

19 May 2023

Committee Secretary
Senate Standing Committee on Economics
Economics Legislation Committee
PO Box 6100
Parliament House
Canberra ACT 2600



Via Email: economics.sen@aph.gov.au

Dear Committee Secretary,

Digital Assets (Market Regulation) Bill 2023

The Australian Financial Markets Association (AFMA) is the leading industry association promoting efficiency, integrity and professionalism in Australia's financial markets, including the capital, credit, derivatives, foreign exchange, energy, carbon, and other specialist markets. Our membership base is comprised of over 125 of Australia's leading financial market participants.

AFMA's policy position in relation to the regulation of digital assets is that as digital assets present similar or higher risks to other financial products, they should be subject to similar regulation. Digital asset providers should be free to compete with existing financial service providers, but within the common rulebook and protections they afford investors.

AFMA's preferred mechanism is for digital assets to be explicitly included in the definition of "financial product," such that the existing licensing framework applies. AFMA acknowledges that this approach differs to that contemplated in the Bill, which seeks to impose a different licensing regime purely for digital assets. AFMA's preferred approach would allow for regulators to leverage the mature body of law that exists in Australia to protect the reputation and confidence in Australia's financial services sector. Noting the challenge associated with appropriately defining what is within regulatory scope as a "digital asset," AFMA agrees that the definition in the Bill appears appropriate from a regulatory perspective.

AFMA welcomes the proposal in the Bill for additional responsibilities to be conferred on the Parliamentary Joint Committee on Corporations and Financial Services in relation to digital assets. We welcome a dedicated Parliamentary committee that will continue to focus, and report to Government, on digital assets and the appropriate regulatory framework for such assets. AFMA's view is that the uses of digital assets and the technology that underpins such assets will continue to grow and it is imperative that Australia's regulatory framework continues to protect investors in a way that promotes innovation, particularly through ensuring that Australia's regulatory framework is aligned with those in other jurisdictions.

Yours sincerely,

Brett Harper

Chief Executive Officer

Australian Financial Markets Association

ABN 69 793 968 987

Level 25, Angel Place, 123 Pitt Street GPO Box 3655 Sydney NSW 2001 Tel: +612 9776 7900 Facsimile: +612 9776 4488
Email: info@afma.com.au Web: www.afma.com.au