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Secretariat
Senate Economics Legislation Committee
PO Box 6100
Parliament House
Canberra ACT 2600

By email: economics.sen@aph.gov.au

Dear Secretary,

INQUIRY INTO THE CORPORATIONS AMENDMENT (DIGITAL ASSETS FRAMEWORK) BILL 2025

Introduction

FinTech Australia welcomes the opportunity to make a submission to the Committee in relation to the Corporations Amendment (Digital Assets Framework) Bill 2025 (the Bill).

This submission reflects consultation with members operating across the digital asset ecosystem, including exchanges, custody providers, infrastructure and technology firms, and professional service providers supporting the sector. It builds on FinTech Australia's earlier submission to Treasury on the exposure draft legislation and incorporates feedback gathered through recent member discussions regarding the Bill now before Parliament.

This submission does not seek to revisit the broader policy rationale for reform, but instead focuses on practical considerations that will determine whether the framework operates effectively in practice. The Bill represents an important step in establishing clearer regulatory settings for digital asset activities in Australia. As such, the key opportunity now lies in ensuring that implementation is clear, proportionate and supported by appropriate regulatory guidance and resourcing.

Consistent with feedback from members, this submission focuses primarily on implementation considerations, including licensing transition, regulatory guidance, operational clarity and coordination with adjacent reforms. In doing so, FinTech Australia aims to assist the Committee by identifying practical measures that will support the effective commencement of the regime and help ensure that the policy objective of greater regulatory certainty is realised in practice.

Executive summary

FinTech Australia supports the passage of the Bill and welcomes the progress made since the Treasury [exposure draft](#). In our earlier [Treasury submission](#), we proposed a number of amendments and sought clarification on specific elements of the draft framework. We acknowledge that Treasury and the Government have carefully considered stakeholder feedback and that the Bill before Parliament incorporates several important refinements, including clearer definitions, clearer platform accountability expectations and streamlined transition arrangements.

The digital assets sector has long operated in an evolving regulatory environment. While ASIC's guidance in [INFO 225](#) was developed and updated in good faith to provide interpretive clarity under existing law, it has also highlighted the limits of applying legacy frameworks to emerging technologies.

ASIC's [decision](#) to provide a class no-action position, expiring on 30 June 2026, has provided valuable interim certainty and has been welcomed by industry.

In our view, progressing the Bill will provide a clearer and more durable regulatory foundation. Prolonged uncertainty would risk reintroducing ambiguity at a time when investment decisions, capital formation and long-term business planning rely on predictable regulatory settings.

Following consultation with members, there is no appetite to delay passage of the Bill in pursuit of substantive amendments. Instead, there was strong consensus that the focus should now turn to ensuring smooth, proportionate and well-resourced implementation of the new framework.

Finally, members also emphasise the importance of maintaining momentum on complementary reforms. In particular, the regulation of stablecoins under the separate payment service provider licensing framework remains a priority, and its progression will be important to achieving a coherent and coordinated digital asset regulatory landscape.

Industry's principal concern is not the policy architecture itself, but ensuring that implementation delivers clear and workable outcomes.

Recommendations

FinTech Australia respectfully recommends that the Committee:

Implementation and Transition

1. Support additional ASIC resourcing to manage licensing applications, standards development and guidance preparation.
2. Encourage ASIC to establish a formal pre-application engagement process.
3. Support transitional settings that recognise good-faith compliance efforts and provide regulatory certainty while licence applications are assessed.
4. Encourage publication of a clear implementation roadmap, including consultation timelines and application processing expectations.

Standards and Guidance

5. Recommend formal consultation on ASIC's asset-holding and transactional standards.
6. Encourage early release of comprehensive, example-driven regulatory guidance from ASIC.
7. Support practical guidance addressing key perimeter and operational issues, including scope boundaries, outsourcing arrangements, cross-border activity and liability allocation.

Governance and Engagement

8. Encourage the establishment of a temporary implementation working group or equivalent forum involving Treasury, ASIC and industry representatives to support practical rollout.

Coordination with Related Reforms

9. Emphasise coordination with Payment Service Provider reforms to avoid duplication or regulatory overlap.
10. Support continued progress on stablecoin regulation through the PSP framework.

Future Review

11. Encourage a post-implementation review to assess the effectiveness and proportionality of the regime once operational.

About FinTech Australia

FinTech Australia is the peak industry body representing the Australian fintech sector, with a membership of more than 400 companies and startups nationwide. Our members span the full

breadth of the fintech ecosystem, including payments, consumer and business lending, artificial intelligence, wealthtech, regtech, neobanking, open banking, cryptocurrency, blockchain, DeFi, and Web3. The fintech industry delivers a wide range of business-to-business and business-to-consumer financial products and services that support the smooth operation of the Australian economy.

Our vision is to position Australia as one of the world's leading markets for fintech innovation and investment. This submission has been compiled by FinTech Australia and its members in an effort to advance public debate and drive cultural, policy and regulatory change toward realising this vision, for the benefit of the Australian public.

FinTech Australia would like to recognise the support of our policy partners, who assist in the development of our submissions:

- Allens;
- Ashurst;
- DLA Piper;
- Gadens;
- King & Wood Mallesons; and
- K&L Gates.

FinTech Australia and its members particularly acknowledge the support and contribution of our policy partner Gadens to the topics explored and developed in this submission.

Licensing, Transition and Regulatory Architecture

Implementation considerations

The Bill provides the structural foundation for a modern digital asset custody regime. Its success, however, will depend heavily on how effectively the framework is implemented in practice. With appropriate resourcing, consultation, clear guidance and sensible transitional safeguards, the new regime can deliver durable regulatory certainty and strengthen Australia's competitiveness in digital finance.

The Bill introduces a single six-month transition period from commencement. Within that period, affected businesses will need to assess regulatory perimeter, prepare licence applications or variations, uplift governance and compliance arrangements, align operational practices with ASIC standards once finalised, and operationalise DAP/TCP requirements.

This is an ambitious timetable. It is achievable, but only if supported by appropriate regulatory coordination, clear guidance and sufficient ASIC resourcing.

ASIC Resourcing and Licensing Capacity

Members expressed strong concern regarding ASIC's capacity to process what is likely to be a significant spike in complex AFSL applications and licence variations during the transition period. The introduction of the Digital Assets Framework will require a large number of existing market participants to assess their current licensing arrangements and, in many cases, seek new authorisations or expand existing permissions. This represents a substantial administrative and supervisory task, both for industry and for the regulator.

Experience in other sectors indicates that AFSL application and variation processes can extend for considerable periods, particularly where business models are novel or where additional supervisory engagement is required. Digital asset platforms are likely to involve precisely these characteristics. If a material number of operators seek authorisation concurrently, there is a real risk that existing ASIC licensing resources may come under pressure. Extended processing times would create uncertainty for businesses seeking to transition into the new framework and could undermine the policy objective of providing clear and predictable regulatory settings.

For many businesses, licensing outcomes directly influence capital allocation, operational planning, recruitment decisions and investment timing. Uncertainty around application processing can therefore have broader economic consequences, particularly in a sector that is highly sensitive to regulatory clarity and timing.

Accordingly, FinTech Australia considers that implementation of the regime will require a short-term uplift in resources dedicated to ASIC's licensing and digital asset supervisory functions. This would help ensure that applications can be assessed in a timely and consistent manner and that regulatory engagement remains constructive during the transition period. Greater transparency will also be important. Public reporting of expected and actual processing timeframes for digital asset-related applications would assist businesses in planning compliance activities and provide confidence that implementation is progressing as intended.

In addition, to avoid industry-wide disruption it is advisable for ASIC to set clear internal prioritisation policies regarding digital asset licensing matters. Early and predictable decision-making would support orderly transition, reduce uncertainty and help avoid unnecessary disruption to services.

Pre-Application Engagement and Responsible Manager Expectations

Members highlighted ongoing uncertainty regarding how ASIC will assess responsible manager (RM) experience within the context of digital asset business models. As the new framework introduces licensing requirements for activities that are still relatively novel, clarity around competency expectations will be essential to supporting an orderly transition.

Digital assets remain an emerging sector. While many operators have substantial experience in areas such as custody, trading, financial services compliance, governance, technology risk management and market operations, there are currently limited formalised training or certification pathways specifically tailored to digital asset platforms. As a result, there is understandable concern that established expertise may not always map neatly onto traditional licensing frameworks unless clear guidance is provided.

In this context, it is important that relevant experience gained in analogous financial services activities is appropriately recognised when assessing responsible manager competency. Industry would also benefit from clearer articulation of ASIC's expectations regarding the skills, experience and governance capabilities that will be considered sufficient for digital asset authorisations. Without such clarity, there is a risk that operators may be disadvantaged simply due to the relative novelty of the asset class rather than any deficiency in governance or capability.

To support efficient implementation, FinTech Australia recommends that ASIC establish a formal pre-application engagement window prior to, or during, the transition period. Such a process would allow prospective applicants to discuss proposed authorisations, test responsible manager competency profiles, and clarify documentation and evidentiary expectations before formal lodgement. Early engagement of this kind would help reduce regulatory uncertainty, improve the quality of applications submitted, and minimise unnecessary application churn during a period where both industry and regulators will be adapting to a new framework.

Transition, Good-Faith Reliance and Enforcement Approach

ASIC's current class no-action position, which is due to expire on 30 June 2026, has provided valuable interim certainty for industry while the legislative framework has been developed. However, members remain concerned that there is a risk of potential regulatory uncertainty during the transition during the transition from the current arrangements to the new regime, particularly given the complexity of the licensing changes and the compressed implementation timeframe.

Members are especially concerned about scenarios in which operators act responsibly and in good faith, lodge timely AFSL applications or licence variations, and make genuine efforts to align their systems and governance arrangements with published regulatory guidance, yet later face compliance

criticism as regulatory interpretation evolves during implementation. In a framework of this complexity and novelty, some degree of interpretive uncertainty is inevitable, particularly in the early stages as regulators and industry work through practical application issues.

In this context, FinTech Australia considers it important that the transition settings promote proactive compliance rather than create additional regulatory risk for entities attempting to do the right thing. We therefore recommend clear public confirmation that operators who lodge complete applications within the transition period may continue operating while those applications are being assessed, so that business continuity is maintained and market disruption is avoided. Consideration should also be given to a limited good-faith safe harbour for entities that can demonstrate they have acted consistently with published guidance and taken reasonable steps to comply with the new framework. More broadly, a facilitative and supervisory enforcement posture during the initial implementation phase would support smoother adoption of the regime and encourage constructive engagement between industry and regulators.

The overarching objective should be to encourage proactive compliance and orderly transition, rather than penalise reasonable interpretation in a rapidly developing and technically complex regulatory environment.

Asset-Holding and Transactional Standards

The Bill empowers ASIC to determine minimum asset-holding and transactional standards for Digital Asset Platforms (DAPs) and Tokenised Custody Platforms (TCPs). These standards will be highly significant in practice, influencing custody model design, capital allocation, operational risk management and the availability of insurance coverage across the sector. As a result, they will play a central role in shaping how the new regime operates in practice.

Given their significance, it will be important that these standards are developed transparently and in close consultation with industry. Early engagement will help ensure that requirements are both practical and proportionate, while still achieving the underlying policy objectives of market integrity and consumer protection. FinTech Australia therefore encourages formal public consultation on draft standards, early publication of exposure drafts prior to commencement, and clear articulation of the policy rationale underpinning each requirement. Standards should also be applied in a proportionate manner that recognises differences in business model, scale and risk profile across operators.

Well-calibrated standards, developed through a transparent and consultative process, will strengthen regulatory outcomes while supporting ongoing innovation and growth within Australia's digital asset ecosystem.

Regulatory Guidance and Implementation Roadmap

While the Explanatory Memorandum provides useful interpretive context, it is ASIC's operational guidance that will ultimately shape how the regime functions in practice and how industry participants implement their obligations. Clear, practical and timely guidance will therefore be essential to ensuring consistent understanding and application of the new framework.

FinTech Australia recommends that ASIC publish a comprehensive Regulatory Guide addressing the DAP and TCP regimes prior to commencement. Such guidance should provide practical interpretation of key concepts, explain supervisory expectations and include clear examples to assist industry in applying the framework consistently. Early publication of this material would help businesses prepare appropriately and reduce the risk of divergent interpretations emerging across the market. Later in this submission, we set out topics we consider should be addressed in any such Regulatory Guide.

In addition, we recommend that ASIC publish a public implementation roadmap outlining the anticipated timeline for standards development, expected licence processing benchmarks, consultation schedules, and planned updates to frequently asked questions or additional guidance materials. A transparent roadmap would provide industry with greater certainty around sequencing and timing, allowing businesses to plan compliance activities in an orderly and efficient manner.

Overall, clear and proactive regulatory guidance, supported by a well-communicated implementation roadmap, would materially reduce uncertainty and support smoother implementation of the regime.

Governance and Ongoing Engagement

Given the novelty of the Digital Assets Framework and the pace at which digital asset business models continue to evolve, FinTech Australia considers it appropriate that implementation be supported by a structured and ongoing engagement mechanism following commencement. While legislation and guidance can establish the broad regulatory settings, practical issues are likely to emerge as both regulators and industry gain experience operating within the new framework.

Experience from other major regulatory reforms demonstrates that early implementation phases often involve unforeseen operational questions, interpretation challenges and supervisory refinements. A formal mechanism for dialogue would allow these matters to be identified and addressed proactively, helping to avoid unnecessary uncertainty or disruption during the transition period.

Accordingly, we consider there would be value in establishing a temporary Digital Asset Implementation Working Group comprising representatives from Treasury, ASIC and industry participants. Such a group could operate for a defined initial period and provide a structured forum for discussing implementation challenges, clarifying expectations and sharing practical insights from industry experience. As an alternative, regular implementation check-ins - for example on a quarterly basis during the first year - could also achieve similar outcomes by ensuring ongoing engagement between policymakers, regulators and affected stakeholders.

The purpose of such a mechanism would not be to revisit settled policy decisions, but to support effective and consistent implementation of the framework. Collaborative engagement would enable emerging issues to be resolved pragmatically and in a timely manner, reducing the likelihood that operational concerns escalate into broader policy debates or create pressure for legislative amendment. In this sense, structured engagement should be viewed as an important implementation safeguard that supports regulatory certainty while allowing the framework to mature in a practical and proportionate way.

Proportionate Treatment of Small and Scaling Operators

The Bill includes a \$10 million rolling threshold exemption, which is intended to provide a degree of proportionality for smaller operators and early-stage businesses as they develop and test their models. FinTech Australia supports the inclusion of mechanisms that recognise differences in scale and risk profile across the sector. However, members consider that the practical effectiveness of this exemption will depend heavily on how it is interpreted and applied in practice.

Clear regulatory guidance will therefore be required to ensure that businesses understand how the threshold operates and how ASIC intends to assess it. Industry would benefit from greater clarity on how the rolling threshold will be calculated, what monitoring expectations will apply, and how firms should plan for transition once they approach or exceed the threshold. Without clear expectations, operators may face uncertainty regarding when licensing obligations are triggered, which could create compliance risk or discourage investment during growth phases.

Members also emphasised that rapidly scaling businesses are common within digital asset markets, and that growth can occur quickly in response to market conditions or new products. It will therefore be important that the regulatory framework accommodates situations where firms expand beyond the exemption threshold over a relatively short period. Guidance on how and when scaling firms are expected to transition into full licensing - including whether any transitional flexibility may be available - would help support orderly business development and reduce disruption.

More broadly, regulatory settings should be designed to avoid unintended cliff effects, where crossing a threshold results in a sudden and disproportionate compliance burden. If not managed carefully, such outcomes could discourage innovation, deter new entrants or incentivise inefficient business

structuring. A proportionate and clearly communicated approach will help ensure that smaller operators can grow within the regulatory framework in a predictable manner while maintaining appropriate consumer protections and regulatory oversight.

Priority Areas for Regulatory Guidance

While the Bill establishes the core legislative architecture, many of the practical boundaries and operational expectations will ultimately be shaped through regulatory guidance, standards and supervisory practice. Members were clear that timely, practical and example-driven guidance will be essential to ensure the framework delivers certainty rather than simply shifting uncertainty from legislation to implementation.

In this context, the success of the regime will depend heavily on how ASIC articulates and applies its expectations in practice. Clear and consultative guidance - supported by worked examples and ongoing engagement - will help businesses confidently determine whether they fall within scope, ensure that compliance resources are deployed efficiently, and support the overarching policy objective of greater regulatory certainty. FinTech Australia therefore recommends that ASIC's regulatory guidance prioritise the following areas.

Clear Boundary Examples: What Is and Is Not a DAP or TCP

Industry would benefit significantly from clear, practical examples illustrating the boundaries of the regime and clarifying when a business falls within - or outside - the scope of a DAP or TCP. Given the diversity of business models operating within the digital asset ecosystem, practical guidance will be essential to ensuring consistent interpretation and avoiding unnecessary compliance uncertainty.

In particular, regulatory guidance should clearly address the treatment of non-custodial wallet software, pure infrastructure providers such as node operators or API providers, and technology vendors that do not take possession or control of assets. Clarification would also be valuable in relation to staking-as-a-service models where no custody is taken, as these arrangements may involve technical participation without triggering the policy concerns that underpin the licensing framework.

Clear boundary guidance of this kind will help businesses assess their obligations with greater confidence, support consistent market practice, and reduce the risk of defensive or unnecessary over-licensing. By clarifying the perimeter of the regime early, regulators can promote more efficient compliance outcomes while allowing innovation to continue within clearly defined regulatory parameters.

Liability for Agents, Sub-Agents and Outsourcing

The Bill introduces stronger platform accountability settings, including responsibility for the conduct of agents and sub-agents. Members support the objective of clear accountability and recognise the importance of ensuring that operators remain responsible for services provided within their platforms. However, modern digital asset businesses commonly rely on layered outsourcing, third-party technology providers and sub-custody arrangements, which can make the practical application of liability principles complex.

In this context, clear regulatory guidance will be essential to help industry understand how accountability expectations are intended to operate in practice. Guidance would be particularly valuable in clarifying the distinction between an agent and an independent service provider, as well as how liability is expected to apply across multi-layer custody chains where multiple entities perform different operational functions. Industry would also benefit from clearer expectations around appropriate due diligence, ongoing oversight and contractual protections when engaging third-party providers, together with guidance on audit and monitoring requirements and practical risk-management approaches that ASIC considers acceptable.

Without clear direction, there is a risk that uncertainty around liability could lead to overly conservative business structures or disproportionate compliance burdens. Detailed and practical guidance in this area will therefore be critical to supporting consistent implementation, maintaining accountability outcomes, and enabling operators to manage outsourcing arrangements in a manner that is both prudent and commercially workable.

Joint Operator and Multi-Entity Structures

Many digital asset businesses operate through multi-entity or modular structures, reflecting the specialised and technology-driven nature of the sector. Common examples include models where custody and transactional functions are separated, white-labelled exchange infrastructure arrangements, marketplace models that rely on separate custodians, and shared service arrangements operating across corporate groups. While these structures are commercially and operationally efficient, they can create uncertainty about how responsibilities and licensing obligations apply under the new regime.

Guidance should therefore include clear, scenario-based examples illustrating how accountability and compliance obligations are intended to be allocated in these arrangements. In particular, industry would benefit from clarification on which entity is treated as the platform operator where functions are distributed across multiple entities, and how licensing obligations are expected to apply when different parts of a service are delivered by separate entities within a group or through outsourced relationships.

Clear guidance in this area will help businesses design governance and operating models that align with regulatory expectations, reduce the risk of inconsistent interpretations, and support more efficient compliance outcomes as the framework is implemented.

Interaction with Managed Investment Scheme (MIS) Concepts

Members consider that the boundary between DAP and TCP arrangements and managed investment scheme (MIS) concepts remains an area where additional practical clarification would be valuable. Given the diversity of tokenisation models emerging in the market, there is potential for uncertainty where digital asset custody or platform arrangements intersect with existing MIS frameworks.

Regulatory guidance should therefore include worked examples illustrating how the framework applies to common scenarios. This would be particularly helpful in relation to tokenised funds, fractionalised real-world assets, and arrangements involving collective versus individual custody structures. Guidance should also clarify circumstances in which tokenisation, in itself, does not result in pooled investment outcomes or trigger MIS treatment.

Clear examples in this area would provide greater certainty for industry participants when designing products and services, helping to reduce uncertainty around structuring decisions, disclosure obligations and licensing requirements.

Cross-Border Application

Many digital asset businesses operate across multiple jurisdictions, with custody, operational, or service functions often distributed internationally. As a result, members consider that greater clarity is needed regarding the cross-border application of the regime to ensure consistent and predictable compliance outcomes.

In particular, guidance would be valuable in clarifying when an overseas platform is considered to be carrying on a financial services business in Australia, how the new framework interacts with existing foreign AFSL relief settings, and ASIC's expectations where custody or other operational functions are performed offshore. These issues are especially relevant given the global nature of digital asset markets and the prevalence of cross-border service models.

Clear guidance in this area will assist both Australian operators seeking to expand internationally and offshore operators looking to enter the Australian market, supporting regulatory certainty while maintaining appropriate oversight and consumer protections.

Insurance and Compensation Arrangements

The Bill applies existing AFSL compensation requirements to new digital asset business models. Members broadly support the underlying objective of ensuring that consumers are appropriately protected and that operators maintain robust risk-management arrangements. However, the practical application of these requirements in the digital asset context presents unique challenges, particularly given that the insurance market for digital asset custody and related activities remains relatively immature.

At present, the availability of insurance products suitable for digital asset custody is limited, and where coverage is available it can be expensive, highly conditional or subject to significant exclusions. This reflects both the relative novelty of the sector and the evolving risk profile associated with digital assets. As a result, operators may face uncertainty when attempting to demonstrate compliance with compensation requirements, even where they are adopting prudent and responsible risk-management practices.

In this environment, clear and practical regulatory guidance will be essential. Industry would benefit from greater clarity regarding what ASIC considers to constitute “adequate compensation arrangements” in the context of digital asset platforms, including how traditional AFSL expectations should be interpreted where business models differ materially from more established financial services activities. Guidance on acceptable insurance structures would also help operators engage more effectively with insurers and design arrangements that align with supervisory expectations.

Importantly, guidance should recognise that insurance may not always be available or commercially viable in all circumstances. In such cases, clarity around alternative risk-management approaches - such as capital buffers, segregation arrangements, or other prudential controls - would help ensure that businesses can meet the policy intent of compensation obligations without facing unrealistic or impractical requirements. Industry would also welcome confirmation that expectations will be applied proportionately, taking into account differences in scale, complexity and risk profile across various business models.

Overall, clearer guidance in this area will support more consistent compliance outcomes, reduce uncertainty during implementation, and help ensure that compensation arrangements are both effective in protecting consumers and workable in practice within a developing market.

Practical Examples and Case Studies

Members strongly supported the inclusion of additional real-world examples to supplement those already contained in the Explanatory Memorandum. While the EM provides important interpretive context, practical implementation of the regime will ultimately depend on how businesses apply the framework to varied and often complex operating models. Example-driven guidance will therefore be essential to promoting consistent understanding and application across the sector.

Industry would particularly benefit from worked examples covering common custody and tokenisation models, as these represent core activities likely to fall within the new framework. Comparative scenarios illustrating borderline or grey-area cases would also be valuable in helping businesses understand how regulatory expectations apply where the boundaries of the regime are less clear. In addition, practical case studies showing how licensing and conduct obligations operate in realistic business settings would assist firms in translating legislative requirements into operational practices.

Guidance that is grounded in practical examples will materially improve compliance outcomes, support more consistent interpretation across industry participants, and reduce the risk of divergent or overly cautious approaches emerging during implementation. By providing clear illustrations of how

the framework applies in practice, regulators can help industry achieve the shared objective of regulatory certainty and effective compliance.

Alignment with Existing Financial Services Frameworks

Members noted that many digital asset products and services operate in ways that are functionally similar to existing financial products. As a result, many firms will seek to align new DAP and TCP authorisations with their existing licensing arrangements and compliance frameworks wherever possible. Ensuring continuity with established regulatory structures will be important to supporting efficient implementation and avoiding unnecessary duplication.

Regulatory guidance should therefore provide clarity on how DAP and TCP authorisations interact with existing AFSL authorisations, including where firms seek to expand or vary current licences rather than apply for entirely new authorisations. Clear expectations in this area would assist businesses in planning their licensing strategies and reduce uncertainty about how existing permissions and obligations translate into the new framework.

In addition, guidance should clarify how existing governance, risk management and compliance frameworks may be leveraged during transition. Many operators already maintain robust systems and controls designed to meet broader financial services obligations, and recognising these existing arrangements where appropriate would support a more efficient and proportionate transition to the new regime. Clear alignment with established financial services frameworks will help reduce implementation complexity while maintaining strong regulatory outcomes.

Coordination with Adjacent Reforms and Ongoing Review

Coordination with Payment Service Provider (PSP) Reforms

Members noted that certain digital asset activities - particularly stablecoins - are being addressed through the separate Payment Service Provider (PSP) licensing reforms. FinTech Australia supports the Government's decision to progress these reforms through a distinct framework, recognising that payments regulation raises a separate set of policy considerations and supervisory objectives.

At the same time, it will be important to ensure that the Digital Assets Framework and the PSP reforms operate in a coordinated and coherent manner. Many digital asset business models sit at the intersection of custody, trading and payments functions, and overlapping or unclear regulatory boundaries could create unnecessary compliance complexity or duplication of obligations.

Industry would therefore benefit from clear articulation of the respective boundaries between the Digital Assets Framework and the PSP reforms, together with guidance on circumstances in which both regimes may apply. In addition, a consistent supervisory approach that avoids unnecessary duplication in licensing, compliance and oversight expectations will be important to supporting efficient implementation.

Maintaining close coordination between the two reform streams will help avoid fragmented regulation, reduce compliance complexity and provide greater certainty for businesses operating across multiple areas of the digital finance ecosystem.

Progression of Stablecoin Regulation

Members expressed strong support for continued progress on the regulation of stablecoins through the PSP reform process. While stablecoins are not the primary focus of the present Bill, they are becoming an increasingly important component of digital asset ecosystems and play a growing role in payments innovation and broader digital financial infrastructure.

Accordingly, members consider that passage of the current Bill should not be delayed pending completion of the PSP reforms. At the same time, it will be important for Government to maintain momentum on stablecoin-related policy work so that a coherent and consistent overall regulatory framework emerges across the digital asset and payments sectors.

A staged but coordinated approach to reform will help support market confidence, reduce regulatory uncertainty and ensure that complementary frameworks evolve in a way that reflects the interconnected nature of modern digital finance.

Avoiding Regulatory Fragmentation

As multiple reform streams progress simultaneously (PSP licensing, AML/CTF reforms, Scams Prevention Framework, etc), there is a risk that overlapping or inconsistent obligations may emerge across different regulatory regimes. Members emphasised that, while the individual reforms are broadly welcomed, careful coordination will be necessary to ensure that the overall regulatory framework remains coherent and workable in practice.

In particular, industry considers it important that there is consistency in terminology and regulatory concepts across related reforms, as differing definitions or approaches could create confusion and increase compliance complexity. Members also highlighted the need for aligned supervisory expectations between Treasury, ASIC and other relevant regulators, particularly where businesses operate across multiple parts of the digital finance ecosystem. Early and clear communication about how different frameworks are intended to interact will also be critical to supporting effective implementation and reducing uncertainty.

Strong cross-regulatory coordination will help minimise unnecessary complexity, support more efficient compliance outcomes, and reduce the risk of fragmentation for businesses operating across custody, trading and payment functions.

Post-Implementation Review

Given the novelty of many digital asset business models and the pace at which underlying technology continues to evolve, members consider it appropriate that the operation of the regime be reviewed following an initial implementation period. A structured review would provide an opportunity to assess how the framework is functioning in practice once both industry and regulators have gained operational experience.

Such a review would allow Government and regulators to evaluate whether the policy objectives underpinning the framework are being achieved, identify any unintended consequences that may have emerged during implementation, and assess whether licensing and compliance settings are operating in a proportionate and effective manner. It would also provide a mechanism to consider whether further adjustments, clarifications or refinements are required in light of practical experience and market development.

A post-implementation review of this nature would support continuous improvement of the framework while avoiding the need for premature legislative change, helping to ensure that the regime remains fit for purpose as the sector matures.

Conclusion and Recommendations

FinTech Australia welcomes the introduction of the Corporations Amendment (Digital Assets Framework) Bill 2025 and supports its timely passage.

The Bill represents an important step towards providing a clear and enduring regulatory framework for digital asset custody and platform activities in Australia. For several years, the sector has operated within an evolving interpretive environment. Establishing a dedicated legislative framework will provide

greater certainty for consumers, regulators and industry alike, while supporting responsible innovation and continued investment in Australia's digital economy.

Consistent with member feedback, this submission does not seek substantive amendments that would risk delaying the Bill's progression. Members consider that the key policy settings are now largely settled and that the focus should shift to implementation. The success of the reforms will depend less on further legislative refinement and more on how effectively the new framework is operationalised.

Accordingly, the central message of this submission is that implementation must be practical, proportionate and adequately resourced.

Industry strongly supports the objective of replacing uncertainty with clarity. The Bill provides a sound legislative foundation to achieve that objective; the central challenge now is ensuring that implementation delivers certainty in practice.

With clear guidance, appropriate regulatory resourcing and ongoing engagement between regulators and industry, the framework can support innovation while maintaining robust consumer protections and market integrity.

FinTech Australia therefore supports the passage of the Bill and encourages the Committee to focus its recommendations on the practical implementation measures required to ensure the framework succeeds in practice.

Yours sincerely,

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