Future initiatives toward sound development of Web3.0

- ✓ **Technologies and business environments change quickly.**
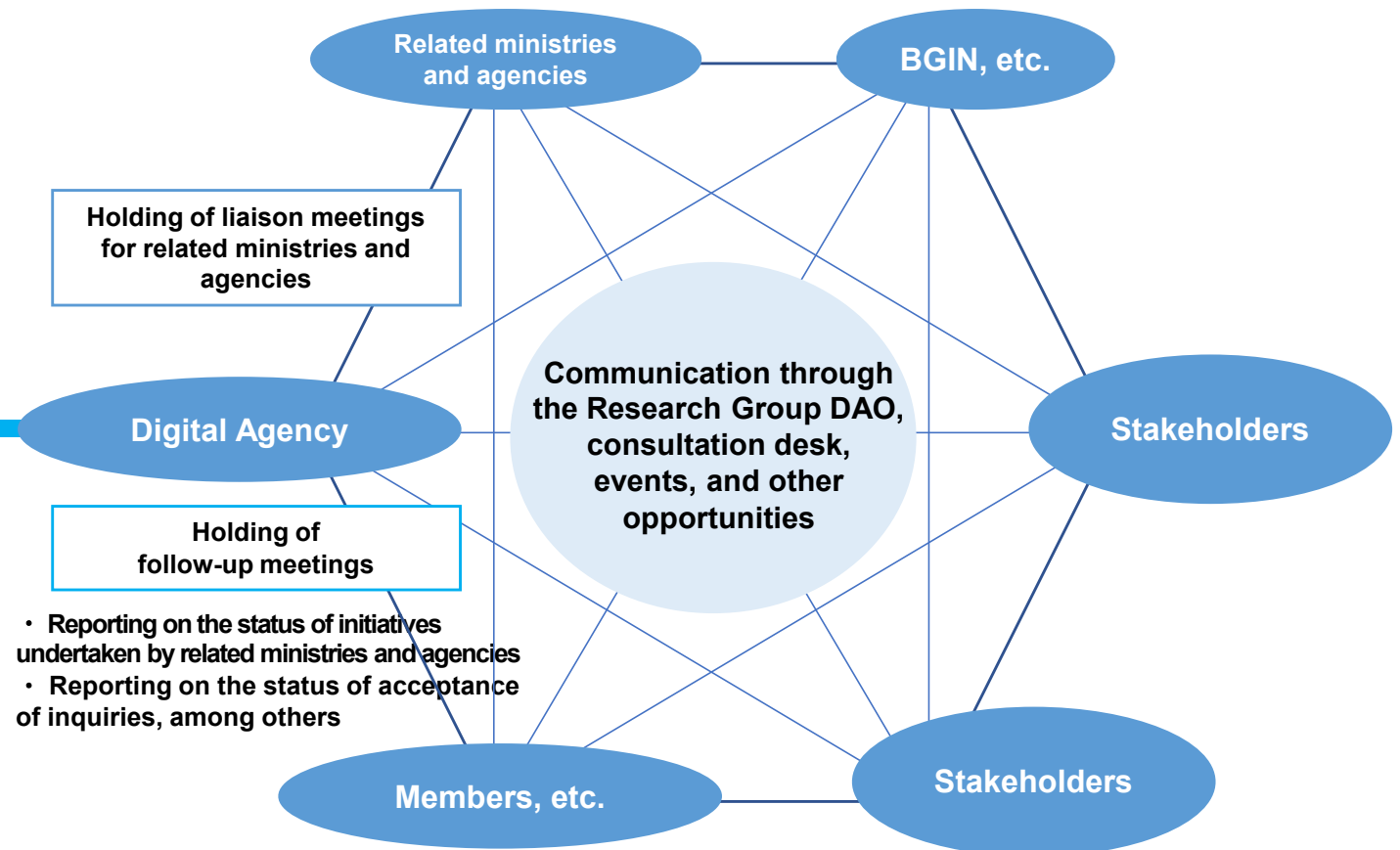- ✓ **Cross-border activities**

A technique to quickly respond to changes in the environment and produce results, called OODA (Observe, Orient, Decide, and Act) Loop, is effective.

It is necessary to create a mechanism in which forming flexible rules including soft laws is considered and related parties repeatedly verify and revise the rules on a periodic basis.

It is important to form rules and consensus that can be shared on the world stage

[Future initiatives]

Response at the consultation desk
- ・ **Municipal governments**
- ・ **Business operators (via industrial associations)**

Follow-up of developments

Support for events

Related ministries and agencies

BGIN, etc.

Holding of liaison meetings for related ministries and agencies

Digital Agency

Communication through the Research Group DAO, consultation desk, events, and other opportunities

Stakeholders

Holding of follow-up meetings

・ **Reporting on the status of initiatives undertaken by related ministries and agencies**
・ **Reporting on the status of acceptance of inquiries, among others**

Members, etc.

Stakeholders

(Note) "Stakeholders" are assumed to be academia, engineers, businesses, and other such entities.

General Arguments

Direction of the discussions

The basic view is to use new digital technologies underlying Web3.0 as **tools to solve various social issues and realize the economic growth of Japan**. Based on this basic view, an examination on how environment should be established to promote Web3.0 was conducted.

Urgently required measures to promote innovations

(i) **Creation of platforms as a venue for dialogs**
(ii) **Establishing of "consultation desk," and holding of the "liaison meetings for related ministries and agencies" to solve issues**
(iii) **International information provision and involvement in consensus formation in relation to Web3.0**
(iv) **Development of principals in R&D and technology development**

Future direction

- It is necessary to effectively and efficiently operate **a mechanism to share the latest awareness of problems at all times and cooperate in tackling the issues**.

- Based on the discussions by the Research Group, the Digital Agency aims to **create an environment where various challenges may be taken up without unreasonable barriers** through the establishment of the consultation desk, as well as the holding of liaison meetings for related ministries and agencies to solve issues.

- Assuming that the Web3.0 Research Group DAO will continue and develop autonomously in the future, it is desirable for **said DAO and related ministries and agencies to work together**, and for **Japanese stakeholders to proactively participate in collaborative efforts such as the BGIN to solve global issues**.

- Based on such an open architecture, we aim to **broaden the base of actors who work on sound development of Web3.0, to allow diverse human resources to think and act on their own initiative under the OODA Loop, and to organically combine them so that more reasonable systems and better services and tools are selected**.

Basic direction of sound development of Web3.0 (i)

Digital assets	**It is necessary to consider** the framework for regulations based on risks pointed out concerning the issues of user protection in digital asset transactions, and **initiatives to ensure the reliability**. **Attention needs to be paid to avoidance of hindrance to market growth**, while appropriately giving consideration to consumer troubles and problems regarding protection of creators' rights caused by the market growth. As this is an area where the framework for regulations is rapidly changing globally, **discussions should be held based on global trends**, without unnecessarily prioritizing domestic regulations only. **Responses need to be made flexibly so as to cope with future environmental changes**.
Decentralized autonomous organizations (DAOs)	**The ideal form of systems should be considered** after analyzing use cases under the current framework and **making the benefits and issues clearer**. In so doing: • It is necessary that technological issues including security are not discussed within closed circles related to individual DAOs, but rather, measures are considered so that limited human resources are efficiently used by, for example, sharing best practice. • It is necessary to consider legislative issues such as limited liability for members, including how interests of stakeholders should be coordinated, from a different perspective than technical issues. It is desirable to first identify issues under the existing limited liability company form and then consider the direction of actions. In order to promote these and other discussions, **it is important that many use cases be generated**. To this end, **the consultation desk established by the Digital Agency** needs to conduct ongoing follow-ups in collaboration with related ministries and agencies **so that initiatives toward the realization of expectations for DAOs such as solution of social issues and creation of new value are steadily promoted**, while asking municipal governments and others that are promoting DAO initiatives to share their awareness of the issues.

Basic direction of sound development of Web3.0 (ii)

Decentralized identity (DID)	There are many issues that should be solved toward practical application, including how to strike balance between the use of public blockchains and privacy protection, and future R&D is expected. Regardless of whether the commercial application of DID is realized, we will monitor the progress in R&D and application of privacy protection technologies, while **seeking the advancement of digitalization in Japan and exploring the application to interoperability of services such as identification certificates and reliable data distribution across borders** through R&D and contributions to international standardization.
Connection with metaverse	The important point of argument is how to establish an environment for the metaverse to develop as an industry in the future. Regarding this point, for example, issues such as the importance of the global standards, the possibility of cross-border disputes among users, and how laws should be enforced on such disputes are partially shared by Web3.0. Therefore, it is highly likely that these common problems materialize concurrently. Based on these points, it is important that related ministries and agencies **work to share information and solve issues in cooperation, taking into consideration the relationships of other issues in Web3.0 (digital assets, DAOs, DID, consumer protection, and law enforcement) with the metaverse**.
User protection and law enforcement	In order to realize user protection and build trust for sound development of Web3.0, it is necessary to **establish systems within Japan and continue strengthening international collaboration** so that appropriate actions can be taken against cross-border crimes. In addition, **ascertaining, analyzing, and utilizing inquiries from users** are also important issues. Therefore, it is crucial that related ministries and agencies **steadily push forward with initiatives such as information provision and awareness-raising to prevent user damage** in collaboration with each other.