

[English Translation]

finasee Pro - Japan to Become a Hub for Crypto Asset ETF Trading – Exclusive Interview  
with GFTN Group CEO

Kazumasa Kawabe, Financial Journalist

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"Tokyo is, along with London, Singapore, and Hong Kong, one of the world's key cities attracting global attention for its approach to digital asset regulation," says Sopnendu Mohanty, who led the fintech strategy at the Monetary Authority of Singapore (MAS) and now serves as Group CEO of the Global Finance & Technology Network (GFTN). How does Japan's shift to reclassify crypto assets from "payment methods" to "investment products" look from an international perspective? We asked Mr. Mohanty about his views on Japan's regulatory developments, including the potential approval of crypto asset ETFs and the outlook for yen-based stablecoins.

—Japan is about to make a significant legal shift, moving crypto assets from the scope of the Payment Services Act to the Financial Instruments and Exchange Act, redefining them from payment methods to investment products. How do you view these Japanese regulatory trends from an international perspective?

Since the passage of the Genius Act in the United States in July 2025, many regulators around the world have been seeking to establish new regulatory frameworks for digital assets. Japan, which has long been engaged in advanced and experimental initiatives in the fintech sector, is part of this global trend.

In this context, the Financial Services Agency's bold decision will fundamentally change how crypto assets are regarded—as "assets." Moving them from the Payment Services Act to the scope of the Financial Instruments and Exchange Act means that they will be regulated under the capital markets framework. This will require measures such as preventing unfair trading, account management, and compliance with various checks, and may also impact licensing frameworks for existing businesses such as securities companies.

—The Financial Services Agency is also showing a proactive stance toward the approval of crypto asset ETFs.

Indeed, I sense that the FSA feels confident it can support ETFs incorporating crypto assets under the framework of the Financial Instruments and Exchange Act (FIEA). Going forward, strengthening custody services to ensure the backing of physical assets will be key to developing this new market. If, in addition, rules around taxation of income gains, disclosure, and prevention of insider trading are established, Japan could very well become a hub for crypto asset ETF trading, including by institutional investors.

In fact, Tokyo is, alongside London, Singapore, and Hong Kong, one of the cities attracting global attention for its digital asset regulatory developments. Many regulators worldwide are positively considering closer collaboration with the FSA regarding digital assets, taking Japan's approach into account.

—There is also growing attention on stablecoins in Japan. Companies are now issuing and operating yen-based stablecoins, and the FSA is taking the lead in pilot projects for securities settlement and large-value transactions involving major trading companies. On the other hand, there remain persistent doubts about how much actual demand there will be for yen-based stablecoins.

I am strongly convinced that yen-based stablecoins will succeed. This is because there is significant potential demand for them as an alternative to dollar-based stablecoins in cross-border trade. If their adoption accelerates, supported by the strong trust in Japan's financial system, liquidity will increase, creating a virtuous cycle that makes yen-based stablecoins an even more practical tool for cross-border settlements.

—Japan's robust financial system is highly regarded internationally, but at the same time, there is a dilemma that strict customer protection requirements may hinder innovation. How do you see the future of Japan's fintech market?

The reason people continue to support traditional finance (TradFi) is precisely because of the trust it inspires. Conversely, the skepticism toward decentralized finance (DeFi) using blockchain technology exists because trust has not yet been fully established. That trust is built on investor protection.

Strict regulations on investor protection safeguard the existing system, and ultimately enhance trust in new systems that emerge. The important thing is not to introduce digital assets as an end in itself, but to ensure that innovation is linked to solving social and economic issues. I am convinced that combining real use cases with strong investor protection will be highly meaningful for the development of business.

Source: [「日本が暗号資産 ETF 取引のハブに」——GFTN グループ CEO 単独インタビュー](#)

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