

JPYC Inc.
Mitsubishi UFJ Trust and Banking Corporation
Progmat, Inc.

JPYC, Mitsubishi UFJ Trust Bank, and Progmat have partnered to launch a joint study on the issuance of a new Stablecoin “JPYC (Trust-type)” as well as Exchange between Domestic and Overseas Stablecoins

Tokyo, November xx, 2023 --- Mitsubishi UFJ Trust and Banking Corporation (President: Iwao Nagashima, hereinafter referred to as Mitsubishi UFJ Trust Bank), Progmat, Inc. (President: Tatsuya Saito, hereinafter referred to as Progmat), and JPYC Inc. (President: Noritaka Okabe, hereinafter referred to as JPYC Inc.) have launched a joint study to issue a new brand of stablecoin “JPYC (Trust-type)” issued on the "Progmat Coin" platform: a stablecoin (SC) issuance and management platform that is fully compliant with the Japanese stablecoin regulations.

In addition, through this joint study, we aim to enable exchange between "Domestic stablecoins" issued through the "Progmat Coin" platform and "Overseas stablecoins" (stablecoins issued by overseas entities) such as and thus contribute to the growth of the Web3 market.



1. Background and Objectives

Mitsubishi UFJ Trust Bank and Progmat are leading the development of the "Progmat Coin" platform, to issue SCs in line with the revised Payment Services Act enforced in June 2023. Various brands of SCs will be able to be issued and distributed using the "Progmat Coin" infrastructure as soon as the necessary license registration is completed by the intermediaries handling them.

JPYC Inc. develops and operates the JPY denominated SC brand “JPYC” issued and transferred on a permissionless (public) blockchain. JPYC was first issued in January 2021, and by November 2023, the cumulative issuance amount exceeded JPY 2.3 billion. In response to the revised Funds Settlement Act, we aim to additionally issue "JPYC

(Trust-type)", which would be categorized as an Electronic Settlement Method under the revised act. To accelerate the issuance and distribution of "JPYC (Trust-type)", especially the conversion with overseas SCs, we are applying for the fund transfer service provider and intermediary licenses.

This joint study aims to issue a JPY denominated SC "JPYC (Trust-type)", which falls under the category of Electronic Settlement Method under the revised Payment Services Act, as one of the SC brands issued on the "Progrmat Coin" platform. Currently, "JPYC" is issued as a prepaid payment instrument under the Payment Services Act, where in principle, cash refunds are prohibited while "JPYC (Trust-type)", being an Electronic Settlement Method, permits redemption in cash.

In addition, through its partnership with Progrmat, as an intermediary distributing domestic SCs, JPYC Inc. seeks to enable the conversion between domestic SCs via the "Progrmat Coin" platform as well as with overseas-issued SCs to create an environment where users can seamlessly access a variety of domestic and overseas SCs.

	Prepaid Payment Instruments (E-Money)	Stablecoins	Crypto Assets
Fluctuation	Stable (Value fixed in equivalent fiat)	Stable (Value fixed in equivalent fiat)	Volatile
Redeemability	Usually not Redeemable	Possible (Redeem at an equivalent fiat value)	Possible (Trade at market price)
Transferability	Restricted to merchant network	No restrictions	No restrictions

2. Overview of the Issuance Structure

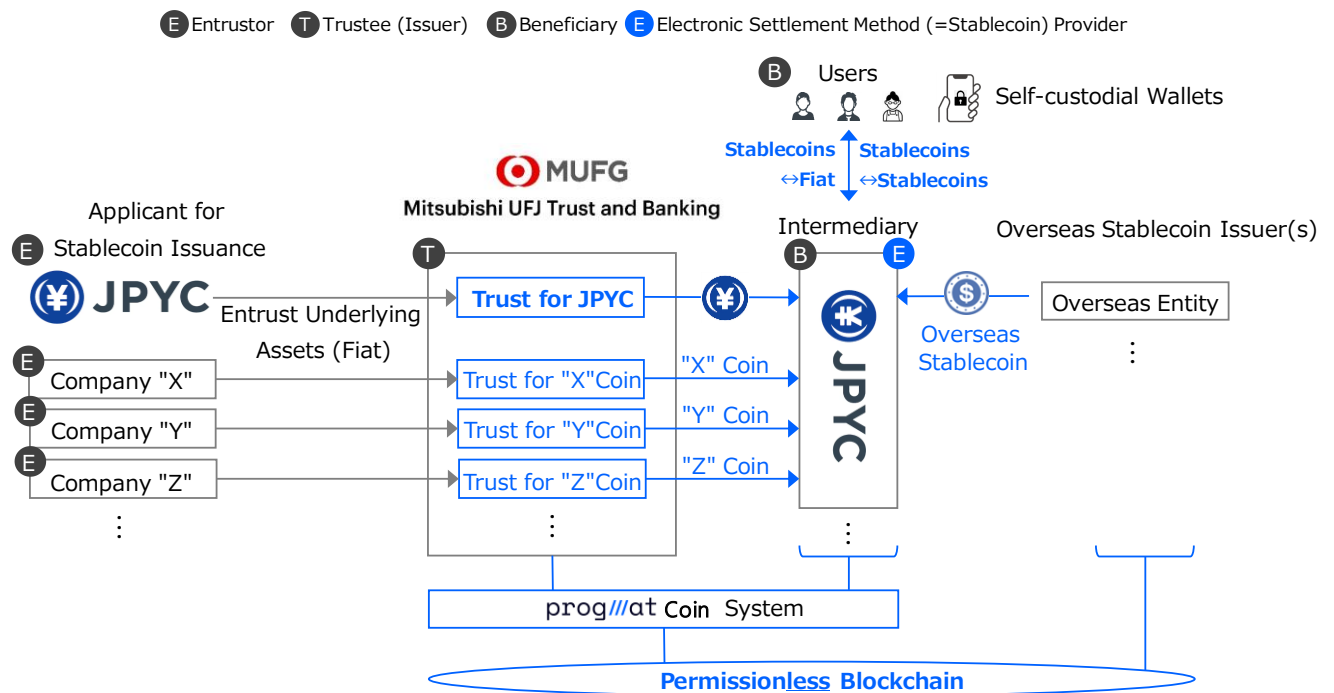
Under the revised Payments Services Act enforced in June 2023, there are three options to issue stablecoins (legally termed as "Electronic Settlement Method"): "Bank Deposit-backed Digital Money*2", stablecoins issued by licensed Fund transfer service providers ("Fund transfer-type"), and Trust banks ("Trust-type"). Though JPYC Inc. will continue to pursue "JPYC (Fund Transfer-type)", this joint study aims to issue "Trust-type" stablecoins which has no restrictions on the remittance amount. *1

	Deposit-backed "Digital Money"	Fund Transfer-type Stablecoin	Trust-type Stablecoin
Issuer License	Banking license required	Funds transfer service provider license required	No license required (The applicant's license is not required as operations are handled by the Trust bank)
Restrictions on beneficiary	Transfer is limited to KYC-completed addresses	Includes non-KYC addresses (Confirmed)	Includes non-KYC addresses (Confirmed)
Restrictions on remittance amount	No restrictions	Remittance amount per transaction is limited to 1 million yen	No restrictions

Furthermore, although under the revised Payment Services Act, intermediaries which distribute overseas-issued stablecoins are obliged to segregate cash equivalent to their users' balance of overseas stablecoins from their own balance sheet to protect users in case of issuer bankruptcy, it is possible to consider an intermediary structure wherein users hold their stablecoins in self-custodial wallets without entrusting their assets.

The issuance structure is as follows:

- **Type of Electronic Settlement Method:** Item 3 (Trust-type)
- **Issuance Applicant (Entrustor):** JPYC Inc.
- **Issuer (Trustee):** Mitsubishi UFJ Trust and Banking Corporation
- **Management of the underlying assets (cash deposits):** Any financial institution
- **Intermediary:** JPYC Inc.
- **Currency of underlying assets:** JPY
- **Name of stablecoin:** JPYC (JPY Coin)
- **Blockchain:** Ethereum, with a plan to expand to multiple chains



3. Future Plans

In order 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. Taking the timeline into account, we aim to issue "JPYC (Trust-type)" in the summer of 2024.

- End -

*1 Further information on stablecoin issuance can be found below:
 (Japanese) <https://note.com/tatsu_s123/n/n1f7f6df36752>

◆ **Roles of each party**

(1) Developer of the platform "Progmat Coin"

Trade name : Progmat, Inc
 Representative : Tatsuya Saito
 URL : <https://progmat.co.jp/>

(2) Issuance Applicant (Entruster) and Intermediary

Trade name : JPYC Inc.
 Representative : Noritaka Okabe
 URL : <https://jpyc.co.jp/en>

(3) Issuer (Trustee)

Trade name : Mitsubishi UFJ Trust and Banking Corporation
 Representative : Iwao Nagashima
 URL : <https://www.tr.mufg.jp/>

◆ **About "Progmat"**

Please visit the link below for more information on Progmat Inc.

<<https://progmat.co.jp/>>
 <https://note.com/tatsu_s123/n/n03a291fa52ab>

◆ **About "Progmat Coin"**

"Progmat Coin" platform is an infrastructure for issuing and managing various stablecoins.

Please refer to the following link for more information.

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

