



June 1, 2017

Press Release

bitFlyer, Inc.

Japan's first compensation plan for virtual currency traders who are victims of fraudulent withdrawals due to stolen account credentials

bitFlyer, Inc. (CEO: Yuzo Kano; hereafter referred to as "bitFlyer", "the company") will offer a service (hereafter referred to as "service") in which bitFlyer will give compensation to users whose account has been fraudulently accessed using stolen account information and as a consequence had their Japanese yen withdrawn. Since virtual currency is traded through the Internet, virtual currency exchange operators need to take high-level anti-virus and anti-hacking measures so that users can trade with confidence. bitFlyer, which operates the largest¹ virtual currency exchange in Japan, has traditionally promoted efforts to protect users of virtual currency through the Japan Blockchain Association (JBA). For the purpose of further adoption and development of a safe and secure virtual currency service, bitFlyer started offering this service to users with accounts at the company.

¹ bitFlyer became the largest in terms of monthly Bitcoin trading volume, number of customers, and capital (as of the end of February 2017, according to "Bitcoin Trading Amounts at Virtual Currency Exchanges Share Survey" by Seed Planning Company, February 2017, and according to our own estimates.)

Service Outline (some excerpts from "Damage Supplementation Regulations Accompanying Illegal Withdrawals of Japanese Yen Through Stealing E-mail Addresses, Passwords, etc.")

(1) Persons Eligible for Compensation

Among the company's users, this is for users whose account class is "Trade Class", and users who have configured two-factor authentication for login and withdrawal of Japanese yen.

(2) Compensation Services Operation

The company will offer compensation based on "Damage Supplementation Regulations Accompanying Illegal Withdrawals of Japanese Yen Through Stealing E-mail Addresses, Passwords, etc." bitFlyer has agreed to an insurance contract with Mitsui Sumitomo Insurance Company, Ltd. to insure bitFlyer as the company manages this service.

(3) Compensation Details

The company will pay compensation for damages caused by fraudulent Japanese yen withdrawals due to stolen account information up to the amount below:

Classification (at the time of illegal withdrawal of JPY)	Upper compensation limit ²
Users registered with two-factor authentication with total assets worth ³ over 1 million yen	5 million yen
Users registered with two-factor authentication other than the above-mentioned users	100,000 yen

^{2, 3} See "Damage Supplementation Regulations Accompanying Illegal Withdrawals of JPY Through Stealing E-mail Addresses, Passwords, etc."

Service Background

Virtual currency is considered "property value" in the revised law concerning funds settlement enacted in April 2017, and the virtual currency market is expected to further develop in the future under these regulations. Meanwhile, in Internet-based commerce, damage and fraud are on the rise as account credential compromise, illegal use, and attack sophistication increases. For users, damage caused by the theft of account credentials is a major concern. bitFlyer has started the first service of its kind in Japan to promote the protection of its users, and the safety and security of their transactions.

About bitFlyer

bitFlyer is the largest virtual currency and blockchain company in Japan, receiving venture capital from companies such as SMBC Venture Capital, Dai-ichi Life Insurance, Mizuho Capital, Mitsubishi UFJ Capital, Mitsui Sumitomo Insurance Venture Capital, Recruit Strategic Partners, GMO Venture Partners, QUICK, Dentsu Digital Holdings, Venture Labo Investment, and SBI Investment. They are working on innovations through the development of virtual currency and blockchain technologies in the fintech industry and operate bitFlyer, a comprehensive virtual currency platform that provides a virtual currency market and exchange, virtual currency payment services, virtual currency advertising services, and more. They are also involved in the research and development of new services that utilize blockchain technology as well as blockchain inspection and analysis.

Company introduction video: <https://youtu.be/9FZn5XwQKLY>

Introduction video of bitFlyer's company-developed blockchain technology "miyabi":

<https://youtu.be/SxHZI08yhZ0>

Corporate site: <https://bitflyer.jp/>

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