



September 2, 2024

Empowering Japan for Web3 Revolution: DAO Tokyo 2024

[Gerrit Brugge](#)

Last week, Nicolas and I had the opportunity to speak at DAO Tokyo, Japan's largest DAO event. After engaging in hours of conversations and talks, we returned with valuable insights into the current state of DAOs, both globally and specifically in Japan. Let's dive into the highlights:

Core Points at DAO Tokyo

Before the main event kicked off, discussions centered on the legal status of DAOs and the importance of building structures that comply with regulations. The prevailing sentiment was the need to establish a framework that can endure over time and effectively interface with the real world.

Throughout the following days, both on- and off-stage, various global issues were discussed, ranging from legal setups and Real World Assets (RWA) to the impact of AI on our space.

A common thread across all topics was the necessity for transparency and clarity—externally in the regulatory landscape and internally within DAO organizations.

Anthony Leutenegger, CEO of Aragon, remarked: ***"DAOs should not hide their oversight system. Be transparent! Humans can adapt, but we need clarity and transparency in the structures inside and outside of DAOs."***



DAO Developments: The Limitations of Current Structures and the Risk of Centralization

A few months ago, many projects believed that simply having a token would exempt them from regulations. However, the common practice of off-chain signaling on Snapshot followed by execution on Safe is diminishing. With gas fees becoming less prohibitive on chains other than Ethereum Mainnet, more projects are shifting to full on-chain voting.

Despite this shift, the limitations of pure token voting persist, as it is often inefficient and slow, while also exposing DAOs to economic and social attack vectors. In response to these vulnerabilities, many projects are re-centralizing control out of fear of such attacks.

Addressing this oscillation between the extremes of centralized power and mindless, one-dimensional decentralization, Nicolas and I discussed how both the problem and the solution lie in the inherently subjective nature of human decision-making. We explained how Q allows projects to capture and enforce subjective intent, offering a balanced approach to DAO governance.



*Nicolas Biagosch introduces Shared Governance Security to deal with the inherent subjectivity of human decisions: **“Less than 10% of all decisions are***

binary and can be protected by code alone. The other 90% cannot be coded, need interpretation and demand Shared Governance Security."



Gerrit Brugge introduces Q as an external governance anchor to secure DAOs: „Issues around subjective decisions are not solved with advancements in binary technology.”

The Japanese Approach and the Japan DAO LLC Law

A significant focus of the conference was the latest advancements in Japan's regulatory landscape. With the recent passage of a new law, the formation of Japanese DAO LLCs is now possible, making DAOs and tokenized companies a reality. This law allows for multi-token governance structures, utility tokens, and the clear delineation of responsibilities for operative management and distributed contributors.

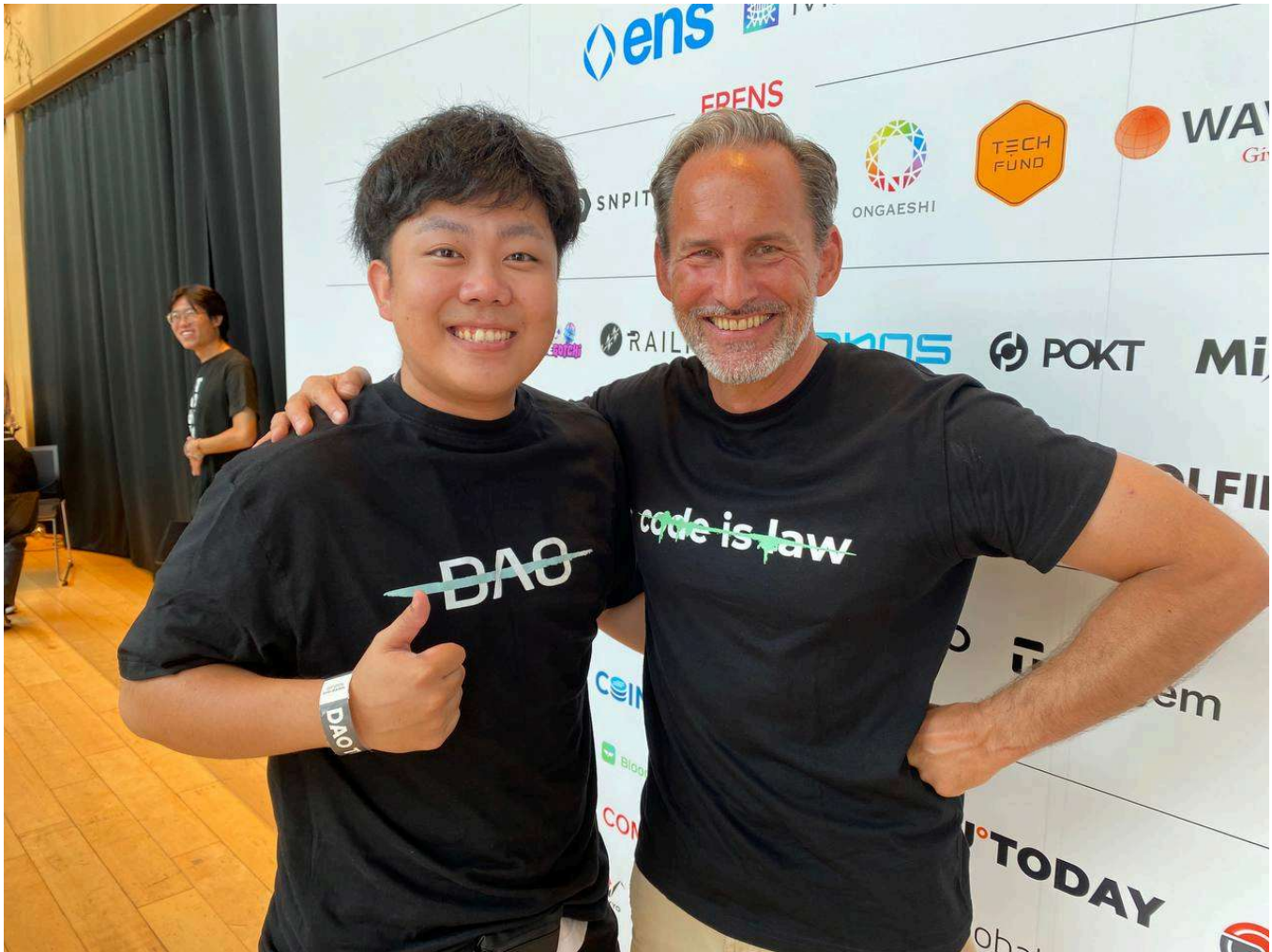
One notable observation was the contrast between Japan's approach to Web3 and that of many projects in the United States. While U.S. projects often prioritize

speed and execution, sometimes addressing legal, regulatory, and risk factors only later, the Japanese approach emphasizes getting things right first, then moving forward.

This method allows new projects to establish themselves within an existing framework, making it easier for them to integrate into the traditional ecosystem. It also facilitates the entry of larger, traditional players into the Web3 space.

So Saito, a practicing lawyer in Tokyo with numerous Web3 clients, noted: "***Japan aims to promote Web3 and foster innovation through its latest DAO deregulation. Regulators have simplified the process for establishing certain types of DAOs in Japan.***"

In this context, a notable project supporting companies in tokenizing and decentralizing is Borderless Japan. Following fruitful discussions at the event, Borderless Japan and Q have decided to partner, aiming to assist companies and start-ups in navigating the space and setting up DAO structures that are compliant with Japanese regulations.



Nicolas and Takashi Oka notice the synergies of Borderless and Q beyond great merch.

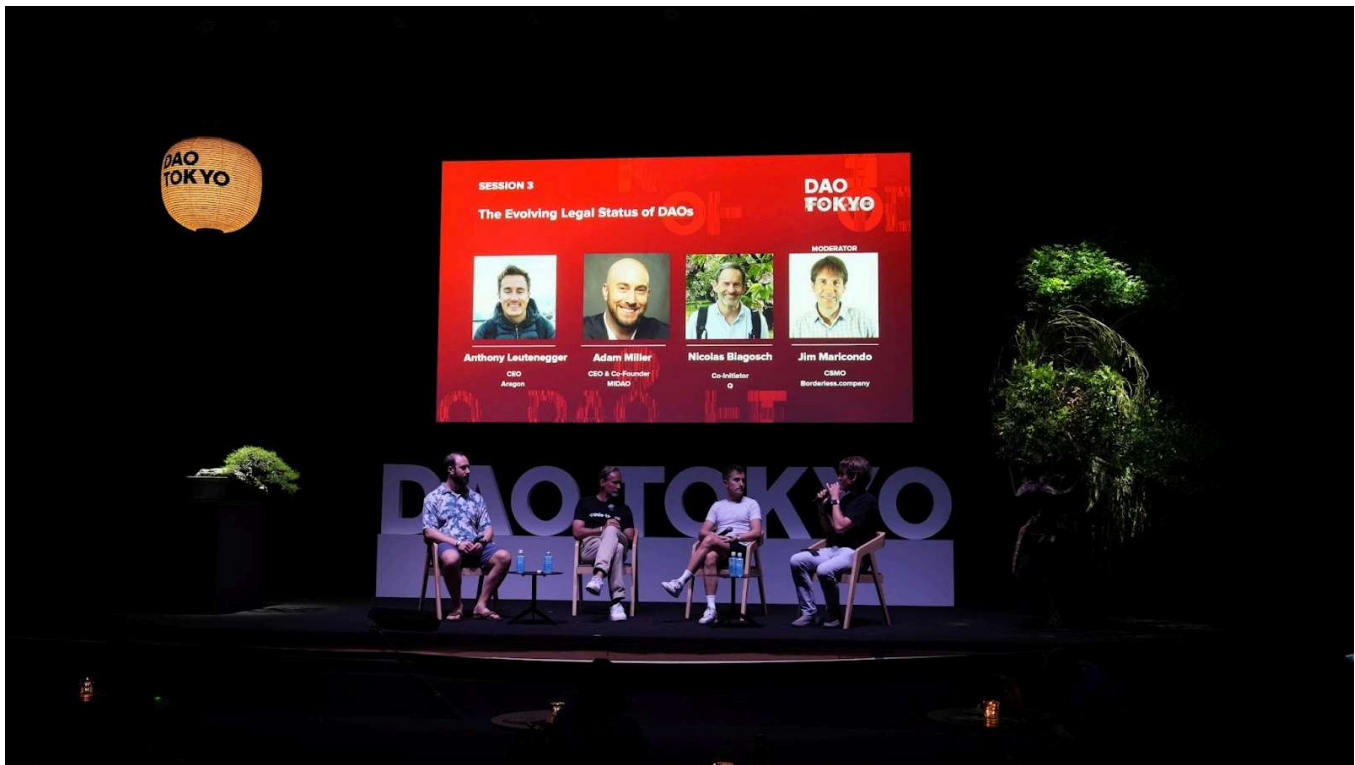
Fundamental DAO Issues Turning into Use Cases

On stage, the discussion shifted to more detailed and practical aspects of how the aforementioned principles are being implemented, with a particular focus on the legal status of DAOs and applications such as Real World Assets (RWA).

These discussions led to partnerships that you will hear more about in the future, notably with Borderless Japan and MIDAO.

Giorgio Donà-Danioni, Co-Founder of KlimaDAO, emphasized the importance of ensuring seamless transitions between on-chain and off-chain assets, stating, "We need to ensure that at every given time, assets can only be moved on-chain or off-chain. The most crucial part for RWA is the off-ramp back into the physical world."

Adam Miller, Founder of MIDAO, added, "***To complement DAOs in choosing the right legal frameworks, they still need great underlying technology. Q's framework provides that, while also adding a layer of governance capability that was not possible until their innovation in allowing root network nodes to play a role.***"



Nicolas on a panel with Adam Miller of MIDAO, Anthony Leutenegger of Aragon, Jim Maricondo of Borderless on the Legal status of DAOs.



Gerrit on a panel on RWA with Kaya Kanamori of Sony Bank, Giorgio Donà-Danioni of KlimaDAO and , Bernardo Quintao of Backed

Development of Q's Partners and Projects to Watch (Plus Some Fun)

As with all conferences, there was a lot of discussion and ideation, making it challenging to recap everything. However, some projects should definitely be on your radar:

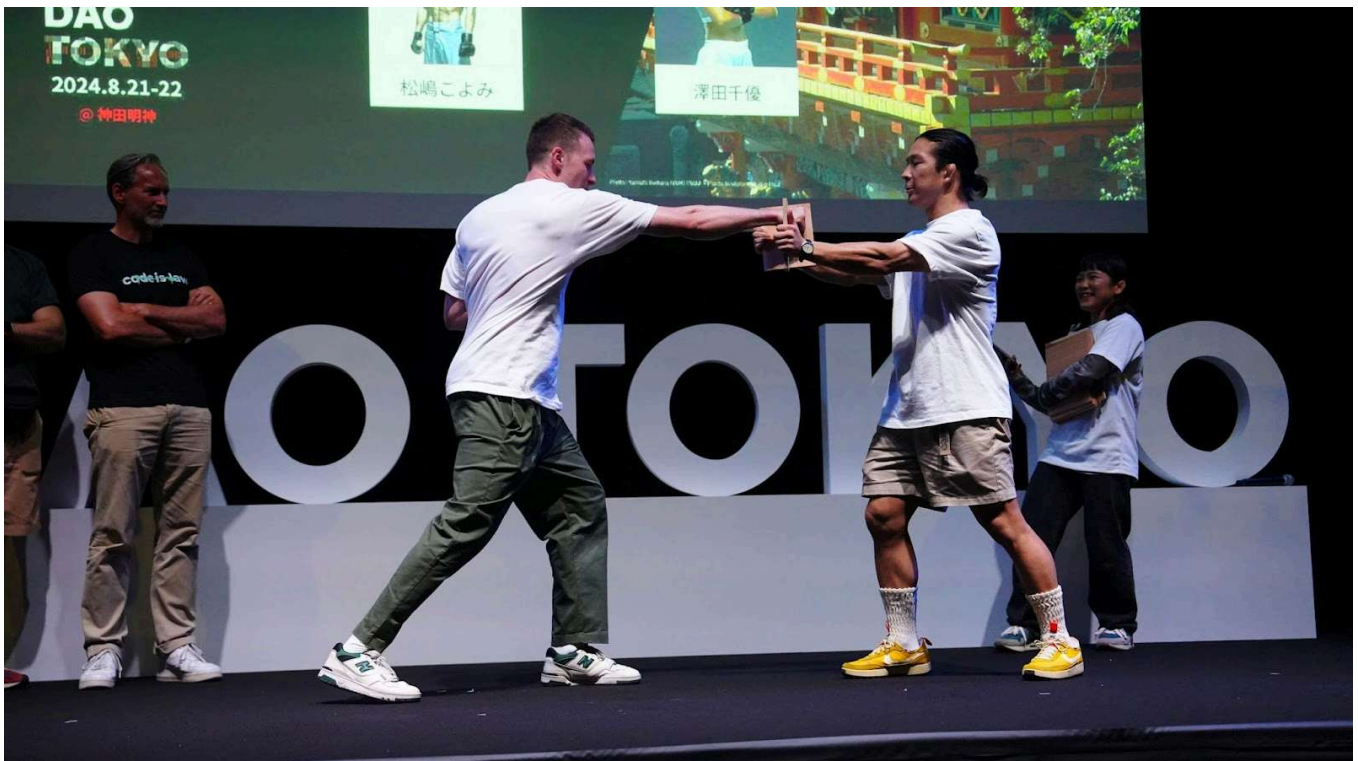
Q partner DeSciWorld introduced and explained the **"Proof of Knowledge"** protocol, which aims to create an open-source data lake for AI.

MIDAO is supporting the setup of legal entities that provide real-world foundations for on-chain structures while preserving Web3 values like anonymity and decentralization.

Borderless is establishing hybrid coordination models that integrate legal entities with on-chain entities in Japan.

Butter is innovating treasury management through prediction markets, making DAOs more effective.

To wrap up the first day, fighters from Imaginary Gym gave the DAO community a fun and energetic demonstration of how to use their fists to close out the day.



Takeaway

The Japanese DAO ecosystem is maturing, showing great promise as a driving force for the adoption of DAO structures beyond mere hype. With a strong focus on quality and clarity, Japanese DAOs are poised to rise and potentially set new standards for Web3.

Q is well-positioned to serve as the missing piece, enabling the enforcement of human subjective decision-making while protecting decentralization and allowing for effective control—making it perfect for connecting Web3 technology with the real world.

With the latest regulatory developments, we anticipate a rise in DAOs in Japan that go beyond the “code-is-law” approach.

A special thanks to Fracton Ventures for organizing and hosting the event! We can't wait for DAO Tokyo 2025!



Gerrit Brugge

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#DAO Tokyo 2024

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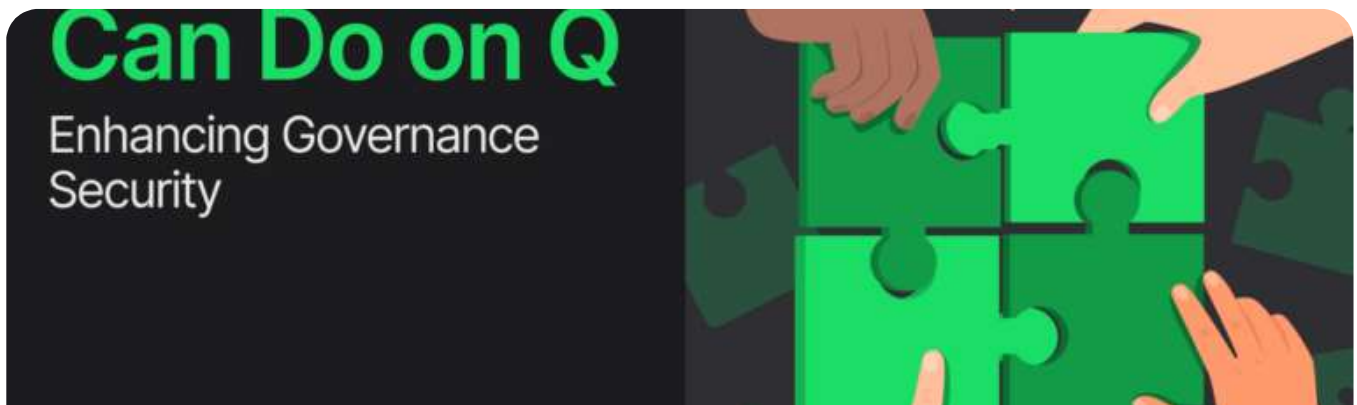
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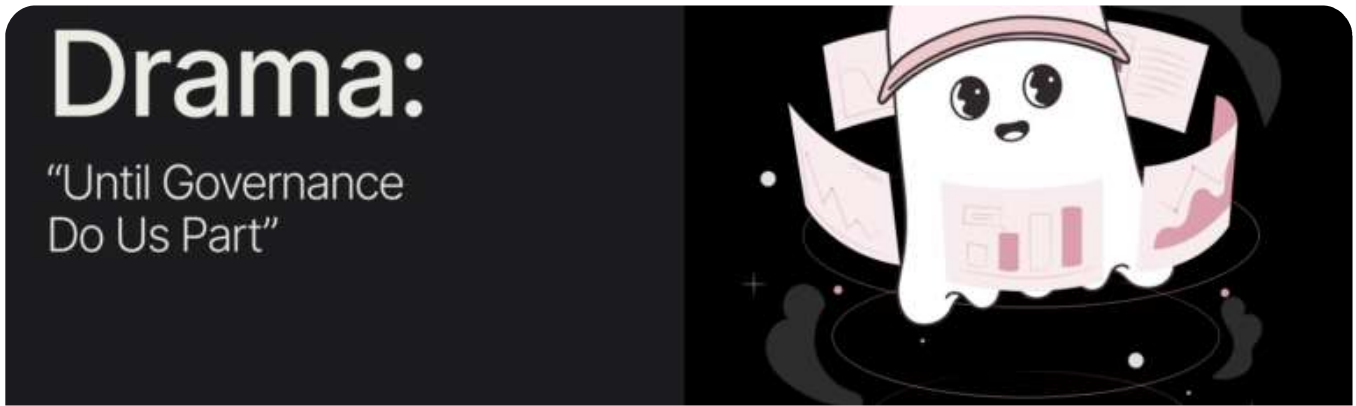
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