

Policy for “Digital Recorded Value” including bitcoin in Japan (Interim Report)

The Liberal Democratic Party, Special Mission Committee on IT Strategy

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Concept of “Digital Recorded Value” including bitcoin

- Building scheme with self responsibility and spirit of challenge is necessary to generate new business in the internet age in Japan.
- Circulation of “Digital Recorded Value” including bitcoin will be important factor of new business innovation.
- Japan should become the major hub of related business on “Digital Recorded Value” to attract more companies and investments
- It is important to define rule about “Digital Recorded Value” based on two principles of “user self-responsibility” and “freedom from specification by existing regulation”

Definition of “Digital Recorded Value”

Digital currency and crypto currency are newly defined as “Digital Recorded Value” that is neither currency nor material and is new category.

Definition of “Digital Recorded Value”

“Digital Recorded Value”

- Digital currency and crypto currency excluding digital cash are newly defined as “Digital Recorded Value” that is neither currency nor material and is new category.

Definition of Exchange and Merchant

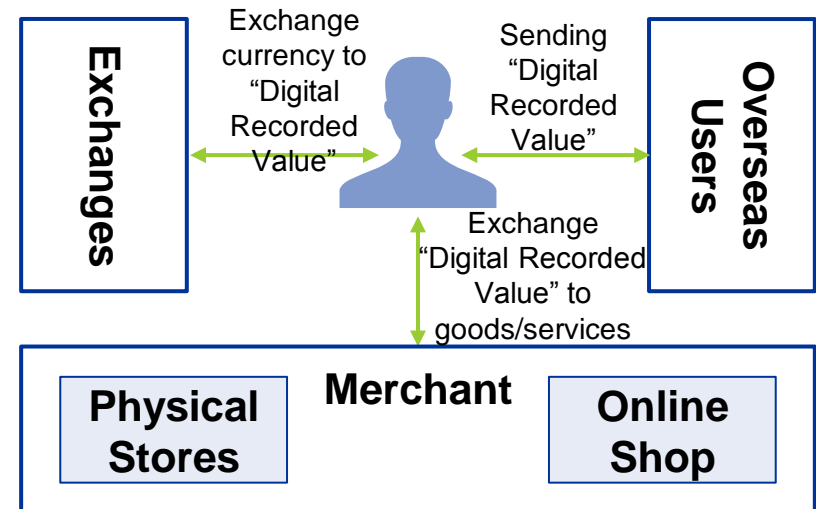
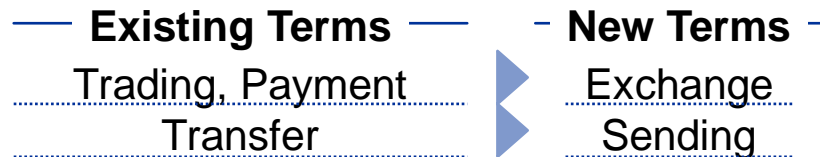
Exchange

- A place to exchange between “Digital Recorded Value” and currency is defined as “Exchange”.

Merchant

- A place to exchange to goods or services for “Digital Recorded Value” is defined as “Merchant”.

➔ Based on above rules, the following new terms must be used in “Digital Recorded Value” .



New Industry Organization and Guideline for “Digital Recorded Value”

New industry organization for “Digital Recorded Value” will be established to grow up business and resolve issues and new guideline for exchanges will be created.

Key point of “Digital Recorded Value”

“Digital Recorded Value” business as exchange for goods/services and itself, sending and a whole new business will be expanded.

“Digital recorded Value” is new concept and amount of supply is small, and so existing regulation is not applicable and there is no lawmaking

Digging, exchange and deposit to exchanges is based on principle of self-responsibility.

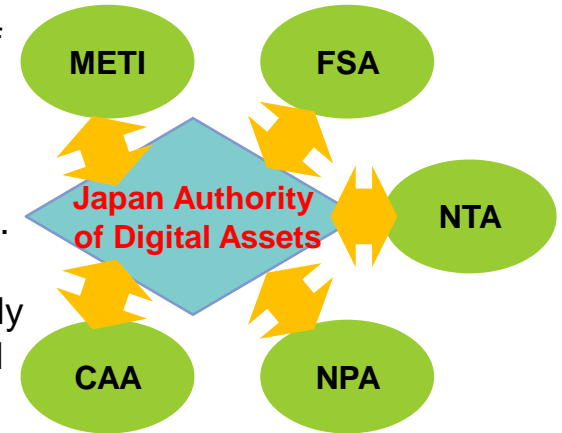
Preparation for quick response to criminal investigation is necessary

*1 METI: Ministry of Economy, Trade and Industry
 FSA: Financial Services Agency
 NTA: National Tax Agency
 NPA: National Police Agency
 CAA: Consumer Affairs Agency

Guideline for “Digital Recorded Value”



- “Japan Authority of Digital Assets” will be established to grow up business and resolve issues.
- METI, FSA, CAA, NPA and NTA timely provide advise and counsel on it.



Define Exchanges Guideline

- Notification** • Existing and new exchanges must be registered to “Japan Authority of Digital Assets”
- Identification** • Exchanges must execute identification at new account opening.
- Disclosure** • Exchanges must cooperate with disclosure based on regulation of criminal investigation.
- System Security** • System security rank of Exchanges must be evaluated in P2P network.

Above is current policy and may be updated depending on the usage and policy in other countries.

Taxation Policy for “Digital Recorded Value”

Consumption tax is applicable to exchange currency to “Digital Recorded Value”, “Digital Recorded Value to goods/services and exchange among Digital Recorded Values. Capital gain from “Digital Recorded Value” is subject to taxation.

