

## Article Information

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# Blockchain Bites: Japan greenlights first regulated yen-backed stablecoin, Pay me in stables! Bullish bags \$1.15b in stablecoins from IPO proceeds, Don't bank on it: when can a bank close a customer account?

Steven Pettigrove, Luke Higgins and Emma Assaf of the Piper Alderman Blockchain Group bring you the latest legal, regulatory and project updates in Blockchain and Digital Law.

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### Japan greenlights first regulated yen-backed stablecoin

Japan's Financial Services Agency will for the first time permit the issuance of yen-denominated stablecoins. According to the [Nikkei news service and Nihon Keizai Shimbun, fintech company JPYC Inc. has secured registration as a funds transfer service provider](#), becoming the first digital currency issuer in the country to receive such a licence. This approval paves the way for the launch of a regulated yen-backed stablecoin as early as October. JPYC aims to issue the equivalent of around seven billion US dollars over the next three years.

Following the registration, [JPYC held a press conference in Tokyo where CEO Noritaka Okabe expressed enthusiasm](#), declaring:

*We can deliver yen to billions of people, and ultimately we want to contribute to improving the value of the Japan yen.*

The stablecoin, also called JPYC, is Ethereum-based and fully convertible into yen. Its value will remain fixed at one yen per unit, supported by highly liquid assets such as bank deposits and Japanese government bonds. Tokens will be issued to digital wallets following bank transfers from individuals or corporations.

Although an earlier version of JPYC has already been in circulation, the company will now integrate the token into Japan's new stablecoin regulatory framework. Okabe explained that JPYC will not rely on transaction fees. Instead, revenue will be generated from interest earned on the government bonds underpinning the stablecoin.

Okabe also disclosed in a post on X that Circle, issuer of stablecoin USDC, has invested in JPYC. Okabe emphasised that the token is an "electronic payment method" intended for payments (e.g., cross-border transfers) rather than a speculative asset:

*Now is the time to spread the word! JPYC is an electronic payment method, not a cryptocurrency. It is a currency-denominated asset whose value is pegged to fiat currency, combining the best of both digital cash and savings.*

The development comes at a time when stablecoins remain a focal point of regulation worldwide, with markets such as the United States and Hong Kong introducing licensing and oversight regimes. The approval of JPYC as a regulated yen-backed stablecoin signals Japan's intention to take a more proactive role in shaping digital asset markets.

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#### **Pay me in stables! Bullish bags \$1.15b in stablecoins from IPO proceeds**

Bullish, the institutional focused cryptocurrency exchange backed by Peter Thiel, has received \$1.15 billion from its initial public offering (**IPO**) entirely in stablecoins. The company's shares now trade on the New York Stock Exchange under the ticker symbol BLSH.

On Tuesday, Bullish [announced in a press release](#) that the majority of the settlement was conducted in USDC, the US dollar-pegged stablecoin issued by Circle with Coinbase serving as custodian. Leading Wall St investment bank, Jefferies, as billing and delivery agent for the initial public offering, coordinated the stablecoin minting, conversion, and delivery process with issuers. Most of the tokens were minted on the Solana network.

In addition to USDC, Bullish also accepted a range of other USD- and EUR-denominated stablecoins including EURC, USDCV, EURCV, USDG, PYUSD, RLUSD, USD1, AUDS and EURAU (Tether's USDT notably absent).

Bullish CFO David Bonanno emphasised the role of stablecoins as "one of the most transformative and widespread use cases for digital assets":

*We view stablecoins as one of the most transformative and widespread use cases for digital assets. Internally, we leverage them for rapid and secure global fund transfers, especially on the Solana network. We believe our collaborations with the stablecoin issuers represented here, including their listings on our Bullish Exchange, demonstrate how the infrastructure and liquidity we've built at Bullish helps power their businesses.*

Greg Tusar, VP of Institutional Product at Coinbase, highlighted the IPO's broader market impact:

*Bullish's innovative use of stablecoins in their IPO marks a significant milestone for the digital asset ecosystem. This achievement underscores the transformative potential of stablecoins in modernizing financial systems, and we're proud that Coinbase's custody solution is supporting this historic moment. With evolving regulatory clarity, including the GENIUS Act, leading businesses like Bullish are better positioned to unlock the full potential of crypto for businesses and consumers alike.*

The move comes as global regulators accelerate efforts to establish clearer rules for stablecoins, [highlighted by the recent passage of the GENIUS Act](#).

While Bullish's decision to receive IPO proceeds in stablecoin is no doubt good marketing, and makes commercial sense for an institutional focused crypto-exchange, the move signals rising trust in stablecoins and their expanding role in mainstream finance. It could also pave the way to traditional securities offerings on-chain, facilitated by stablecoins and tokenisation, showing how blockchain can deliver greater speed, transparency and efficiency to traditional markets.

Written by Steven Pettigrove and Emma Assaf

#### **Don't bank on it: when can a bank close a customer account?**

When a bank declines or withdraws services, this is known as "de-banking". As a practice, de-banking has had widespread impacts on high risk and emerging sectors in Australia and overseas despite regulatory efforts to curb and discourage the practice. In the United States, it has been [widely reported that debanking was used as a political tactic](#) targeting certain industries including the digital asset sector.

While the practice of de-banking stems from the need to manage anti-money laundering and counter-terrorism financing obligations and other risks, its indiscriminate or widespread occurrence against specific sectors, has drawn scrutiny from regulators [with the current Labor Government promising to clamp down on the practice by encouraging transparency and fairness](#).

A recent Supreme Court of New South Wales decision in *Merciful Group Inc v Norfina Ltd t/as Suncorp Bank* [2025]

NSWSC 841 examined when a bank may validly terminate services to protect its legitimate interests and manage risks associated with a customer. Merciful is a registered charity founded in 2016 to provide aid to countries such as Lebanon and Yemen. The case concerned the closure of Merciful's accounts on the grounds that the closure was justified by Suncorp Bank's "legitimate business needs".

### The banking contract

The contractual relationship between Suncorp Bank and Merciful was governed by the *Terms and Conditions for the Suncorp Bank Accounts and for Continuing Credit Accounts* (the **Terms and Conditions**). Clause 15.2 states:

*[Suncorp] can close your Account immediately if: (a) you break the Terms and Conditions in a material way; (b) you exceed your Facility Limit by a material amount; (c) to protect our **Legitimate Interests**; (d) we need to by law or to meet our prudential requirements; [ ... ]*

"Legitimate Interests" were defined in cl 1.3 to include the Bank's legitimate business needs, prudential requirements and/or security requirements, and requirements reasonably necessary to protect against a material risk of financial detriment.

Merciful contended that Suncorp did not have a "legitimate basis" under cl 15.2 to terminate the relationship, arguing:

1. that the closure was only permitted where *necessary*, indicating a standard of "reasonable compulsion";
2. "legitimate interests" are confined to legitimate business needs, prudential requirements and security requirements rather than "risk appetite", "reputational concerns" or "subjective discomfort";
3. demonstrating necessity requires a present or imminent threat to a defined interest which could not reasonably be mitigated other than by termination of banking services; and
4. no such necessity had been shown.

Merciful argued that the bank's decision was based on incomplete recommendations and factual inaccuracies. Further, Suncorp had failed to present evidence that Merciful had engaged in money laundering or regulatory breaches and relied on speculative and unsupported risks.

Merciful also argued that the right to terminate was limited by an *implied obligation* to act honestly, for a proper purpose, reasonably, and not arbitrarily or capriciously. Suncorp argued (and the Court agreed) that such an implication should not be made as it would be inconsistent with the express language of the Terms and Conditions.

### The court's reasoning

Hammerschlag CJ found that Merciful's case failed. The "standard of reasonable compulsion" argument was rejected, with the Court stating that business needs only needed to be *legitimate*. This left two questions (at [77]):

1. Did the Bank have a legitimate business need, prudential requirement or material risk of financial detriment to protect against?
2. Did the Bank, in closing the account under cl 15.2, meet the threshold required to protect that need, requirement or interest?

The first question was answered in the affirmative (at [78]):

*[P]rotecting against the risk of designated services being provided by the Bank being used for money laundering/terrorism financing and protecting against the risk of financial detriment from that being the case is, self-evidently, a legitimate business need and prudential requirement. That risk manifestly also entails a material risk of financial detriment not only from regulators but also of reputational harm.*

As to the second question — whether such a need arose and, in response, whether Suncorp should close the account — cl 15.2 required "no more than that the Bank exercise a rational or *bona fide* judgment or reach a rational honest opinion or belief that that step should be taken" (at [80]).

Hammerschlag CJ rejected the submission that Suncorp was obliged to identify the facts it relied on, provide reasons to or engage with Merciful. The Terms and Conditions imposed no such requirement, nor could one be implied as it failed to satisfy the five criteria for implication of a term (citing *Codelfa Construction Pty Ltd v State Rail Authority (NSW)* (1982) 149 CLR 337 at 347). In practice, a bank will in some circumstances be constrained from providing reasons to a customer

due to anti-tipping off provisions in AML laws.

Although cl 15.2 did not require that Suncorp's opinion or judgment be *reasonable*, the Court found that Suncorp had in fact acted rationally, honestly, in good faith and for a proper purpose. This conclusion was supported by several factors (at [83]):

1. Merciful was transferring large sums from its account to a third-party money remitter. Some transfers had no designation, while others were designated for onward transmission to high-risk countries to which the Bank itself would not send money.
2. the Bank's sophisticated systems assessed the account as high risk;
3. the source of Merciful's wealth and credits could not be verified through open-source searches;
4. reported donations increased over a short period by 225% when the economic climate made this unusual;
5. merchant facilities were being used to process high-value transactions;
6. large amounts of money were being spent on luxury goods;
7. despite appearing to be a substantial operation, Merciful was incurring no business expenditure;
8. there appeared to be connections with men whose names matched individuals linked to crime.

Each of these factors was sufficient on its own to justify closure and taken together they were "overwhelming". The proceedings were therefore dismissed.

### **The future of de-banking**

This case [contrasts with another New South Wales case involving a Muslim charity, Human Appeal \(Human Appeal International Australia v Beyond Bank Australia Ltd \(No 2\) \[2023\] NSWSC 1161\)](#), where Parker J held that Beyond Bank lacked a proper commercial basis for de-banking Human Appeal. Because Beyond Bank had voluntarily adopted the Customer Owned Banking Code of Practice, its terms had to strike a fair balance between the client's legitimate needs and interests and the Bank's own interests and obligations. A right to terminate without reason was found not to achieve that balance.

That case left open the broader question of whether a bank's right to terminate is *always* constrained by an implied obligation of good faith or reasonableness. *Merciful Group Inc v Norfina Ltd t/as Suncorp Bank* demonstrates that the answer will turn on the facts and, importantly, on the express terms of any agreements.

AUSTRAC [has cautioned against de-banking as a practice, warning that it can have a "devastating impact" on legitimate businesses](#). This concern is especially relevant in the crypto sector where businesses struggle to access traditional banking services. As a widespread practice, de-banking is often counterproductive in tackling financial crime by driving activity into unregulated channels, making oversight more difficult and increasing risk. In this context, the decision should not be read as endorsing industry-wide de-risking but rather as a reminder that "no reason" de-banking should be avoided.

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