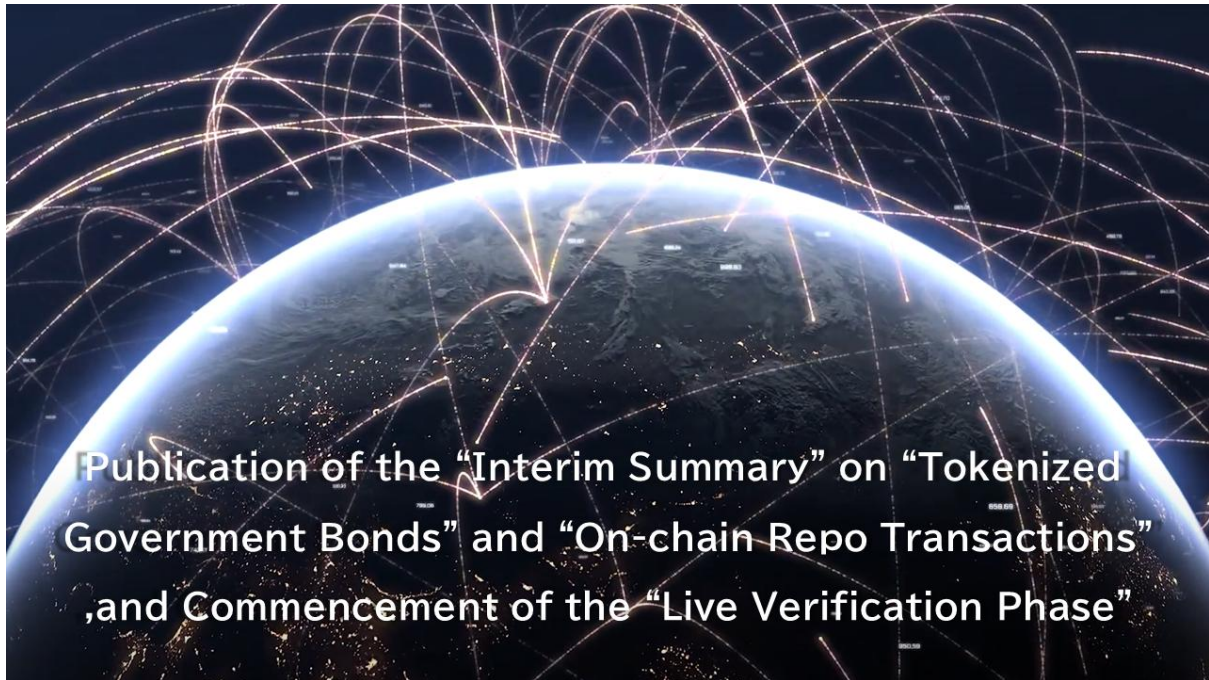


October 22, 2026

Progmatt, Inc.

**Publication of the “Interim Summary” on “Tokenized Government Bonds”
and “On-Chain Repo Transactions,”
and Commencement of the “Live Verification Phase”**



The “Digital Asset Co-Creation Consortium” (abbreviated as “DCC”; 367 member organizations), hosted by Progmatt, Inc. (Representative Director: Tatsuya Saito; hereinafter “Progmatt”), hereby publishes, as an “Interim Summary,” the results of the joint study (hereinafter “this joint study”) of the “Tokenized Government Bonds / On-Chain Repo Working Group (WG)”¹—whose purpose is to make government bonds manageable on a blockchain (on-chain) and to realize, in Japan as well, on-chain repo transactions (such as repurchase transactions using tokenized securities) utilizing tokenized deposits (TD) and stablecoins (SC).

In addition, based on the direction formulated in this joint study, the WG will transition from the previous “Phase 1 | Desk Study Phase” to the “Phase 2 | Live Verification Phase.” By making available a “sandbox environment” linked with “Canton Network”²—which is increasingly being adopted for purposes such as the tokenization of U.S. Treasuries—and with multiple repo / collateral platforms in Japan and abroad, the WG will prepare a framework that enables market participants to smoothly carry out the hypothesis testing and refinement necessary prior to practical implementation.

Following today’s announcement of the “transition to the Live Verification Phase” and the “establishment of the sandbox environment,” the WG will accept the participation of market participants other than Phase 1 participants on a rolling basis, and aims to hold a kickoff in November 2026 once preparations for linkage are complete, and to publish an “Interim Summary” once again in spring 2027.

1. Background of the “Tokenized Government Bonds / On-Chain Repo WG”

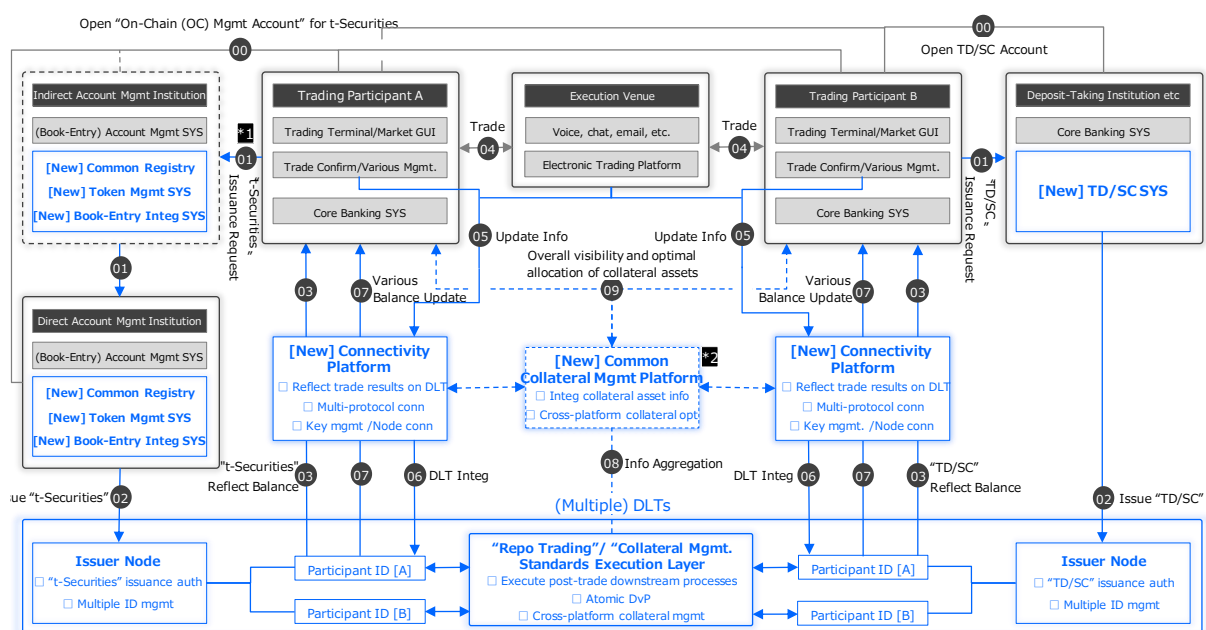
As the government bond repo market expands in Japan and abroad and cross-border transactions increase, initiatives concerning the tokenization of U.S. Treasuries and the on-chain transformation of repo transactions are rapidly taking concrete shape. According to an announcement by Broadridge Financial Solutions in the United States^{*3}, with respect to repo transactions utilizing the company’s distributed ledger (DLT), the average daily processing amount in July 2026 reached USD 365 billion, and the total monthly processing amount reached USD 8 trillion. Likewise, the Depository Trust & Clearing Corporation (DTCC) in the United States has announced that a tokenization service for assets such as U.S. Treasuries held in custody at the Depository Trust Company (DTC) (equivalent to USD 114 trillion) is scheduled to launch shortly.

Against this backdrop, the DCC established the “Tokenized Government Bonds / On-Chain Repo WG” in May 2026, and has advanced its study together with 69 organizations, including asset management companies, banks and trust banks, trust companies, insurance companies, securities firms, secondary-market-related organizations, money-market brokers, repo-protocol / public-blockchain-related organizations, law firms, accounting firms, tax corporations, and relevant industry associations.

2. Results of the Joint Study and Future Actions

In the Interim Summary on tokenized government bonds and on-chain repo, after clarifying the expected effects and significance of tokenizing Japanese Government Bonds (Tokenized JGB, tJGB), the WG—taking into account existing frameworks such as the book-entry settlement system for government bonds, the book-entry transfer account register, and the structure and trading practices of the repo market, as well as the acceptability among market participants such as institutional investors—has refined the methodology and components of on-chain transformation, and has set out in writing the points, premises, and rationale that should be shared as industry knowledge.

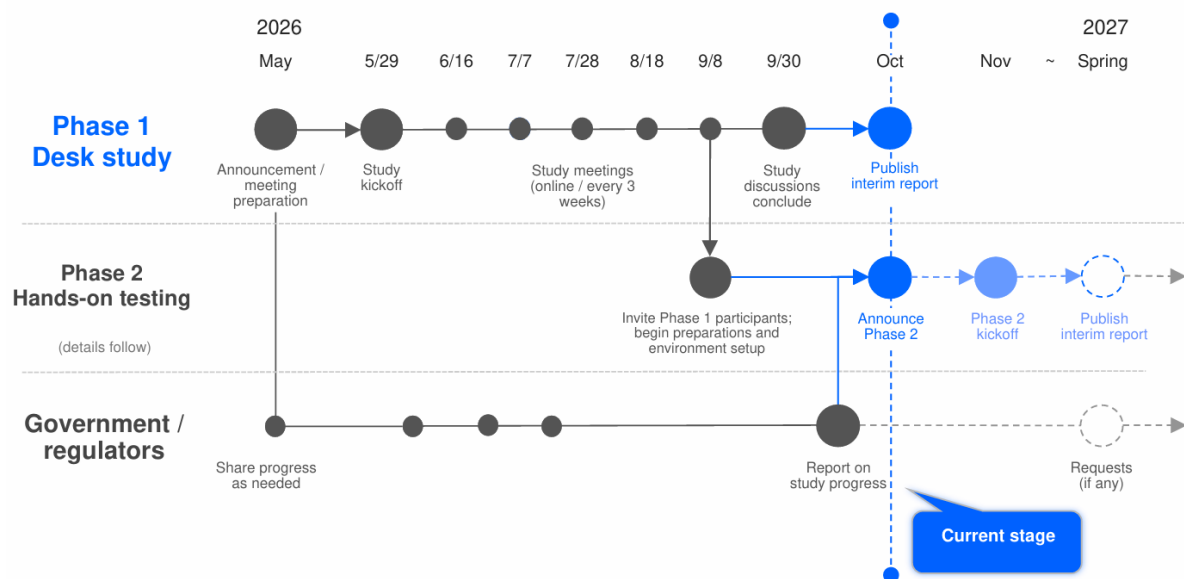
〈Overall System Configuration of the Tokenized Securities (t-Securities) / On-Chain Repo Market〉



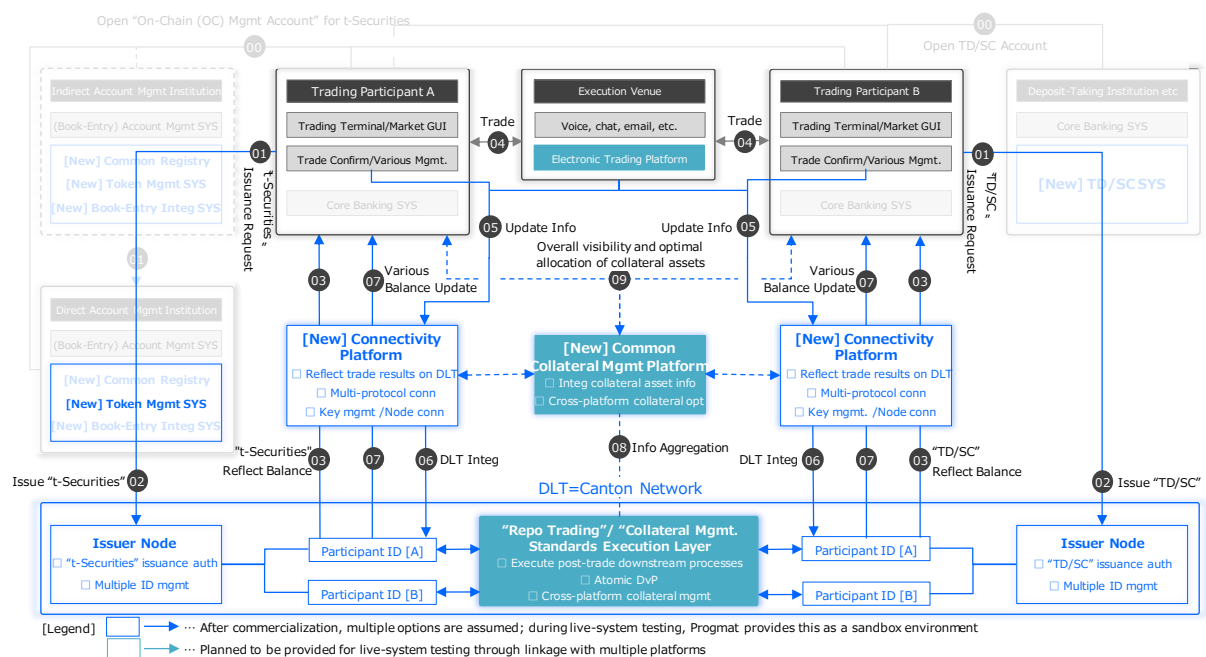
Going forward, the WG will transition to the “Phase 2 | Live Verification Phase,” accepting the participation of market participants other than Phase 1 participants on a rolling basis, and aims to hold a kickoff in November 2026 once preparations for linkage are complete, and to publish an “Interim Summary” once again in spring 2027.

In the “Phase 2 | Live Verification Phase,” the WG will provide a “sandbox environment” in which tJGB / TD / SC (tokens for live verification) can be issued and managed on Canton Network, and plans to link progressively with multiple repo / collateral platforms in Japan and abroad. Specific linkage partners will be announced separately once preparations are complete.

〈Overall Schedule〉



〈Configuration of the “Sandbox Environment”〉



The results of the joint study, including an overview of the “Live Verification Phase,” have been compiled as the “Interim Summary,” which is available at the URL below.

Interim Summary: <https://speakerdeck.com/progmat/wg-dcc-tokenized-jgb-interim-report1-en>

End

^{*1} For an explanation of the background to the establishment of this WG, please refer to the following.

Explanatory article: https://note.com/tatsu_s123/n/n410ce768db58

^{*2} Canton Network is a blockchain purpose-built for regulated financial markets, said to achieve privacy protection through selective disclosure and advanced control functions for financial institutions. It is operated by the Canton Foundation, an independent non-profit organization responsible for the network’s governance, and its development is led by Digital Asset Holdings, LLC (CEO: Yuval Rooz; hereinafter “DA”), one of the founding members of the Canton Foundation.

^{*3} <https://www.broadridge.com/jp/press-release/2026/broadridges-distributed-ledger-repo-processes-8-trillion-in-july>

〈Appendix 1〉 Summary of the “Tokenized Government Bonds / On-Chain Repo WG Interim Summary”

The summary is as follows. For the detailed content of the study, please refer to the published materials.

Item	Content
Background and significance of “on-chain finance” and “tokenized government bonds”	✓ The domestic tokenization market has expanded to approximately JPY 0.8 trillion in AuM, centered on “new retail products,” and <u>the phase is now expanding toward the “sophistication of institutional-investor transactions.”</u> ✓ Globally, <u>efforts to establish common standards using DLT are advancing globally with the aim of “maximizing capital efficiency,”</u> and in particular <u>a consensus is forming around the utility in the post-trade domain,</u> such as settlement and collateral management. ✓ In the government bond repo market, which exceeds JPY 250 trillion, there is great significance in the fact that the utility of “24/7” and “<u>Just in Time</u>” operation translates into real demand in the <u>non-CCP-cleared</u> (CCP = central counterparty; for government bonds, the Japan Securities Clearing Corporation), <u>overseas-time-zone, and outside-BoJ-intraday-overdraft-coverage</u> domains.
Methodology for “tokenized government bonds”	✓ “<u>Tokenized government bonds (tJGB)</u>” adopts as its primary approach <u>a method of managing the book-entry government bond itself on-chain (as an electromagnetic record of the book-entry transfer account register),</u> rather than “registered government bonds” or “linked rights.” ✓ An “<u>on-chain management account (OC account)</u>” that synchronizes with the <u>distributed ledger (DLT)</u> is established, switching only the management method while preserving the legal nature of the instrument as a book-entry security. ✓ Processing via DLT is <u>mapped to “transfer applications and notifications” under the Book-Entry Transfer Act,</u> satisfying the required data items and implementing the hierarchical processing among account management institutions. ✓ While it would be conceivable to treat the tJGB book-entry transfer account register (the authoritative copy) as the DLT node itself, recording data such as personal information on a DLT is inappropriate; moreover, to ensure extensibility capable of accommodating multiple DLTs with differing standards, the primary approach is a configuration in which <u>the OC account record on a “new system” that operates 24/7 and remains constantly synchronized with the DLT serves as the book-entry transfer account register (the authoritative copy).</u> ✓ The <u>account management system that manages existing book-entry securities is utilized as a hub for peripheral linkage and for creating files for storage,</u> and <u>minimizes the impact of modifications to existing systems</u> by merely synchronizing the OC account data as a “copy” during business hours. ✓ The WG will <u>begin with on-chain transactions “under a single direct account management institution,”</u> not requiring CSD (central securities depository; for government bonds, the Bank of Japan) linkage, and will study in parallel a method for transactions across account management institutions in which “linkage to the CSD is made via API, triggered by lock information on the DLT, and the transfer is finalized after the CSD record is completed.” ✓ While the use of DLT itself as an electromagnetic recording method is not precluded under the existing legal and regulatory framework, <u>consistency with</u>

Item	Content
	<u>operational rules, including the BoJ’s handling hours, must be confirmed with the BoJ / authorities prior to practical implementation.</u>
Overall picture and components of “on-chain repo”	✓ Rather than a “TokenVault / fully on-chain” type similar to DeFi (decentralized finance), <u>the primary target is the post-trade of non-CCP-cleared bilateral transactions that maintain existing execution venues and master agreements.</u> ✓ It is reasonable to verify, as a short-term use case, <u>the resolution of constraints in the non-CCP-cleared domain involving non-residents</u>, such as cross-border and intraday transactions. ✓ No new master agreement will be established; rather, <u>a “digital-asset annex” will be added to the current master agreements (the “Master Agreement for Gensaki Transactions” and the “GMRA”)</u>, maintaining the existing scope of close-out netting and the like. ✓ Post-trade matching, settlement, and collateral management will be made STP (straight-through processing), enabling <u>intraday transactions with tenors measured in hours to be processed on a 24/7, regular, and repetitive basis</u> in conjunction with tJGB and TD/SC. The value of intraday lies not in same-day settlement itself, but in the ability to operate contracts, balances, interest, and the like repetitively on an hourly basis—through two DvPs at the start and end times and within short time frames. ✓ The system will be composed of a “(tJGB and TD/SC) issuer node,” a “post-trade standard execution layer,” and a “Connectivity Platform,” <u>connecting multiple platforms / standards and existing operations across the board.</u> ✓ Excluding the domains already satisfied by the BoJ’s intraday overdraft and the like, the WG will <u>identify and verify the “remaining pain points.”</u> such as parties ineligible to use the BoJ intraday overdraft (e.g., non-residents / funds), overseas time zones, and foreign-currency funding.
Next actions toward the practical implementation of “tokenized government bonds”	✓ As the “Live Verification Phase,” the WG will <u>build a “sandbox environment” for tJGB / TD / SC on Canton Network</u> and <u>connect it with multiple repo / collateral platforms in Japan and abroad.</u> ✓ “Sandbox participants” who are repo-market stakeholders will, after agreeing to the terms of use including cost sharing, be able to <u>access the actual user interfaces and confidential information of the linked platforms and gain hands-on experience with their processing workflows of the connected platforms,</u> making it possible to <u>verify, using live systems, use cases and adoption effects</u> such as “intraday,” “cross-border,” and “cross-cutting management of funds / collateral.”

〈Appendix 2〉 Related Organizations

(1) Digital Asset Co-Creation Consortium (DCC) Operating Secretariat

Company name: Progmatt, Inc.

Representative: Tatsuya Saito, Representative Director, Founder and CEO

URL: <https://progmatt.co.jp/>

Overview: https://note.com/tatsu_s123/n/n03a291fa52ab

(2) “Tokenized Government Bonds / On-Chain Repo WG (Phase 1)” Participating Organizations (as of reporting)

Category	Specific names (alphabetical order)
Asset management companies	Amova Asset Management Co., Ltd. BlackRock Japan Co., Ltd. Mitsubishi UFJ Asset Management Co., Ltd.
Banks / trust banks / trust companies	Custody Bank of Japan, Ltd. Japan Digital Asset Trust Preparatory Company, Inc. Mitsubishi UFJ Trust and Banking Corporation Mizuho Bank, Ltd. Mizuho Trust & Banking Co., Ltd. MUFG Bank, Ltd. SBI Shinsei Trust & Banking Co., Ltd. SMBC Trust Bank Ltd. State Street Trust and Banking Co., Ltd. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited The Master Trust Bank of Japan, Ltd. The Norinchukin Trust & Banking Co., Ltd.
Insurance companies	Nippon Life Insurance Company Tokio Marine Holdings, Inc.
Securities firms	Citigroup Global Markets Japan Inc. Daiwa Securities Co. Ltd. DSB Co., Ltd. Japan Bond Trading Co., Ltd. JBond Totan Securities Co., Ltd. Mitsubishi UFJ eSmart Securities Co., Ltd. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. Mizuho Securities Co., Ltd. Rakuten Securities, Inc. SBI SECURITIES Co., Ltd. Smartplus Ltd. SMBC Nikko Securities Inc. Tradeweb Japan K.K. Yensai.com Co., Ltd.
Secondary-market operators	JPX Market Innovation & Research, Inc. Osaka Digital Exchange Co., Ltd.
Money-market brokers (tanshi companies)	Central Tanshi Co., Ltd. The Tokyo Tanshi Co., Ltd. Ueda Yagi Tanshi Co., Ltd.

Category	Specific names (alphabetical order)
Securities finance company	Japan Securities Finance Co., Ltd.
Repo-protocol-related organizations	Broadridge Japan Ltd. Secured Finance AG
Public-blockchain-related organizations	AltX Research K.K. Ava Labs, Inc. Crypto Garage, Inc. Datachain, Inc. Digital Asset Holdings, LLC Next Finance Tech Co., Ltd.
Law firms	Anderson Mōri & Tomotsune (Gaikokuho Kyodo Jigyo) Linklaters (Gaikokuho Kyodo Jigyo) Mori Hamada & Matsumoto (Gaikokuho Kyodo Jigyo) Nagashima Ohno & Tsunematsu Nishimura & Asahi (Gaikokuho Kyodo Jigyo) So · Sato Law Office TMI Associates
Accounting firms / tax firms	PwC Tax Japan Tokyo Kyodo Accounting Office
Observers	Other related organizations / experts (14 organizations)