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Progm at and Datachain Launch "Project Pax" - Initiating Pilot Test for Cross-Border Stablecoin Transfer Platform with Financial Institutions Worldwide

Tokyo, September 5, 2024 --- Progm at, Inc. ("Progm at") and Datachain, Inc. ("Datachain") have launched "Project Pax," a collaborative initiative to develop a cross-border stablecoin transfer platform.

The cross-border transfer market reached \$182 trillion (approximately ¥28,000 trillion) in 2022. However, the G20 has identified four critical areas—cost, speed, access, and transparency—that require significant improvements. In this market, Progm at and Datachain aim to leverage stablecoins to enable fast, cost-effective, and 24/7 operational cross-border transfers.

Project Pax's cross-border transfer platform will utilize Swift's existing API framework for banks to instruct Progm at to settle on blockchain networks, addressing AML/CFT, regulatory compliance, and operational setup challenges, while also considering the difficulties businesses face in using wallets. This enables financial institutions to avoid operational redundancy with fiat currency transfers and minimize investment costs.

The pilot test "Project Pax," set to commence shortly with a prototype. The initiative aims to expand collaboration to more countries and financial institutions, with a goal of commercializing the platform by 2025.



Project Pax

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Datachain

1 . Background and Purpose

Currently, the market capitalization of stablecoins has grown to over \$160 billion, but this represents less than 0.5% of the total market capitalization of fiat currencies. This is because, until now, the primary use cases have been centered around cryptocurrency-related transactions, with their utilization as a payment method in the real economy still in its early stages globally.

Despite this, Tether Limited in Hong Kong reported a net profit of \$4.5 billion in the first quarter of 2024. As the use of stablecoins expands as a payment method in the real economy, the market size of stablecoins is expected to grow exponentially. In fact, it is estimated that by 2028, the market could exceed \$2.8 trillion.

As of 2022, the market for cross-border transfers has reached an immense size of \$182 trillion. Additionally, the G20 has set targets to be achieved by 2027 in four key areas: "Cost," "Speed," "Access," and "Transparency." These fundamental improvements are a major international agenda.

In Japan, based on the stablecoin regulations enacted ahead of other countries, it is expected that stablecoin issuance and utilization in the real economy, compliant with regulations, will begin by the end of 2024.

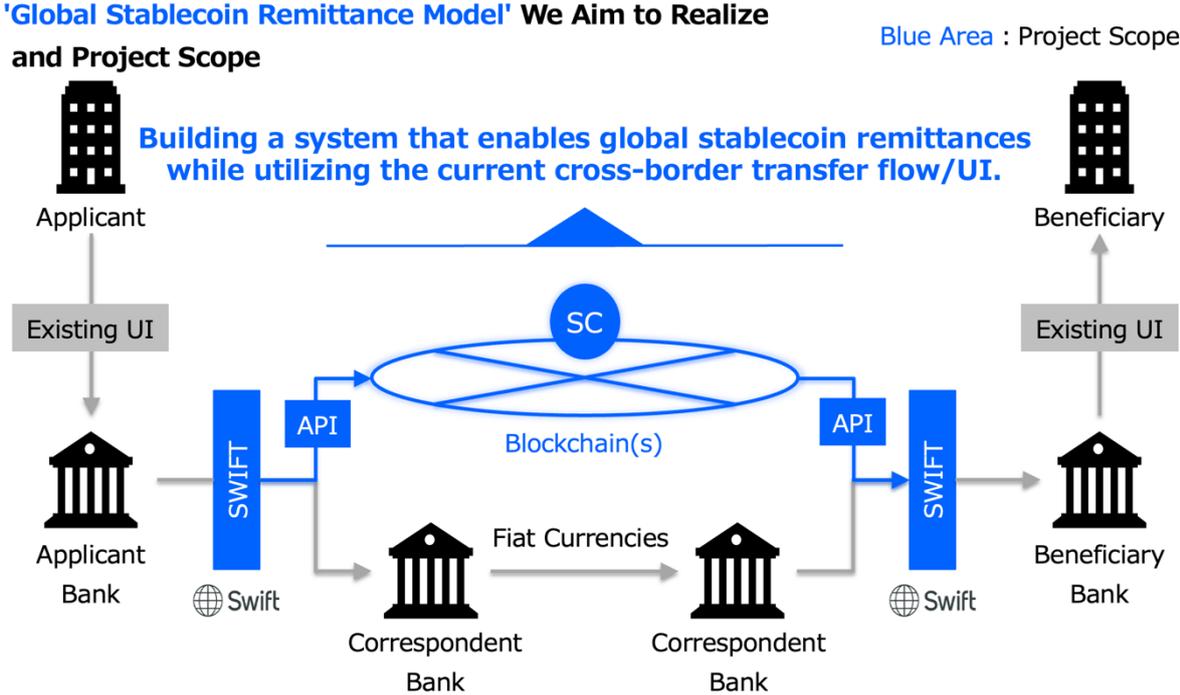
In this context, Progmatic is leading the development and operational establishment of the "Progmatic Coin" platform, which supports various blockchains, including permissionless (public) blockchains, as infrastructure for issuing stablecoins in compliance with stablecoin regulations. This platform not only complies with legal regulations but also addresses accounting and tax perspectives, enabling to issue stablecoins that enterprises can use with confidence. Additionally, various stablecoins issued using the "Progmatic Coin" platform can be denominated in major fiat currencies such as JPY, USD, and EUR, allowing for flexible use domestically and internationally.

In traditional use cases of stablecoins centered around the digital asset market, the focus has been on P2P transfers without intermediaries. However, in the context of cross-border remittances in the real economy, the roles of Swift and banks remain crucial due to considerations such as AML/CFT, regulatory compliance, operational frameworks, and the challenges businesses face in using wallets.

Specifically, in use cases involving international remittances for trade settlements by business enterprises, while promoting the advantages of stablecoins—such as fast, cost-effective, and 24/7 operational cross-border transfers—it is also necessary to consider the continuity with existing processes within businesses. Solutions that conflict with current processes may impose significant burdens on users, such as operational redundancy and risk management, potentially

hindering adoption despite the benefits of flexible transfers.

From this perspective, by offering a new network that uses stablecoins for the remittance process between financial institutions, while maintaining the international remittance processes and user interfaces familiar to business enterprises and financial institutions, we can swiftly and realistically deliver the benefits of stablecoins to society.



2 . Collaboration Details and Expected Benefits

In Project Pax, Progmatt and Datachain will collaborate to develop a cross-border stablecoin transfer platform adapting to Swift's API mocking/simulation environment.

From its early stages, this platform will be reviewed by financial institutions worldwide. It will enable stablecoin transfers on the blockchain and incorporate globally standardized features. These features will include the transfers of stablecoins across multiple blockchains and the conversion and transfer of existing stablecoins.

For cross-chain transactions between different blockchains, the platform will utilize the Inter-Blockchain Communication (IBC) protocol *1, the middleware "LCP *2" developed by Datachain, the stablecoin contract co-developed by Datachain and Progmatt, and liquidity pool provided by TOKI *3, which provides cross-chain infrastructure.

Roles of Each Stakeholder in "Project Pax"

Stakeholders	Roles
Progmat	Joint Development of the Platform: Integration with "Progmat Coin" and overall business design/promotion
Datachain	Platform Development: Implementation of cross-chain functionality using IBC and APIs
Financial Institutions	Operational and Practical Review of the Platform

With this platform, enterprise users of stablecoins will be able to make faster and more cost-effective international transfers without needing to be overly conscious of the presence of stablecoins or blockchain technology. This will provide a seamless experience similar to traditional international transfers, and the quantitative effects will be verified and visualized through pilot tests.

For financial institutions, leveraging existing systems eliminates the need to build new infrastructure from scratch, allowing them to offer new transfer options to their corporate clients while minimizing investment.

3. Future Plans

To achieve commercialization by 2025, we will promptly commence pilot tests with a prototype.

As we move towards commercialization, we will gradually expand the number of participating financial institutions and target regions, aiming to establish a global standard for international payment networks using stablecoins.

*1) Specifications standard ensuring interoperability between blockchains. For more details on IBC, please refer to the IBC official website: <https://www.ibcprotocol.dev/>

*2) Middleware that addresses the challenges of achieving interoperability via IBC. For more details on LCP, please refer to the LCP official documentation: <https://docs.lcp.network/>

*3) TOKI, a partner company of Progmat and Datachain, headquartered in Dubai, providing cross-chain infrastructure. For more details on TOKI, please refer to the TOKI official website: <https://toki.finance/>

About Project Pax

This project is not about opposing the current financial system with Web3. Instead, we aim to integrate the strengths of Web3 and blockchain technology into the existing economic system to create a truly sustainable impact. Our goal is to build an environment where everyone can easily and securely access the financial

system, addressing global economic disparities and challenges, including those in developing countries, and working towards a world of greater PEACE. This initiative serves as a crucial PIECE in achieving these goals. The name "Pax" means PEACE in Latin. We chose "Pax" because we want this initiative to be widely adopted globally, drawing from a word that is the root of many languages.

Financial Institutions Involved with Project Pax (as of the Announcement)

Classification	Specific Names (in alphabetical order)
Japan City bank	<ul style="list-style-type: none"> ① Mitsubishi UFJ Financial Group, Inc. ② Mizuho Financial Group, Inc. ③ Sumitomo Mitsui Financial Group, Inc.

About Progmatt

Progmatt is a startup company building digital asset infrastructures that can transform the financial system. With a mission of "Connecting the society with the programmable network and digitizing every value," Progmatt delivers the issuance and administration platform for tokenized securities, stablecoins, and utility tokens, while pursuing partnerships to expand global use of digital assets. Progmatt, as an independent firm backed by several key institutions in national financial markets, also leads digital assets ecosystem across multiple industries by running the Digital Asset Co-Creation Consortium, which has over 200 member firms. For more information, visit <https://progmatt.co.jp/en/>

About Datachain

Datachain is a blockchain startup founded in 2018 that specializes in blockchain interoperability. Its core products include YUI, a Hyperledger Lab that enables interoperability between multiple heterogeneous blockchains via IBC, and LCP, a proxy for light client verification using TEEs. Datachain is also working on an IBC-enabled cross-chain bridge in partnership with TOKI and are involved in several projects with enterprises, focusing on cross-chain technology. For more information about Datachain, please visit <https://www.datachain.jp/>.