

May 8, 2026

Progmat, Inc.

**Launch of Joint Study on On-Chain Repo Transactions Using Tokenized JGBs
— Bringing institutional repo activity on-chain via stablecoins —**



Progmat, Inc. (Founder & CEO: Tatsuya Saito; hereinafter "Progmat") today announced the establishment of the Tokenized JGB / On-Chain Repo Working Group (the "Working Group") under the Digital Asset Co-Creation Consortium (DCC, 331 member organizations), which Progmat chairs. The Working Group will undertake a joint study (the "Joint Study") aimed at enabling on-chain management of rights to Japanese government bonds (JGBs) and at bringing on-chain repo transactions — i.e., securities financing transactions using tokenized collateral and stablecoin (SC) cash legs — into commercial use in Japan.

The Joint Study will examine, from legal, accounting, tax, operational, and technical perspectives, (i) methodologies for tokenizing rights to JGBs (Tokenized JGBs, "TJGBs") and (ii) the various transaction types and participating entities involved in using lending protocols (decentralized finance, "DeFi") as the transaction infrastructure for on-chain repo. Building on this analysis, the goal is to develop commercially viable on-chain repo transactions involving TJGBs, based on actual institutional-investor needs .

Following today's announcement, Progmat will continue to admit relevant organizations to the Working Group on a rolling basis, with kickoff scheduled for May 2026 and publication of the Working Group's "Report" targeted for October 2026.

In parallel, Progmat will advance individual proof-of-concept (PoC) initiatives where appropriate, with the goal of launching specific TJGB issuance projects — informed by the Report — within calendar 2026.

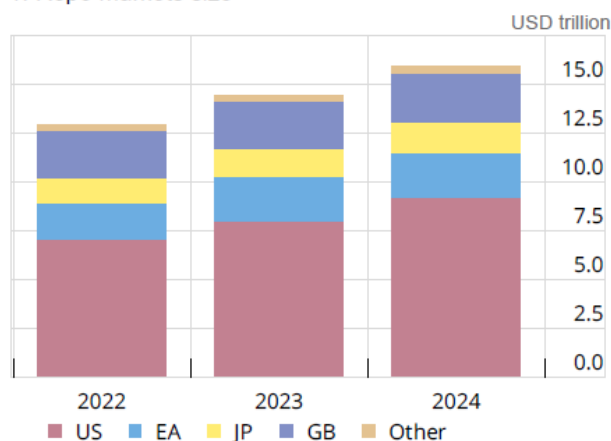
1. Background — Global and Japanese trends in the JGB repo market

Outstanding balances in repo markets collateralized by government bonds were estimated at approximately USD 16 trillion as of year-end 2024, representing growth of around +20% versus 2022. Japan accounts for roughly 10% of the global total.

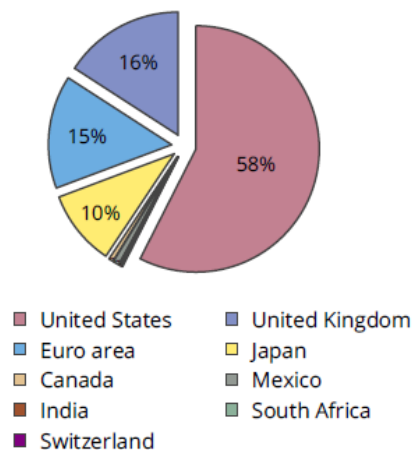
Outstanding amounts in the government bond-backed repo markets were approximately \$16 trillion in 2024¹

Graph 2

1. Repo markets size



2. Repo markets by jurisdiction (2024)

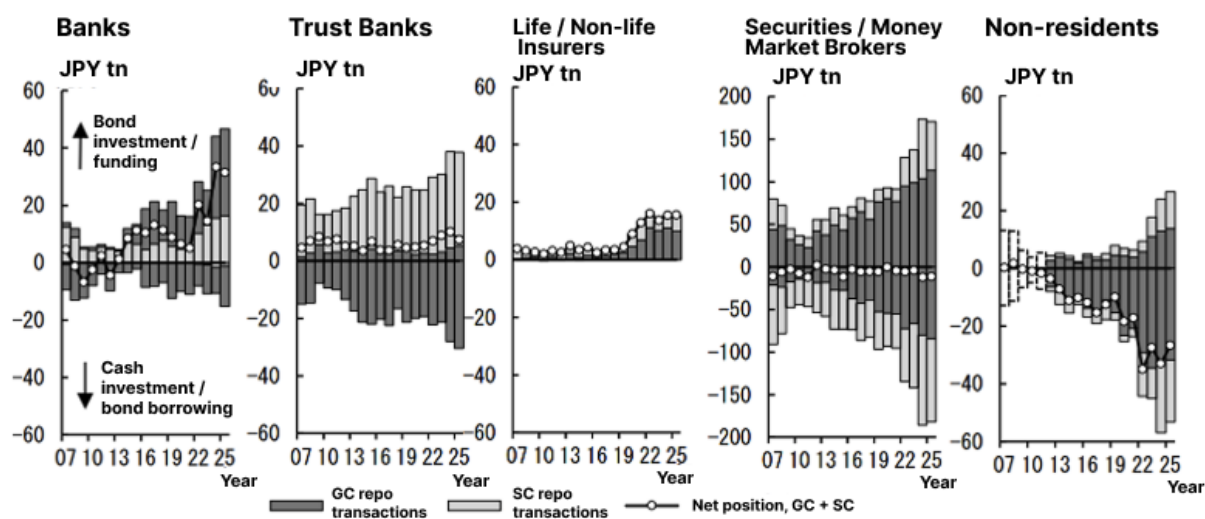


¹ The graph shows repo backed by domestic and foreign government bonds. For the purposes of the chart, in panel 1 local currency values are converted to US dollars using a fixed exchange rate over time to remove the impact of changes in exchange rates on the time series.

Sources: FSB member data; FSB calculations.

(Source) Financial Stability Board "Vulnerabilities in Government Bond-backed Repo Markets"

Japan's domestic repo market has expanded continuously since 2010, with growth accelerating from 2022 onward. By participant type, non-residents, including hedge funds, have increased repo cash-investment / JGB-borrowing activity to capture the FX-implied yen funding advantage; on the other side, Japanese banks and trust banks have expanded their JGB-lending / yen cash-funding activity, while securities firms and money-market dealers intermediating between segments have similarly scaled up their intermediation volumes.



Note: Outstanding balances as of end-July each year. Non-resident balances are calculated from data on the counterparty types of reporting institutions. Due to data limitations, non-resident balances through 2011 are based on statistics published by the Japan Securities Dealers Association; the GC / SC breakdown for that period is unavailable.

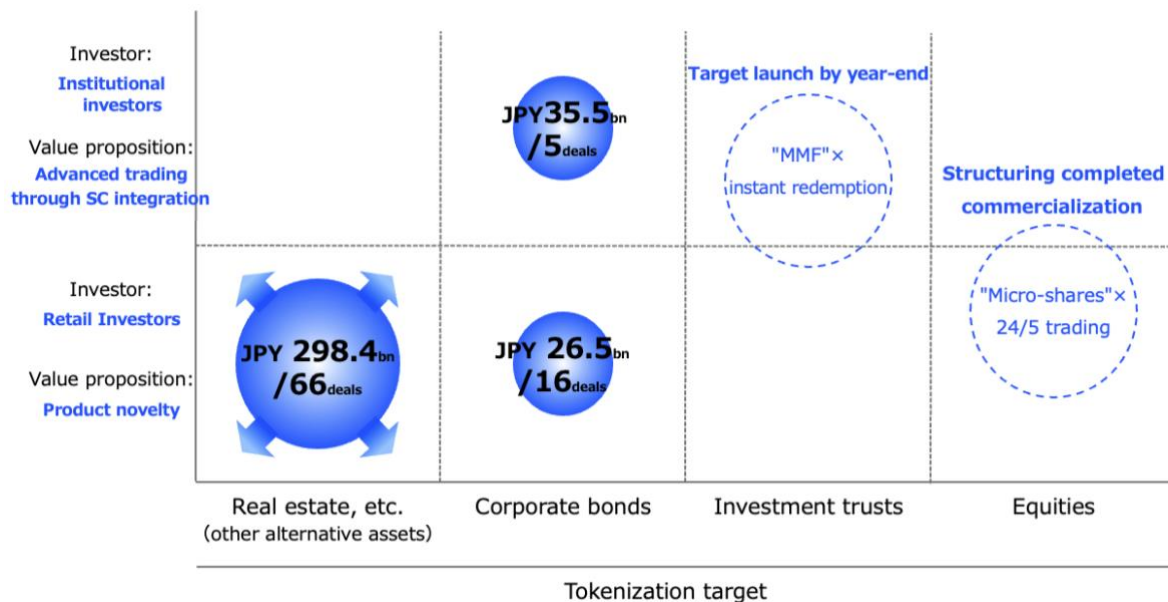
Source: Bank of Japan, [Developments in Japan's Money Markets: Tokyo Money Market Survey](#), Aug. 2025; translated by Proemat.

2. Background — Global and Japanese trends in security tokens (STs), including Tokenized JGBs

Against the backdrop of an expanding global repo market and growing cross-border activity, initiatives to tokenize U.S. Treasuries and to bring repo on-chain have moved rapidly toward implementation.

In August 2025, a consortium of major financial institutions completed an on-chain repo transaction using U.S. Treasuries and USDC. In December 2025, the Depository Trust & Clearing Corporation (DTCC) announced plans to tokenize U.S. Treasury securities held in custody at the Depository Trust Company (DTC) and to expand the scope of eligible assets. As of today, on-chain repo transactions of approximately USD 339.2 billion are already in execution.

Cumulative ST issuance in Japan has reached JPY 360 billion (approximately USD 2.25 billion at JPY 160/USD), but the bulk of this volume consists of real-estate STs marketed to retail investors on the basis of novelty. Initiatives to commercialize tokenized investment trusts and tokenized equities are underway, but for JGBs — given Japan's existing legal framework and the well-established settlement infrastructure — identifying real institutional demand sufficient to outweigh the cost of replacing or running parallel rails is essential before commercial issuance can proceed.



	Tokenization Track Record		Tokenization Hurdles in Japan		
	Overseas	Japan	Legal Constraints	Cannibalization of Existing Infrastructure	Strategic Rationale / Real Demand
1 Government Bonds	○ (↑) Rapidly growing interest	— Gap widening	△: Feasible, but many issues non-book-entry ops / tax disadvantage	×: Strong existing infra book-entry system is robust	? : Needs deeper analysis
2 Municipal Bonds	—	—	△: Legal reform planned book-entry issuance to be enabled	○: Low cannibalization no non-book-entry market	? : Needs deeper analysis
3 Corporate Bonds	○ Multiple live cases	○ Multiple live cases	○: Legally feasible	○: Low cannibalization non-book-entry market is Excel-based	○: Demand emerging from marketing perspective for "investment-grade physical bonds"
4 Equities	○↑ Rapid growth	△ Cases expected	○: Legally feasible	×: Strong existing infra book-entry system is robust	○: Demand emerging with policy support demand for "micro-shares"
5 Beneficial Interests in Investment Trusts	○↑ Rapid growth, mainly MMFs	△ Issuance expected this year	×: Strong constraints transfer of non-book-entry interests must be equal-proportion	○: Low cannibalization no non-book-entry market	○: MMF-led demand emerging SC yield use case expected
6 Beneficial Interests in Certificate-Issuing Trusts	—	○↑ Real estate STs growing fast	△: Some constraints complex structures are hard to sustain	○: Low cannibalization non-book-entry market is Excel-based	○: Real-estate-led demand "private-market retail" need
7 Beneficial Interests in Trusts, excluding the above	—	—	△: Some constraints special regime likely needed	○: Low cannibalization mostly Excel-based market	? : Needs deeper analysis
8 Preferred Equity Securities of Specified Purpose Companies (TMK)	—	—	×: Strong constraints non-book-entry transfers must be pro rata	○: Low cannibalization non-book-entry market is Excel-based	? : Needs deeper analysis

3. Overview of Tokenized JGBs (TJGBs) and on-chain repo transactions (as of the start of the Joint Study)

(1) Tokenization methodology

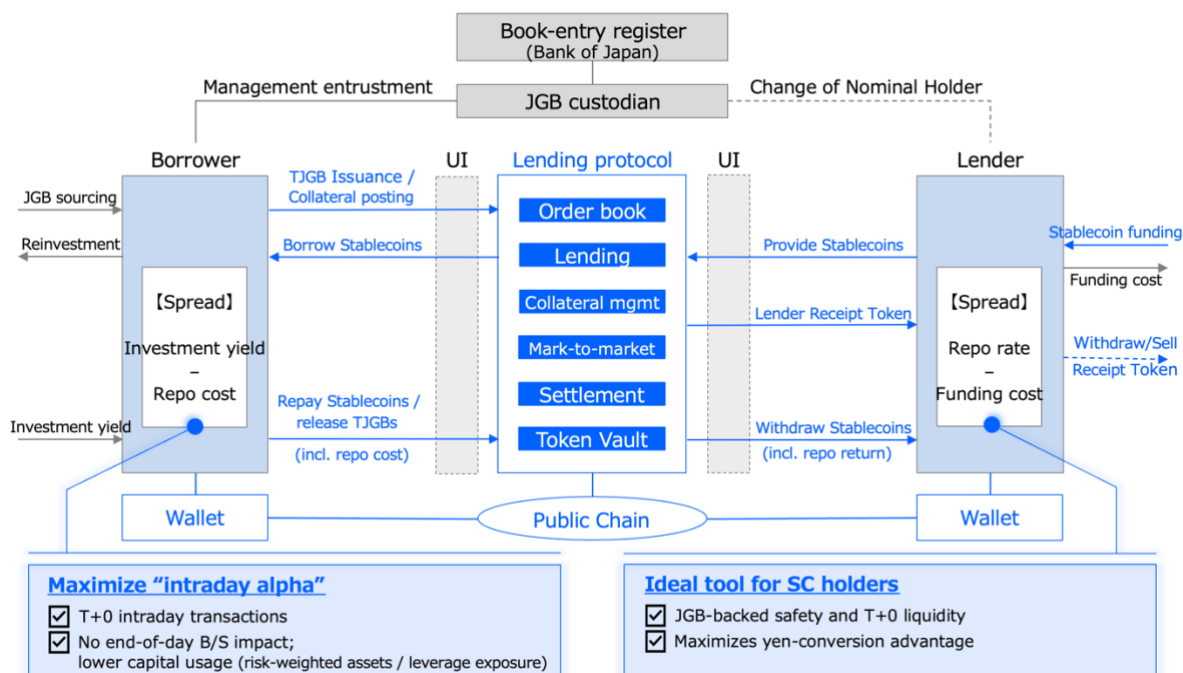
Multiple methodologies for tokenizing JGBs are conceivable, and the choice of method will materially influence both feasibility and the magnitude of the benefits realized. Direct tokenization of book-entry JGBs themselves would be consistent with the existing legal and operational framework, but the on-chain benefits achievable under this approach may be limited. Alternative approaches — such as tokenizing rights linked to book-entry JGBs — therefore warrant deeper analysis as schemes that maximize on-chain effects.

Issue	Registered JGBs themselves (BOJ JGB register; certificate-less)	Book-entry JGBs themselves (Book-entry Act; certificate-less)	Rights linked to book-entry JGBs (Economic effect equivalent to JGB holding)
Realization of on-chain benefits	○ JGB registry-BC linkage required; JGB-ST-like benefits possible	✗ Cross-custodian linkage for trades/repos is difficult	○ Flexible design may be possible depending on the linking party's credit
Practical impact on market participants	✗ Parallel operation with book-entry JGBs creates dual management/rule burden	? Requires further analysis	? Requires further analysis
Tax reform Burden	✗ WHT exemption unavailable; tax reform required	○ WHT exemption applies; no tax reform required	? Requires further analysis
Legal reform Burden	○ Likely addressable via JGB Act ordinance amendments	○ Assumes corporate bonds backed by book-entry JGB management	? Requires further analysis

1 In the case of registration of JGBs, no certificate is issued (2Art.2Para.)
 *2 Special Taxation Measures Act*8Art.1Para.

(2) Design concept

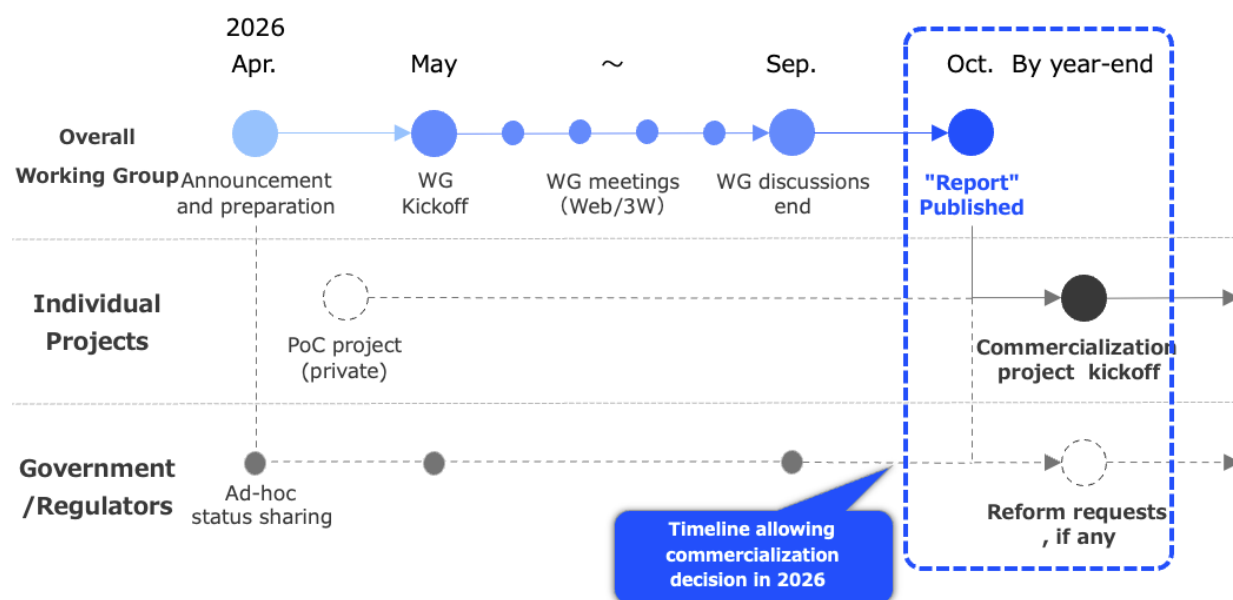
In conventional repo, settlement has been on a T+1 basis. Under the proposed design, by using TJGBs as the collateral leg and stablecoins as the cash leg, and by routing the transaction through a lending protocol on-chain, position open and close can be executed on T+0. For stablecoin borrowers, this creates an opportunity to pursue intraday alpha; for stablecoin lenders (including non-residents), it offers an attractive yield-bearing instrument for surplus stablecoin liquidity.



4. Roadmap

Following today's announcement, Progmatt will continue to admit relevant organizations to the Working Group on a rolling basis. Kickoff is scheduled for May 2026, and publication of the "Report" is targeted for October 2026.

Where appropriate, individual PoC initiatives will be advanced ahead of, or alongside, the Working Group, with the goal of launching specific TJGB issuance projects — informed by the Report — within calendar 2026.



*1 "Repo transactions" (Repurchase agreements) are repurchase / resale transactions or cash-collateralized securities lending. Repos in which the specific bond issue posted as collateral is not designated are referred to as "GC repos" (General Collateral Repo); repos in which the specific issue is designated are referred to as "SC repos" (Special Collateral Repo).

*2 For example, when dollar funding demand in the FX swap market is strong and the cost of borrowing dollars by lending yen (the "dollar premium") is high, Japanese non-residents (such as hedge funds) — who can effectively raise yen at very low cost — invest the proceeds safely and efficiently in the short-term money market via GC repo. The spread between the GC repo investment yield and the cost of yen funding via FX swaps gives rise to what is referred to in Japan as the "yen-conversion advantage."

*3 ["Digital Asset and Industry Working Group Complete Groundbreaking On-Chain US Treasury Financing on Canton Network"](#) (August 12, 2025).

*4 ["DTCC and Digital Asset Partner to Tokenize DTC-Custodied U.S. Treasury Securities on the Canton Network"](#) (December 17, 2025).

*5 <https://app.rwa.xyz/> (Asset Classes: "Repurchase Agreements", Asset Type: "Represented")

*6 [\[Progmatt\] Monthly ST Market Report \(latest issue\)](#).

*7-1 ["Launch of collaboration on infrastructure for Japan's first tokenized investment trust"](#) (December 4, 2025).

*7-2 ["Publication of the 'Interim Summary' on Tokenized Equities and the Tokenization Act — Toward 'on-chaining' all securities, including equities and investment trusts —"](#) (April 7, 2026).

Appendix: Related Organizations

(1) Secretariat of the Digital Asset Co-Creation Consortium (DCC)

Name: Progmatic, Inc.

Representative: Tatsuya Saito, Founder & CEO

Website: <https://progmatic.co.jp/>

(2) Organizations expected to participate in the Tokenized JGB / On-Chain Repo Working Group (as of WG announcement)

Category	Organization
Asset management firms	<ul style="list-style-type: none"> ① Amova Asset Management Co., Ltd. ② BlackRock Japan Co., Ltd. ③ Mitsubishi UFJ Asset Management Co., Ltd.
Banks / Trust banks	<ul style="list-style-type: none"> ① SMBC Trust Bank Ltd. ② State Street Trust and Banking Co., Ltd. ③ The Master Trust Bank of Japan, Ltd. ④ The Norinchukin Trust & Banking Co., Ltd. ⑤ Mizuho Bank, Ltd. ⑥ Mizuho Trust & Banking Co., Ltd. ⑦ Sumitomo Mitsui Banking Corporation ⑧ MUFG Bank, Ltd. ⑨ Mitsubishi UFJ Trust and Banking Corporation
Insurers	<ul style="list-style-type: none"> ① Tokio Marine Holdings, Inc. ② One other insurance company
Securities firms	<ul style="list-style-type: none"> ① SMBC Nikko Securities Inc. ② SBI SECURITIES Co., Ltd. ③ Smartplus Ltd. ④ DSB Co., Ltd. ⑤ Daiwa Securities Co. Ltd. ⑥ Daiwa Securities Group Inc. ⑦ Mizuho Securities Co., Ltd. ⑧ Mitsubishi UFJ eSmart Securities Co., Ltd. ⑨ Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. ⑩ Rakuten Securities, Inc.
Secondary-market-related organizations	<ul style="list-style-type: none"> ① Osaka Digital Exchange Co., Ltd. ② JPX Market Innovation & Research, Inc.
Money-market dealers	<ul style="list-style-type: none"> ① Central Tanshi Co., Ltd.
Securities finance companies	<ul style="list-style-type: none"> ① Japan Securities Finance Co., Ltd.

Lending-protocol-related organizations	① Secured Finance AG
Public-blockchain-related organizations	① Ava Labs, Inc. ("Avalanche") ② Datachain, Inc. (cross-chain solutions) ③ Digital Asset Holdings, LLC ("Canton Network")
Law firms	① Anderson Mōri & Tomotsune ② TMI Associates ③ Nagashima Ohno & Tsunematsu ④ Nishimura & Asahi ⑤ Mori Hamada & Matsumoto
Accounting firms / Tax advisory firms	① Tokyo Kyodo Accounting Office ② PwC Tax Japan
Observers	Other related organizations / experts