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To:

Crypto Task Force Chairman and Commissioner Hester M. Peirce
U.S. Securities and Exchange Commission 100 F Street, N.E.
Washington, DC 20549-0213

March 25, 2025

Proposal for U.S.–Japan Collaboration on Tokenized Economy and Web3 Innovation

Dear Crypto Task Force Chairman and Commissioner Peirce

Executive Summary

The Asia Web3 Alliance Japan, in alignment with its mission to promote a secure and progressive Web3 ecosystem in Asia, submits this proposal to the U.S. SEC’s Crypto Task Force with the objective of building a strategic U.S.–Japan partnership on tokenization and Web3 regulatory innovation.

This proposal outlines the importance of regulatory clarity, interoperability of frameworks, and joint development of compliant and inclusive tokenized markets. It offers actionable steps to establish regulatory alignment that will enable both U.S. and Japanese startups and enterprises to thrive in the emerging token economy.

Background

With the rapid rise of blockchain technology, both Japan and the United States have witnessed significant interest and development in tokenized assets, decentralized applications, and digital ownership models. Governments, institutions, and startups are exploring the use of tokenization to digitize real-world assets (RWAs), including:

- Real estate
- Financial instruments
- Intellectual property
- Consumer rewards and loyalty points
- Digital collectibles and NFTs
- Equity and governance tokens

Despite growing innovation, regulatory uncertainty—especially around the legal classification, tax treatment, and compliance processes for tokens—remains a major obstacle for sustainable growth.

Japan, while proactive, has yet to define clear pathways for Web3 startups to issue tokenized assets without facing heavy legal burdens. The U.S., through the work of the Crypto Task Force, has made progress in identifying security categories and launching safe harbor discussions, which we believe can serve as a model for international cooperation.

Challenges Faced by Japanese Web3 Startups

1. Unclear Token Classification
2. Projects face difficulty identifying whether their tokens fall under securities, utility tokens, stablecoins, or commodities.
3. Lack of Token Offering Frameworks
4. No specific regulations exist for tokenized offerings, making it risky for startups to launch products domestically or internationally.
5. Restricted Access to Global Markets
6. Without reciprocity or alignment between U.S. and Japanese token frameworks, startups are excluded from investment and partnership opportunities abroad.
7. Overburdened Compliance
8. Legal and tax interpretations differ significantly across regions, leading to redundant due diligence costs and discouraging innovation.

Proposal Objectives

We propose the formation of a U.S.–Japan Tokenization and Web3 Regulatory Collaboration Program, led jointly by the SEC’s Crypto Task Force and relevant Japanese authorities (such as JFSA, METI, and BOJ), with the following objectives:

1. Create a Harmonized Token Classification Framework
 - Define “tokenized securities,” “utility tokens,” and “non-security digital assets” in consistent language.
 - Develop guidance for distinguishing native digital tokens vs. traditional securities issued via blockchain.
2. Promote Regulatory Interoperability
 - Work toward mutual recognition of compliant tokenized offerings.
 - Enable cross-border token issuance with reciprocal disclosure requirements.
3. Design a Safe Harbor for Early-Stage Token Projects
 - Introduce a safe harbor mechanism similar to the U.S. model in Japan.
 - Allow startups to test projects in a controlled sandbox environment with a path to full compliance.
4. Facilitate Cross-Border Token Trading and Custody
 - Build standards for licensed custodians and trading platforms to handle tokenized assets recognized in both jurisdictions.
 - Encourage digital asset exchanges to list compliant cross-border tokens.
5. Launch U.S.–Japan Web3 Regulatory Roundtable
 - Establish an ongoing dialogue between regulators, legal experts, and industry leaders.
 - Share case studies, policy updates, and joint research findings.

Next Steps

We respectfully recommend the following steps:

1. Initial Planning Meeting
2. Arrange a virtual roundtable with Crypto Task Force members, Asia Web3 Alliance Japan, and representatives from Japan's Financial Services Agency (JFSA).
3. Establish a Joint Working Group
4. Formalize a team of regulatory experts and policy advisors to begin mapping similarities and gaps in the token regulations of both countries.
5. Pilot Project Selection
6. Identify 2–3 Japanese and U.S. startups to participate in a joint regulatory sandbox program testing cross-border token issuance.

We believe that tokenization will be a foundational pillar of future economies. Japan and the United States have the shared responsibility and opportunity to co-create a safe, innovative, and inclusive digital financial system.

We sincerely appreciate your consideration of this proposal and look forward to working closely with your esteemed team to shape the future of global Web3 innovation.

Regards,

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President



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