



**ASIC**  
Australian Securities &  
Investments Commission

<b>Committee</b>	Parliamentary Joint Committee on Corporations and Financial Services
<b>Inquiry</b>	Oversight of the ASIC, the Takeovers Panel and the Corporations Legislation No. 1 of the 46th Parliament
<b>Question No.</b>	014
<b>Date</b>	27 August 2021
<b>Topic</b>	Local crypto market review
<b>Reference</b>	Spoken, 27 August 2021, Hansard pages 29-30
<b>Committee member</b>	Mr Georganas

### Question

**Mr GEORGANAS:** I thank ASIC for appearing before us today. I have two questions. One goes back to the levy, and I'll ask that last. **One area of the ASIC corporate plan for 2021 to 2025 that I was interested in was the part about crypto assets. Part of the key actions of ASIC is to identify the good practices in how the industry complies with existing obligations for creating and operating exchange traded products and other investment products that provide exposure to crypto assets. The aim is to provide regulatory clarity for market operators and people investing and participating in it, but investigators have undertaken to review the status of local crypto market activity. Has there been a local crypto market review, and if so what was the outcome of the review? If not, will there be a review? If there was a review, did it identify good practices as well as bad practices in that particular area? I'd be really interested to hear about it.**

**Mr Longo:** I'll ask Cathie Armour to speak to this topic as well. Firstly, the crypto space is a big space, and it's generally unregulated by ASIC. We have put out for consultation a proposal for an exchange traded product that has exposure to crypto. We know there's investor and consumer interest in this area, but it's largely unregulated. Secondly, it's been the subject of a range of issues which have been brought to our attention, about online scams and things of that nature. So I think there's quite a bit of policy work ahead of us to get a grip on this space. I don't think we've done any overall review of the crypto market in quite the way that you've described. Commissioner Armour, are you able to elaborate that on that last one? I don't think we have done anything like that.

**Ms Armour:** No, I don't believe we have, either. But it is an area that's rapidly developing. Of course, there are other regulatory bodies in Australia that deal with digital exchanges; for example, there's a system of registration through AUSTRAC for some of those exchanges. We're very much focused on crypto-assets that fall into the category of being a financial product; we're particularly focused on those types of crypto-assets. We are interested in setting up some better practices in relation to expectations on market operators where they quote funds which are referenced back to crypto-assets. That's what our consultation paper was about. Does that help?

**Mr GEORGANAS:** I want to clarify this. The corporate plan of 2021 to 2025 is to review the status of local crypto market activity. When will the review be done? If there is a review, what have its outcomes been, and what leakages have you found in it?

**Ms Armour:** That is ongoing work that we're doing. We have a crypto working group and we're keeping on top of the developments in this area. We haven't produced that formal piece of work yet. That's something we'll focus on in the coming year: what we're able to provide publicly.

**Mr GEORGANAS:** Can you outline when that review may be completed, or when that report or that work will be completed?

**Ms Armour:** I think this is going to be a bit of a developing area. I'm very happy to come back to you on notice with a bit more detail about our forward work plan, but I suspect it is an ongoing piece of work where we're monitoring a new market that is growing quite quickly as we go. I'm very happy to come back with a little bit more information on the detail of our plan.

**Mr GEORGANAS:** I understand. That's very important work in terms of identifying, as you say, good practices but also identifying bad practices. There's so much unknown about it. So many people are querying it, through my office, and people that have made estimates have been burnt big time in it. So it's an area of significant importance that's growing at an incredible pace. I think it's very important.....

## **Answer**

[ASIC's Corporate Plan](#) identifies a focus area on crypto-assets identifying the following key action: 'Review the status of local crypto market activity (e.g. decentralised finance platforms)' (see p24).

This action refers to an ongoing area of work to assist ASIC to identify and monitor the nature, size, and scale of the crypto-asset market activity in Australia, as relevant to ASIC's regulatory remit. There is no scheduled end date to this work at this stage due to the evolving nature of this area.

There are no specific public reports envisaged as part of this work. However, ASIC will consider what statements it can make publicly with respect to crypto-asset market activity on an ongoing basis.

The work completed to-date has identified that:

- it is difficult to get a sense of the true nature and scale of the Australian crypto-asset market activity with existing available information;
- to get a sense of what exposure Australians have to crypto-assets we would require direct information from entities that are generally based overseas and outside of ASIC's jurisdiction, which is resource-intensive to obtain; and
- publicly available information from consumer survey results (commissioned by various industry participants) provide an indication of how Australian consumers are engaging with the crypto-asset industry.