



June 22, 2018  
bitFlyer, Inc.

## **bitFlyer Inc. responds to improvement order from Japanese Financial Services Agency**

On June 22nd, 2018, bitFlyer, Inc. (bitFlyer Japan) was one of several virtual currency exchanges to receive an improvement order from the Japanese Financial Services Agency (JFSA), the regulator of virtual currency exchanges in Japan, in accordance with Article 63-16 of the Payment Services Act. This order is directed to bitFlyer Japan and not to its USA or European entities, which are regulated in their own geographical jurisdictions.

The order received by bitFlyer Japan relates to the compulsory ID verification procedures of our operations in Japan. As a result, we will be re-examining the ID verification for certain existing customers. To ensure this process is completed quickly and effectively, we will be voluntarily and temporarily suspending the onboarding of new customers.

bitFlyer Japan wholeheartedly apologizes to our customers for not having met the JFSA's exacting standards at this time.

bitFlyer Japan's team is united in our sincerity regarding this business improvement order. The safety and security of our customers and their assets on our platform has always been and will remain our primary concern.

As a company, we strongly believe that regulation is fundamental to the long-term future of Bitcoin and the virtual currency industry.

We sincerely apologize for any inconvenience this has caused to our customers.

### **Business Improvement Orders**

(1) In order to operate a suitable and reliable business, take the measures listed below

- ① Perform an intense review of the management system
- ② Build out risk management system for anti-money laundering and combating the financing of terrorism
- ③ Build out management system for rejecting antisocial forces, etc.
- ④ Build out management system for user assets and take a managerial approach to books and documents
- ⑤ Build out management system for user protection measures

- ⑥ Build out management system for system risks
  - ⑦ Build out management system for user information safety
  - ⑧ Build out management system for ensuring the appropriate interactions for complaints from or consultations with customers
  - ⑨ Build out risk management system for the listing of new virtual currencies
  - ⑩ Regarding improvements ① through ⑨, a third party shall verify the improvements' appropriateness and effectiveness
- (2) A business improvement plan for the improvements ordered in (1) must be submitted in writing by July 23, 2018
- (3) Until the time that the business improvement plan has been fully enacted, a monthly report must be submitted by the tenth of each month detailing the previous month's progress and implementation status

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