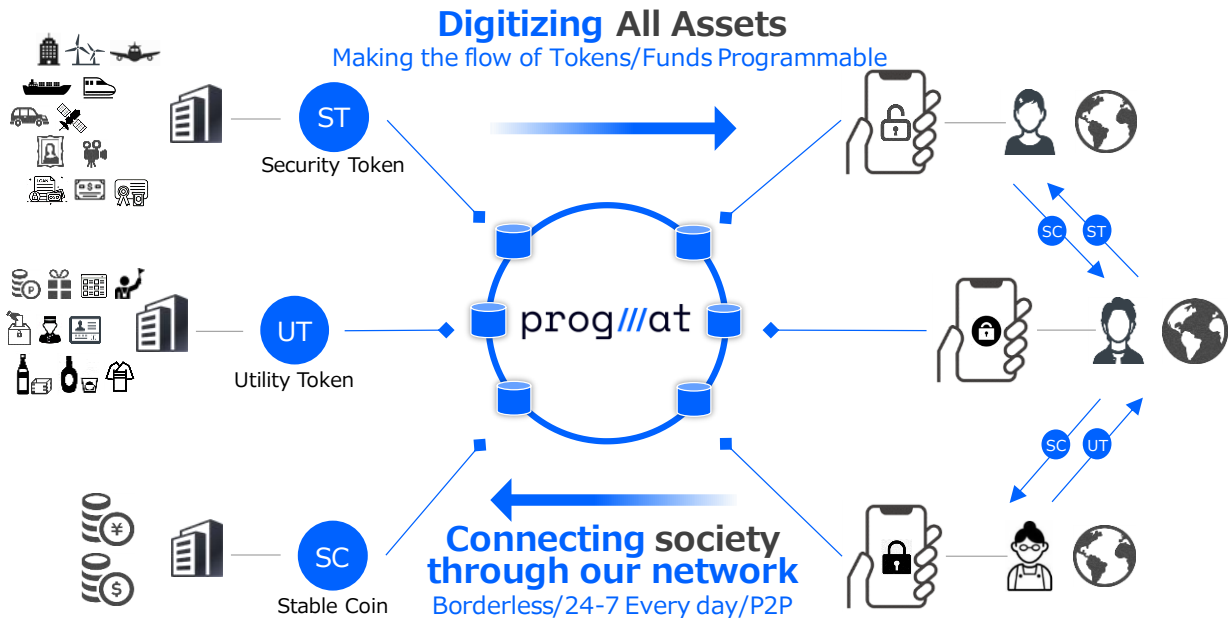
<sup>2</sup> Based on the FSA's view on Public Comments, we understand the FSA does not contemplate the issuance of electronic payment methods by banks, except for trust-type stablecoins, at this time.

◆ **About “Progrmat”**

The website is now open to the public, please visit the URL below.

<<https://www.tr.mufg.jp/progrmat/>>

<<https://speakerdeck.com/progrmat/company-overveiw>>

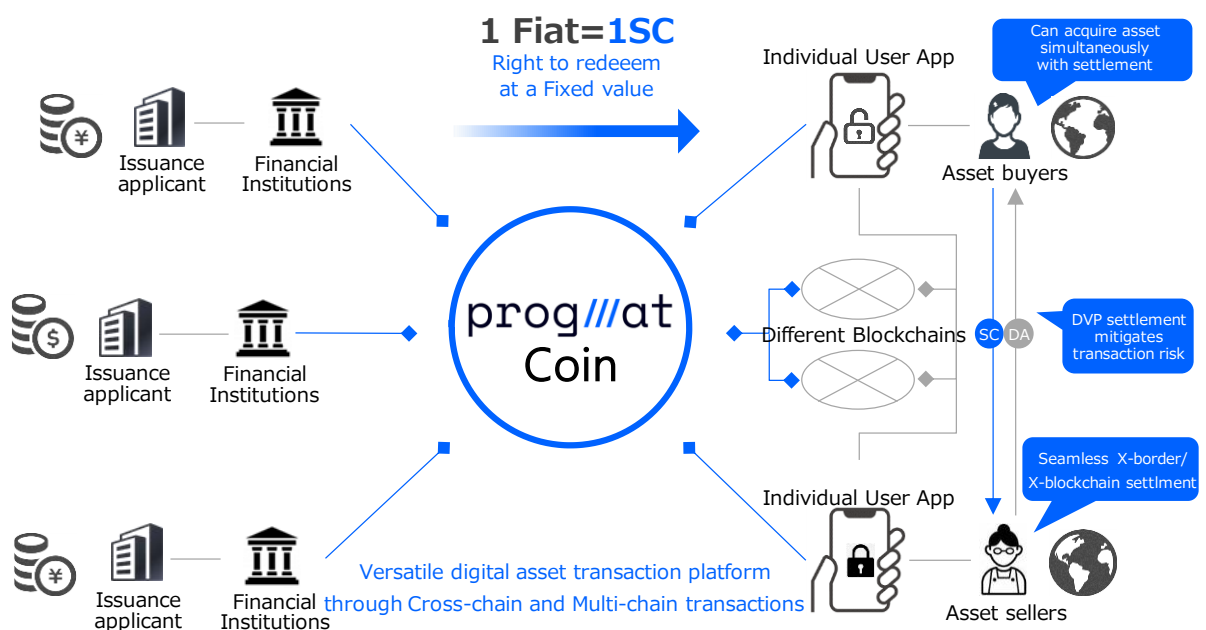


◆ **About “Progrmat Coin”**

"Progrmat Coin" platform is an infrastructure for issuing and managing various SCs.

Please refer to the following URL for more information.

<<https://speakerdeck.com/progrmat/sc>>



<Appendix>

The details of this joint study are assumed to be as follows.

(1) Proof of concept

[Objectives and realization goals]

- Usefulness verification in each bank's expected use cases (Programmability, transfer scope design, etc.)
- Characterization of public (permissionless) blockchain at each bank

[Chain to be issued]

- Ethereum

[Assumed Use Cases]

- Different cases for different banks (specific examples below)
  - ① Inter-corporate settlement (e.g., automatic completion of funds settlement based on electronic receipt of invoices)
  - ② Trade settlement (automatic completion of funds settlement linked to trade documents, etc.)
  - ③ NFT transactions (issuance of NFT/on-chain completion of fund settlement for trading, etc.)
  - ④ Intra-metaverse settlement (digital completion of fund settlement for trading of contents in the metaverse, etc.)

[Asset Backing]

- Not tied (early implementation based on a design that does not fall under the category of "electronic settlement methods")

(2) Commercialization Phase 1 (limited domain)

[Objectives and realization goals]

- Prompt issuance of domestic stablecoin

[Chain to be issued]

- Ethereum

[Assumed Use Cases]

- Based on the proof-of-concept results, the following are assumed to be the main use cases

[Asset Backing]

- Tie to yen and foreign currencies (practical implementation of trust-type stablecoins)

(3) Commercialization Phase 2 (domain release)

[Objectives and realization goals]

- Maximize the convenience of domestic stablecoin

[Chain to be issued]

- Multiple blockchains (multi-chain)

[Assumed Use Cases]

- Not specified

[Asset Backing]

- To be linked to yen and foreign currencies (same as above)