



ASIC
Australian Securities &
Investments Commission

CONSULTATION PAPER 392

Digital asset law reform implementation: Proposed standards and guidance

October 2026

About this paper

This consultation paper seeks feedback on our implementation of the *Corporations Amendment (Digital Assets Framework) Act 2026* (DAF Act) and anticipated regulations and amendments (subject to Government processes).

It outlines our proposals on the preliminary draft standards, proposed modifications and relief under the Corporations Act, and draft regulatory guidance.

Note 1: This consultation refers to regulatory design work that is being developed by Government in parallel to this process. This is intended to enable industry to see a complete picture of the future approach.

Note 2: The preliminary draft standards and draft Regulatory Guide 000 *Digital asset platforms and tokenised custody platforms* (draft RG 000), which are attached to this paper, are available for download from the [CP 392 landing page](#). These are attached for illustrative purposes only and the final form of the instruments may change considerably from the preliminary drafts.

About ASIC regulatory documents

In administering legislation ASIC issues the following types of regulatory documents.

Consultation papers: seek feedback from stakeholders on matters ASIC is considering, such as proposed relief or proposed regulatory guidance.

Regulatory guides: give guidance to regulated entities by:

- explaining when and how ASIC will exercise specific powers under legislation (primarily the Corporations Act)
- explaining how ASIC interprets the law
- describing the principles underlying ASIC's approach
- giving practical guidance (e.g. describing the steps of a process such as applying for a licence or giving practical examples of how regulated entities may decide to meet their obligations).

Information sheets: provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.

Reports: describe ASIC compliance or relief activity or the results of a research project.

Document history

This paper was issued on 15 October 2026. It is based on the legislation as at the date of issue and on anticipated regulations and amendments (subject to Government processes).

Disclaimer

The proposals, explanations and examples in this paper do not constitute legal advice. They are also at a preliminary stage only. Our conclusions and views may change as a result of the comments we receive or as other circumstances change.

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The consultation process

You are invited to comment on the proposals in this paper, which are only an indication of the approach we may take and are not our final policy.

As well as responding to the specific proposals and questions, we also ask you to describe any alternative approaches you think would achieve our objectives.

We are keen to fully understand and assess the financial and other impacts of our proposals and any alternative approaches. Therefore, we ask you to comment on:

- the likely compliance costs;
- the likely effect on competition; and
- other impacts, costs and benefits.

Where possible, we are seeking both quantitative and qualitative information. We are also keen to hear from you on any other issues you consider important.

Your comments will help us develop our policy in relation to the final published standards. In particular, any information about compliance costs, impacts on competition and other impacts, costs and benefits will be taken into account if we prepare a Regulation Impact Statement: see Section G, 'Regulatory and financial impact'.

Making a submission

You may choose to remain anonymous or use an alias when making a submission. However, if you do remain anonymous we will not be able to contact you to discuss your submission should we need to.

Please note we will not treat your submission as confidential unless you specifically request that we treat the whole or part of it (such as any personal or financial information) as confidential.

Please refer to our privacy policy at www.asic.gov.au/privacy for more information on how we handle personal information, your rights to seek access to and correct personal information, and your right to complain about breaches of privacy by ASIC.

Comments should be sent by 27 November 2026 to:

Fintech Team
Markets Group
Australian Securities and Investments Commission
GPO Box 9827
Melbourne VIC 3001
Email: fintech@asic.gov.au

What will happen next?

Stage 1	15 October 2026	Consultation paper released
Stage 2	27 November 2026	Feedback due on the consultation paper
Stage 3	November 2026 to March 2027	ASIC reviews feedback and settles regulatory guidance Finalisation of instruments Potential further consultation(s) if required
Stage 4	March 2027	Publication of instruments and guidance
Stage 5	8 April 2027	The DAF Act commences and licence applications open
Stage 6	7 October 2027	Close of transition window for existing firms to make a licence application (new application or variation)

Background to the proposals

Key points

The *Corporations Amendment (Digital Assets Framework) Act 2026* (DAF Act) introduces a legislative regime for the regulation of entities offering financial products called digital asset platforms (DAPs) and tokenised custody platforms (TCPs).

The DAF Act commences on 8 April 2027. If you are currently operating a platform that will be considered a DAP or TCP on 8 April 2027, you must apply for an Australian financial services (AFS) licence or variation by 7 October 2027. You can continue operating while we assess your application.

We will implement these changes according to our roadmap, including transitional arrangements and standard making.

We will publish regulatory guidance to support the implementation of the new regime, including guidance on licensing, conduct, custody, disclosure, and operational standards.

This consultation paper describes and invites comment on our proposed approach to regulatory guidance, standards and financial requirements for DAPs and TCPs.

The Digital Assets Framework Act

- 1 On 1 April 2026, Parliament passed the DAF Act. It received Royal Assent on 8 April 2026.

Purpose of the DAF Act

- 2 The DAF Act implements the Government's commitment to modernise Australia's digital asset regulatory regime.
- 3 The DAF Act addresses regulatory gaps and consequent uncertainty regarding digital assets, and some infrastructure and arrangements that support them. It aims to foster innovation, enhance competition and growth, and strengthen Australia's position in the global digital asset ecosystem.
- 4 The DAF Act amends the Corporations Act to:
 - (a) regulate certain parts of the digital asset market by creating two new financial products—DAPs and TCPs;

- (b) set out the licensing regime for DAPs and TCPs, which will be administered by ASIC, including how these two products interact with other products and services subject to the Corporations Act;
- (c) set out the core obligations for entities providing financial services in relation to DAPs and TCPs;
- (d) provide ASIC with specific powers to set standards in relation to asset-holding and transactional and settlement activities;
- (e) provide the Minister with powers to deem whether a facility is a DAP, financial market or a clearing and settlement facility; and
- (f) introduce some targeted carve-outs from the existing financial services laws for certain digital asset related arrangements.

5 The DAF Act also amends the *Australian Securities and Investments Commission Act 2001* (ASIC Act) to:

- (a) introduce DAPs and TCPs as financial products;
- (b) extend existing requirements, prohibitions and ASIC powers with respect to DAPs and TCPs; and
- (c) amend definitions to ensure that the regulatory treatment of new concepts is consistent with the amendments to the Corporations Act.

Interactions with the payments reforms

6 The Government is also undertaking work to modernise the regulatory regime for payment services providers (payments reforms). Treasury consulted on draft legislation for Tranche 1 of the payments reforms in March and April 2026.

7 The payments reforms are designed to complement, but operate independently from, the DAF Act. There will be separate regulation of certain stablecoins as tokenised stored value facilities (tokenised SVFs). Any ASIC regulatory guidance on tokenised SVFs will be provided as part of guidance on the payments reforms in due course.

International regulatory developments

8 Several overseas jurisdictions have already implemented comprehensive regulatory regimes for digital/crypto assets, including European Union members (through the Markets in Crypto-Assets Regulation (MiCA)), Singapore and Hong Kong. Some others, including the United Kingdom, are in the process of implementing significant reform packages and developing further reform measures. The DAF Act supports Australia's alignment with global approaches.

9 These international regulatory developments followed the 2023 recommendations from the International Organization of Securities

Commissions (IOSCO) for the regulation and oversight of crypto-assets and global stablecoins in its final report, *Policy recommendations for crypto and digital asset markets* ([IOSCO FR11/2023](#)) (PDF 696 KB). The report included recommendations in relation to market integrity and investor protection. More recently, in October 2025, IOSCO published a thematic review report, *Thematic review assessing the implementation of IOSCO recommendations for crypto and digital asset markets* ([IOSCO FR/13/25](#)) (PDF 834 KB). The review concluded that participating jurisdictions have made significant progress towards implementing the recommendations.

- 10 ASIC has considered approaches in comparable jurisdictions when developing our proposed approach to implementing the DAF Act.

ASIC's role as regulator of DAPs and TCPs

- 11 Under the new regime, ASIC is responsible for administering the regulatory requirements for DAPs and TCPs under the Corporations Act.
- 12 Our role includes:
- (a) assessing applications for, and granting, AFS licences authorising the operation of DAPs and TCPs;
 - (b) monitoring compliance with the obligations that apply to AFS licensees, including operators of DAPs and TCPs;
 - (c) making legislative instruments and setting standards that apply to DAPs and TCPs, including asset-holding standards and transactional and settlement standards; and
 - (d) taking enforcement action where there are breaches of the law.
- 13 Our aim is to promote confident and informed participation by consumers, maintain fair and orderly markets, and reduce risks associated with the custody, transfer and use of digital assets.
- 14 The new regime cannot (and is not seeking to) remove all risks associated with buying and selling digital assets. Many digital assets are high-risk speculative investments and will remain high-risk under this regime (even once DAPs and TCPs are regulated). As with other high-risk investments, consumers should be aware that they could lose the entire value of their investment.
- 15 We are developing regulatory guidance to help industry understand and comply with the new obligations (see Part 1 below). This guidance will cover licensing, general obligations, custody, market integrity, disclosure, token governance, operational resilience and other areas where digital asset activities introduce novel risks.

ASIC's implementation objectives

- 16 We are taking a principles-based approach that focuses on regulatory outcomes rather than prescriptive operational requirements, where possible.
- 17 The guidance, standards, modifications and relief we propose to make, as outlined in this consultation paper, are anchored in the following objectives:
 - (a) the globally adopted 'same activity, same risk, same regulation/regulatory outcome' approach that mirrors other IOSCO members and supports international consistency in the digital asset space;
 - (b) standards and obligations should be principles-based, proportional, risk-based and technology neutral; and
 - (c) avoiding potential regulatory arbitrage while also recognising the unique arrangements, benefits and risks of the digital assets and the underlying technology.
- 18 This approach provides industry with clarity on expectations while preserving flexibility and avoiding unnecessarily prescriptive rules that may quickly become outdated in the rapidly evolving digital asset environment.
- 19 This approach also provides consistency between digital assets and traditional financial products and services, which is important as traditional financial services firms begin to offer both new and existing products in digital asset form, and as digital asset firms increasingly look to provide traditional financial products and services.
- 20 A principles-based and risk-based approach means that not all questions can, or should, be answered in our guidance or standards. Firms will need to determine how they will apply the standards and guidance. In some cases, this may mean working with industry bodies to determine appropriate ways to apply the principles (e.g. as good practice emerges). This is consistent with our approach to traditional financial products and services.
- 21 Importantly, the 'same activity, same risk, same regulation/regulatory outcome' does not mean identical application of regulation in all cases. We expect that we will implement different regulatory requirements, and firms could employ differing compliance arrangements, to achieve the same regulatory outcome where it can be demonstrated that:
 - (a) the risk profile differs;
 - (b) the activity is materially different; or
 - (c) there are specific features of the product, service or support technology that require a bespoke approach.
- 22 We continue to seek feedback from stakeholders on where the risks in relation to DAPs and TCPs differ from traditional financial products and

services. For example, in many areas the Corporations Act uses disclosure and data provision as important regulatory tools to help consumers navigate information asymmetries. Some blockchain-based products are characterised by greater transparency of the on-chain activities when compared to traditional financial products. This inherent transparency could mean disclosure and data provision could occur differently from traditional finance.

Current state of play

- 23 In April 2026 we released our [roadmap for digital assets law reform implementation](#). It set out the timeline for the items we need to deliver to ensure firms can appropriately provide their services under the regime and support effective consumer outcomes. The roadmap was intended to provide industry with clarity, certainty and sufficient time to adapt systems, controls and governance to meet the new requirements.
- 24 This consultation paper seeks feedback on proposals to create:
- (a) new regulatory guidance relating to DAPs and TCPs—see Attachment 1 to this paper;
 - (b) asset-holding standards under s912BE of the Corporations Act—see Attachment 2 to this paper;
 - (c) transactional and settlement standards under s912BF of the Corporations Act—see Attachment 3 to this paper; and
 - (d) new financial requirements for operators of DAPs and TCPs—see Attachment 4 to this paper.
- 25 We welcome any feedback or suggestions on ways we can further simplify what we are proposing.

PART 1

Proposals relating to DAPs and TCPs

26 Part 1 of this consultation paper outlines our proposals for financial services providers in relation to DAPs and TCPs (including DAP and TCP operators). We have developed these proposals following regular discussions with a range of industry members (including through our industry reference group specifically set up to support implementation of this law reform).

Table 1: Overview of our proposals for DAP and TCP operators

Topic	Proposals	Rationale
Section A: Regulatory guidance relating to DAPs and TCPs	Develop a new regulatory guide for firms that includes guidance on: • when the regime applies; • the AFS licence authorisations required in relation to DAPs and TCPs; • compliance with general AFS licence obligations; and • requirements specific to DAP and TCP operators.	Provide a single source of guidance to support consistent understanding of the new concepts introduced by the DAF Act, clarifying how the new regime interacts with existing financial services, financial market and clearing and settlement facility regimes, and the new obligations applying to service providers in relation to DAPs and TCPs.
Section B: Asset-holding standards	Establish minimum requirements for DAPs and TCPs in the holding, safeguarding and administration of client assets and money, including standards concerning governance, holding arrangements, segregation, reconciliation, third-party custodians, the use of underlying assets and data provision to ASIC.	Leverage the existing technology-neutral custody regime that addresses risks associated with holding client assets and money, while supporting consistent consumer protection outcomes across comparable asset-holding activities. This also recognises some of the differing operational requirements for holding digital tokens for, or on behalf of, clients.
Section C: Transactional and settlement standards	Establish minimum requirements for DAPs in the execution, settlement and monitoring of transactions, including requirements relating to trading, best execution, transparency, disclosure, conflicts management and trading misconduct.	Address risks arising from digital asset trading, execution and settlement activities by applying technology-neutral standards that promote fair, orderly and transparent behaviour and support consistent regulatory outcomes across comparable activities.

Topic	Proposals	Rationale
Section D: Financial requirements for DAP and TCP licensees	Apply tailored financial requirements for DAP and TCP operators, including capital, liquidity, cashflow forecasting and audit obligations, and a net tangible assets (NTA) requirement through one of three proposed models. Apply the standard base requirements and additional requirements (as relevant) for all other licensees providing financial services relating to DAPs and TCPs.	Ensures that DAP and TCP operators maintain adequate financial resources to provide their financial services, manage risk and support an orderly wind-up. Requirements have been adapted from comparable existing AFS licence regime to avoid regulatory arbitrage.

A Regulatory guidance relating to DAPs and TCPs

Key points

We propose to provide regulatory guidance on key concepts and obligations introduced by the new legislation for DAPs and TCPs across both the primary law and the anticipated regulations (subject to Government processes): see draft Regulatory Guide 000 *Digital asset platforms and tokenised custody platforms* (draft RG 000) at Attachment 1 to this paper.

We propose to provide licensing guidance tailored to digital asset business models, including on new authorisations, new licensing exemptions, and how general licensing obligations apply to DAPs and TCPs.

We propose to provide specific guidance on disclosure, including the DAP/TCP Guide and platform rules.

The DAF Act, and anticipated regulations (subject to Government processes), also makes amendments to the Corporations Act that do not relate only to DAPs and TCPs. We intend to provide guidance on these new parts of the Corporations Act in Information Sheet 225 *Digital assets: Financial products and services* ([INFO 225](#)): see proposal E1.

General approach to guidance

- 27 Consistent with ASIC's broader [regulatory simplification initiatives](#), we will adopt a principles-based and outcomes-focused approach to guidance regarding the DAP and TCP regime, supported by targeted guidance where additional clarity is needed.
- 28 Guidance for operators of DAPs and TCPs will sit alongside and refer to existing ASIC guidance on AFS licensing obligations. In other words, the new regulatory guide will explain how we administer the DAP and TCP regime without displacing or making significant changes to our existing guidance.

Proposal

A1 We propose to:

- (a) produce one new regulatory guide relating to DAPs and TCPs. This will contain most of the guidance about the DAP and TCP regime (including how to apply for a licence and specific obligations for operators), and then will refer to existing regulatory guides for information about existing AFS licence obligations—see draft RG 000 at Attachment 1 to this paper;

- (b) provide guidance on financial requirements for DAP and TCP licensees as a new appendix to Regulatory Guide 166 *AFS licensing: Financial requirements* ([RG 166](#));

Note: See Section D for our proposed financial requirements.

- (c) make some minor updates to the AFS licensing guidance, including Regulatory Guide 1 *Applying for and varying an AFS licence* ([RG 1](#)), in relation to the new authorisations, the licence application process and the AFS licensing application form; and
- (d) retain [INFO 225](#) as the primary guidance on when digital assets themselves are or are not financial products, and add guidance about certain broader aspects of the DAF Act to INFO 225 (e.g. public digital token infrastructure (PDTI) and related exemptions in the anticipated regulations (subject to Government processes)).

Your feedback

- A1Q1 Do you agree with our proposal for a DAP/TCP-specific regulatory guide and our approach of referring to existing regulatory guidance where relevant to DAP and TCP licensees? If not, please give reasons.
- A1Q2 Do you agree that INFO 225 should remain the primary guidance on when digital assets are financial products? Please give reasons, including any improvements ASIC should consider when reviewing INFO 225.

Rationale

Dedicated regulatory guide for DAPs and TCPs

- 29 Digital asset markets develop rapidly. Embedding all guidance within existing regulatory guides would require frequent amendments to foundational documents that apply across the entire financial services industry. By issuing a dedicated regulatory guide for DAPs and TCPs, we can provide targeted updates, respond more quickly to emerging risks, and avoid unnecessary disruption to long-standing guidance relied upon by other sectors.
- 30 Our proposed guidance covers new concepts introduced by the DAF Act and anticipated accompanying regulations (which are subject to Government processes). Our guidance also comments on where these new laws may result in material changes to the existing regulatory perimeter. We propose this initial guidance as a starting point to support the industry, given the new concepts introduced by the DAF Act. We also acknowledge that more guidance may be needed over time as the industry and ASIC engage with these concepts in practice.
- 31 Where established financial services principles continue to apply without modification, we consider that existing ASIC guidance remains appropriate.

Retaining INFO 225 as primary guidance on when digital assets are financial products

- 32 Retaining INFO 225 as the primary source of guidance on when digital assets are, or are not, financial products supports continuity and consistency. Industry is already familiar with INFO 225, and consolidating classification guidance into a single location reduces fragmentation and the risk of conflicting interpretations. This approach also ensures that any new guidance specific to DAPs and TCPs can focus on operational, conduct, and licensing issues without duplicating or re-writing existing classification principles.

Guidance on the regulatory perimeter for DAPs and TCPs

- 33 The proposed guidance covers when a facility may be a DAP or TCP and other new definitions under the DAF Act, as well as anticipated accompanying regulations (subject to Government processes). It addresses the key concepts relevant to determining whether an entity is operating a DAP or TCP and how those concepts interact with other parts of the financial services regime.

Proposal

- A2 We propose to explain how the law defines DAPs and TCPs, identifying the components that make a DAP or TCP, the extended meaning of *dealing* introduced by the DAF Act and anticipated accompanying regulations (subject to Government processes), as set out in Section B of draft RG 000 at Attachment 1 to this paper.

Your feedback

- A2Q1 Do you agree with our proposal? If not, please give reasons.
- A2Q2 Does the proposed guidance adequately cover the relevant aspects of the new regime and its interaction with other financial products and services? If not, what elements require clarification? Please give reasons and suggested guidance.
- A2Q3 In addition to the examples provided in the Explanatory Memorandum to the Corporations Amendment (Digital Assets Framework) Bill 2025 ([Explanatory Memorandum](#)), which are referenced throughout the proposed regulatory guide, are there any other example scenarios that would be useful to include in the regulatory guide for DAPs and TCPs?

Rationale

- 34 The DAF Act introduces new concepts, powers and obligations. Guidance that explains our approach to administering the law and promotes regulatory certainty where it supports industry's implementation of the regime, is helpful for both the industry and ASIC for the ongoing administration of the regime.

- 35 Draft RG 000 includes guidance on the important definitions supporting the regime. These include, but are not limited to, digital tokens, DAPs and TCPs, the extended meaning of dealing, exemptions, and framing within the broader financial services regime.
- 36 Our proposed guidance explains the different financial services that can be conducted in relation to DAPs and TCPs, including some exclusions for certain DAPs and TCPs classified as other financial products or services. It can be complex to navigate the various combinations of products and services offered; although we cannot be comprehensive, the guidance sets out the most common combinations we have observed.
- 37 The complexity also extends beyond the AFS licensing regime and into how the DAP and TCP regime interacts with the financial markets and clearing and settlement facility regimes. Again, while these provisions are new, we consider it important to set out our understanding of how the regimes interact, and how the Minister’s deeming powers apply. For example, a facility cannot be both a DAP (as a financial product) and a financial market or clearing and settlement (CS) facility simultaneously: see draft RG 000.60–RG 000.62.
- 38 The DAF Act and anticipated accompanying regulations (subject to Government processes) introduce several exemptions for DAPs and TCPs, and the general exemptions that apply to AFS licensees continue to apply to AFS licensees with DAP or TCP authorisations. These exemptions are important to outline as they go to considerations for when a licence is required. New licensing exemptions listed in draft RG 000 include a:
- (a) licensing exemption for low value DAPs;
 - (b) limited advice and arranging exemption;
 - (c) third-party asset-holding arrangements exemption;
 - (d) overseas issuer and client exemption;
 - (e) overseas related body corporate or joint venture exemption; and
 - (f) nominee company exemption.

Note: See draft RG 000.75–RG 000.77.

Licensing authorisation guidance

- 39 The DAF Act introduces two new financial products—DAPs and TCPs. As a result, from 8 October 2027, DAP and TCP operators (and certain other financial services providers) will require an appropriate DAP or TCP-related licence authorisation to carry on a financial services business in Australia, unless covered by a licensing exemption (including those in anticipated accompanying regulations, subject to Government processes). Different authorisations will be required depending on a person’s business model.

- 40 Some firms that have taken steps to obtain one or more licences following publication of INFO 225 will likely also require variations to their AFS licence authorisations to issue (i.e. operate) a DAP or TCP. Others did not require a licence variation following INFO 225, but have been offering financial services in relation to digital assets that are financial products.
- 41 Related financial services will also require an AFS licence (e.g. to deal in other than issue, or provide advice about DAPs and TCPs). This will be implemented by ASIC through introducing new AFS licence authorisations for services relating to DAPs and TCPs.

Proposal

- A3** We propose to introduce guidance on licence authorisations and the process for applying for or varying a licence, including:
- (a) new licence authorisations for DAPs and TCPs, and proposed business models applicable to DAP and TCP operators—see draft RG 000.90 (these authorisations will also be included in an updated [RG 1](#));
 - (b) the interaction with the Australian markets licensing regime and clearing and settlement facility regime—see draft RG 000.60; and
 - (c) separate guidance to industry participants who need to make a licence variation to add relevant DAP or TCP authorisations to an existing licence (we intend this to be presented in separate communications outside of draft RG 000, given it will be temporary for initial applications during the April 2027 to October 2027 transition period).

Your feedback

- A3Q1 Do you agree with our proposal? If not, please give reasons.
- A3Q2 Does the proposal adequately address the issues that require ASIC guidance in relation to DAP and TCP licence authorisations? If not, what other licensing authorisation issues should ASIC address in guidance?
- A3Q3 What more could we do to support operators who did not have to adjust their AFS licence in light of INFO 225 (because they were already authorised to offer trading in digital assets that are financial products) but will now need to add DAPs to their AFS licence?

- A4** To help consumers and industry participants know who is entitled to operate in the industry, we are considering publishing a list of firms that apply for or vary an AFS licence by 7 October 2027 (and can therefore continue operating until their application is decided).

Your feedback

- A4Q1 Do you agree? If not, please give reasons.

Rationale

- 42 Providing guidance on the new licence authorisations will help applicants to understand the authorisations they need to apply for. Some aspects of the regime can be complex to navigate. For example, where firms may need licence authorisations for DAP and TCP products, as well as licence authorisations for the services in relation to any underlying digital assets that are financial products.
- 43 Applicants also need to understand how the markets licensing regime and clearing and settlement facility regime interact with the DAP/TCP regime. Without guidance on how these regimes fit together, applicants may have difficulty identifying the authorisations they need, or apply for the incorrect authorisations.
- 44 Providing guidance aligned with our implementation objectives will also support consistent and efficient licensing outcomes while accommodating the range of business models used in the digital asset sector and allowing those models to evolve. It will also assist applicants to identify when overlapping regulatory regimes or statutory limitations affect the obligations that apply, without prescribing particular business structures or unnecessarily duplicating established licensing guidance.
- 45 Applications for DAP and TCP authorisations commence on 8 April 2027. If you are currently operating a platform that will be considered a DAP or TCP, you must apply for an AFS licence or variation by 7 October 2027. If you apply by the deadline, you can continue operating while ASIC assesses your application.

General obligations and requirements as a licensee

- 46 DAP and TCP operators must comply with the obligations that apply to all AFS licensees, including the general obligations under s912A of the Corporations Act.
- 47 While ASIC has published existing guidance on meeting these obligations, and in general this guidance remains appropriate for DAP and TCP operators, some aspects of how operators of DAPs and TCPs comply with general obligations may differ from traditional financial services.

Proposal

- A5 We propose to provide a catalogue in draft RG 000 which directs firms to existing ASIC guidance on the obligations for AFS licensees, and provides further guidance (where required) on unique aspects of DAPs and TCPs (see Section D of draft RG 000).

Your feedback

- A5Q1 Do you agree with our proposal? If not, please give reasons.
- A5Q2 Does the proposed guidance adequately address how the AFS licence obligations apply to digital asset business models? Please give reasons and suggested guidance.
- A5Q3 What specific risks may arise for DAPs and TCPs that we have not considered?
- A5Q4 What additional conflicts of interest should DAP and TCP operators be required to disclose beyond the existing requirements that apply to AFS licensees? See also Table 4 for conflicts in relation to transactional and settlement functions.
- A5Q5 What additional guidance if any, is needed on responsible manager requirements for DAPs and TCPs, noting the challenges reported in meeting these requirements?
- A5Q6 What additional guidance, if any, is needed about professional indemnity insurance and compensation requirements for DAPs and TCPs?

Rationale

- 48 The existing AFS licensing regime provides an established and accepted basis for regulating licensee conduct. Maintaining reliance on that regime promotes consistent regulatory expectations across the financial services sector, avoids unnecessary duplication and enables timely introduction of licensing for DAP and TCP operators. This is also important where firms are increasingly looking to offer both traditional financial products and digital assets to clients in one offering.
- 49 However, the structure and operation of digital asset businesses may affect how existing obligations apply in practice. Technology dependencies, asset-holding arrangements, multiple functions performed within a single business, and the evolving nature of digital asset markets may give rise to distinct operational, competence, disclosure and conflict-management considerations. Targeted guidance may be necessary where the application of an existing obligation may not be readily apparent or where digital-asset-specific risks warrant further explanation.
- 50 Our proposed catalogue will assist licensees to identify the guidance relevant to their activities while preserving the flexibility of the regime. This approach supports consistent compliance outcomes without prescribing particular technologies, business models or risk-management processes, and allows licensees to adopt arrangements proportionate to the nature, scale and complexity of their business.

DAP/TCP Guide and platform rules

- 51 Disclosure documents provide retail clients with essential information about a financial product. Traditional financial products require an issuer to provide a Product Disclosure Statement (PDS). The DAF Act introduces a bespoke requirement for DAP and TCP operators to provide clients with a DAP/TCP Guide.

Proposal

- A6** We propose to provide guidance on the DAP/TCP Guide and platform rules as set out in Section E of draft RG 000.

Your feedback

- A6Q1 Do you agree with our proposal? If not, please give reasons.
- A6Q2 Does the proposed guidance address practical disclosure challenges for DAPs and TCPs? If not, what disclosure challenges should we provide guidance on for DAPs and TCPs? Please give reasons and suggested guidance.

Rationale

- 52 Digital asset products and services often involve complex, technology-driven risks that may not be well understood by retail clients. Clear disclosure expectations will support informed decision making, reduce information asymmetry, and ensure consistency with existing financial product disclosure principles.
- 53 Important for a retail client's understanding is the legal and regulatory treatment of the regulated platform (e.g. the DAP) and the digital tokens made available through it. The platform is a financial product, while the digital assets made available through the platform may or may not be. Clear disclosure about the difference in legal protections is important to reduce the risk that clients misunderstand the regulatory status or protections applying to particular assets or activities.
- 54 Transparency is also important where an operator may exercise rights or make decisions on behalf of clients that affect digital tokens held through the platform. Appropriate disclosure through platform rules will help clients understand the arrangements governing participation in and operation of the DAP or TCP, as well as any voting rights attached to assets held through the platform.
- 55 We view the proposed guidance in Section E of draft RG 000 as appropriate, given the details described in the DAF Act and the [Explanatory Memorandum](#).

Proposed relief to enable electronic disclosure of DAP/TCP guides

- 56 ASIC has amended the law to allow firms to deliver certain disclosure documents electronically: see [ASIC Corporations \(Electronic Disclosure\) Instrument 2025/447](#). As the DAP/TCP Guide is a new type of disclosure document, the existing law and relief does not currently allow for electronic delivery of that document in similar circumstances.

Proposal

- A7 We propose to extend our existing relief in ASIC Instrument 2025/447 to enable electronic disclosure of DAP/TCP Guides.

Your feedback

- A7Q1 Do you agree with our proposal? If not, please give reasons.
- A7Q2 Should we extend any other generally available financial services relief to cover DAPs and TCPs? Where you identify such relief, please give reasons and explain the implications of not having the relief extended.

Rationale

- 57 DAP/TCP Guides fulfil a similar role to other financial services disclosures, and we believe that the same regulatory treatment is justified to allow DAP and TCP operators to provide DAP/TCP Guides to retail clients electronically. Allowing for electronic delivery of disclosure documents is an important simplification of regulatory requirements that supports efficient delivery of information about financial services, and will support consumers' understanding of those services.
- 58 We understand that this issue was also raised by stakeholders during the consultation on the exposure draft of the Corporations Amendment (Digital Assets Framework) Bill 2025, and during the targeted consultation in early 2026 on the anticipated regulations (which are still subject to Government processes).

Readability of regulatory guide

Proposal

- A8 We would like to obtain feedback on the readability of draft RG 000.

Your feedback

- A8Q1 How easy was the guide to read, understand and navigate? Please provide reasons for your response.

Rationale

- 59 ASIC is committed to explaining our guidance clearly so that our regulatory population can understand their obligations. Your feedback will help us to refine draft RG 000.

B Asset-holding standards

Key points

We propose to make asset-holding standards that establish minimum requirements for how underlying assets and money are held by DAP or TCP operators.

The aim of the proposed standards is to ensure the appropriate safeguarding, identification and administration of underlying assets and money. The standards apply principles-based obligations informed by existing regulatory models to DAP and TCP operators performing asset-holding functions.

The proposed asset-holding standards include requirements regarding:

- governance and organisational arrangements
- arrangements for holding underlying assets and money
- identification, safeguarding, segregation and pooling
- receiving and acting on client instructions
- redemption and delivery rights and controls
- use of underlying assets
- wallet and address information
- digital token identifiers, and
- arrangements with custodians.

Proposal to make asset-holding standards

- 60 Under s912BE of the Corporations Act, ASIC has the power to make asset-holding standards that deal with specific matters relating to DAPs and TCPs. The purpose of these standards, as stated in paragraph 1.170 of the [Explanatory Memorandum](#), is to establish minimum requirements for asset-holding functions of these platforms.
- 61 Section 912BE of the Corporations Act sets out the matters that may be addressed by the standards, and the matters that ASIC must be reasonably satisfied of before making a standard. The Government has indicated that these requirements are modelled on existing regimes for comparable asset-holding arrangements, with additional considerations for holding money and de-banking risks.

Note: See paragraphs 1.170 and 1.175 of the Explanatory Memorandum.

Proposal

- B1** We propose to exercise ASIC's powers to make asset-holding standards under s912BE. The proposed standards are described in Table 2 and set out in draft *ASIC Corporations (Digital Asset Platforms and Tokenised Custody Platforms—Asset-Holding Standards) Instrument 2027/XX* (draft asset-holding standards instrument), which is at Attachment 2.

Note: The draft asset-holding standards instrument will change following consultation feedback and our finalisation process for the instrument. We attach a draft to give stakeholders an earlier indication of the likely form of the standards.

Your feedback

- B1Q1** Do you agree with our proposal? If not, please give reasons.
- B1Q2** Do the proposed standards sufficiently address the risks arising from asset-holding activities and apply appropriately to diverse DAP and TCP business models? If not, what additional standards do you recommend? Please give reasons.
- B1Q3** Are the proposed standards appropriately clear, sufficiently detailed and capable of being complied with in practice? If not, which standards raise concerns and why (e.g. due to practical, legal or technical barriers to implementation)? Please give reasons.
- B1Q4** All obligations within the proposed asset-holding standards are planned to come into effect on the same date. Are there any obligations where an additional transition period is required? If so, identify the obligations, recommended additional transitional period, and estimated impact or cost savings.
- B1Q5** For existing DAP and TCP operators and custodial or depository service providers, how will these proposed obligations affect your business?

Table 2: Description of proposed asset-holding standards

Proposal	Proposed standard
B1.1	Platform governance and arrangements to ensure compliance DAP and TCP operators must: • give clients the platform rules relevant to asset-holding functions before first holding underlying assets or money for them, and notify clients of material changes; • publicly disclose any material financial or non-financial benefits received in connection with asset-holding functions; • make and retain records that demonstrate compliance with the standards, and ensure they are readily accessible and capable of being produced in legible form, including during an insolvency event; • maintain adequate arrangements to ensure compliance with the standards. This includes arrangements for ensuring that asset-holding functions and functions relating to money are performed in accordance with the standards, identifying and managing conflicts of interest, minimising and responding to inappropriate influence of platform staff members, and maintaining appropriate reporting lines for platform staff members; and • ensure platform staff members have the knowledge, skills, ongoing training, time, authority and resources necessary to perform their duties properly.
B1.2	Permitted holding arrangements for underlying assets and money DAP and TCP operators must ensure that each underlying asset that is held for a client is held: • on trust for the client; or • under an arrangement that complies with certain requirements in the standards (see proposal B1.4); or • in accordance with Div 3 of Pt 7.8 of the Corporations Act, if that Div applies to the underlying asset. Money that is not an underlying asset of the platform and is held for a client under the platform must be held in accordance with Div 2 of Pt 7.8 if that Div applies to the money or, otherwise in trust for the client through an appropriate account or facility under an arrangement governed by Australian law. The operator must keep records of the legal arrangements under which underlying assets and money are held and, where relevant, the account or facility through which money is held and how the applicable requirements are satisfied.
B1.3	Disclosure of holding arrangements Before first holding an underlying asset or money for a client, the operator must clearly disclose the holding arrangements that may apply and when each arrangement applies. For underlying assets, the disclosure must address the client's proprietary interests or contractual rights, material insolvency consequences and other material limitations or risks. For money, it must address the arrangement under which, and the kinds of accounts or facilities through which, the money may be held and material risks affecting the client's interests and rights in relation to the money. The operator must also disclose any material change to those matters.

Proposal	Proposed standard
B1.4	Other holding arrangements for underlying assets Where an underlying asset is held under an arrangement other than on trust or under Div 3 of Pt 7.8 (see proposal B1.2), the operator must ensure that: • the arrangement is legally effective; • the operator takes all necessary steps to establish, maintain and protect the client's interests and rights (including any requirement for registration); • the arrangement provides reasonably effective protection in an insolvency event; and • the arrangement does not prevent the operator from complying with the standards.
B1.5	Foreign law holding arrangements Where foreign law governs or materially affects a holding arrangement or a client's interests or rights under it, the operator must assess and record the effect of that law, comply with any applicable registration or other protective requirements, and consider the protection of those interests or rights in an insolvency event. If an underlying asset is tangible property, the operator must also make a record of the place in which the underlying asset is held.
B1.6	Identification, safeguarding, segregation and pooling of underlying assets and money DAP and TCP operators must maintain accurate records identifying underlying assets and money, the clients for whom they are held, their interests and rights and their attributable holdings. Operators must safeguard and appropriately segregate underlying assets and money. Where underlying assets or money is pooled, additional record-keeping, reconciliation and deficiency-correction requirements apply.
B1.7	Receiving and acting on client instructions DAP and TCP operators must have reasonable procedures for receiving, verifying and acting on properly authorised instructions about underlying assets or money. Operators must not act on an instruction unless they have taken reasonable steps to verify that it is properly authorised and must keep records of instructions received and action taken.
B1.8	Redemption and delivery rights and controls DAP and TCP operators must take reasonable steps to facilitate the exercise of a client's right under the platform to redeem, or direct the delivery of, an underlying asset. Any fees, restrictions, delays, suspensions or refusals must comply with the standards, and operators must have adequate arrangements to prevent, detect and respond to unauthorised or erroneous transfers.
B1.9	Use of underlying assets DAP and TCP operators must not use, permit the use of, or arrange for the use of an underlying asset, unless the use is consistent with the applicable holding arrangement and the client's interests and rights, the operator has provided clear disclosure and obtained the client's express authorisation, and the use does not materially impair redemption or delivery rights. Operators must also manage conflicts of interest, make relevant disclosures and the terms of use publicly available, keep appropriate records and, in relevant circumstances, indemnify clients for losses arising from the use.

Proposal	Proposed standard
B1.10	Wallet and address information Where an underlying asset is a digital token, DAP and TCP operators must: - maintain records of the arrangements through which digital tokens are held, including relevant wallet structures, wallet addresses and other locations, and information needed to trace and reconcile the digital tokens; - report the relevant wallet arrangements, addresses and other locations to ASIC quarterly; and - notify ASIC of material changes affecting how the digital tokens are held, possessed or safeguarded.
B1.11	Digital token identifiers DAP and TCP operators must: - record and use a unique digital token identifier for each class of digital tokens that may be held as an underlying asset under the platform; - use a generally recognised identifier where one exists and it is reasonably practicable to do so; - use the identifier consistently in records, disclosures and reports required under the standards; and - maintain and make publicly available an accurate and up-to-date list of those classes of digital tokens and their identifiers. Note: The definition of digital token in s761GB of the Corporations Act contemplates each digital token to be an individual record (e.g. each ETH is its own digital token), therefore for the asset-holding and transactional and settlement standards we have defined a class of digital tokens to be the collection of digital tokens that are fungible and the same (e.g. ETH, ERC-20 ETH, ETH on a layer 2 blockchain would each be a separate class of digital tokens).
B1.12	Arrangements with custodians If a DAP or TCP operator engages a third-party custodian to hold underlying assets, the operator remains responsible for compliance with the standards in relation to the third-party custodian and any sub-custodian directly or indirectly engaged by the third-party custodian, and must: - assess the custodian's capability before appointment; - monitor the custodian, and address material risks or deficiencies; - periodically review its monitoring arrangements and agreements; and - have a legally enforceable written agreement with the third-party custodian addressing the holding and safeguarding of underlying assets, access to information, incidents, remediation, termination and any engagement of a sub-custodian to hold underlying assets.

Rationale

- 62 Asset holding is a key risk of operating a DAP and TCP, and is a primary reason for the regulatory approach taken in the DAF Act: see paragraph 1.18 of the [Explanatory Memorandum](#). Clients are exposed to a range of custody risks that can affect or compromise recoverability of assets or money, identification of client entitlements, and broader consumer protection outcomes. The Corporations Act gives ASIC the role of setting asset-holding standards (within specific parameters) to address these risks.
- 63 The core custody risks that arise for DAP and TCP operators are similar to the risks of other custodial arrangements. Existing custodial arrangements

are already regulated in a similar way to that proposed for DAPs and TCPs. These existing arrangements are set out in:

- (a) [*ASIC Corporations \(Platforms—IDPSs and IDPS-like Schemes\) Instrument 2026/395*](#);
- (b) [*ASIC Corporations \(Custody Standards for Providers of Custodial and Depository Services\) Instrument 2024/17*](#);
- (c) [*ASIC Corporations \(Asset Holding Standards for Responsible Entities\) Instrument 2024/16*](#); and
- (d) [*ASIC Corporations \(Managed Discretionary Account Services\) Instrument 2026/720*](#).

- 64 The proposed asset-holding standards are intended to maintain broad alignment with the requirements in these instruments, while adapting them in line with ASIC’s implementation objectives and limitations imposed by the DAF Act, where necessary. This approach seeks to provide a consistent regulatory regime with traditional custodial arrangements while remaining sufficiently flexible to accommodate different DAP and TCP business models, trust and non-trust holding arrangements, and arrangements involving third-party custodians.
- 65 This reflects amendments to s766E(3) where the operation of a DAP or TCP does not amount to providing a custodial or depository service. In practice this means that some providers of custodial or depository services would no longer be providing that service when done in relation to digital assets that are financial products, but would instead be issuing a DAP or TCP.
- 66 Some overseas jurisdictions have adopted more detailed approaches to some aspects of asset-holding requirements (e.g. hot/cold wallet allocations, detailed key management processes). Our current view is that this style of more detailed requirements would be inconsistent with our principles-based and technology-neutral approach. We note that some of these are already the subject of good practice guidance in Section F of [RG 133](#).

Domestic custody of digital assets

Proposal

- B2** We propose to *not* require *domestic* custody of underlying assets held by DAP and TCP operators.

Your feedback

- B2Q1 Do you agree? If not, please give reasons.
- B2Q2 If ASIC does not require domestic custody, are fallback arrangements for dealing with emergency situations necessary? If so, what arrangements would balance consumer protection, cost and operational risk?

Rationale

- 67 Our proposal to not mandate domestic custody is consistent with ASIC's existing approach for other similar products and services (see paragraph 63). This is important for consistency, and the existing approach provides firms with added flexibility to manage their asset holding in the best way to protect consumers and provide efficient services.
- 68 We intend to provide guidance in draft RG 000 clarifying that the manner and location of custody are material product features and risks that require disclosure, including custody locations and cross-border risk management arrangements. This material will be drafted when we progress to finalising the asset-holding standards more generally.
- 69 We have also considered a fallback arrangement where the domestic DAP and TCP operators can have emergency access to private keys in certain situations. While this could be beneficial in the case of failure of an overseas parent or related corporate entity, this would likely introduce operational complexities, risks for the domestic responsible managers. We are seeking consultation feedback on this issue.

Holding arrangements for underlying assets

Proposal

- B3** We propose to make standards related to holding arrangements for underlying assets, as outlined at proposals B1.2–B1.5 in Table 2.

Your feedback

- B3Q1 Do you agree with the proposal? If not, please give reasons.
- B3Q2 Do the proposed standards sufficiently ensure equivalent consumer protection outcomes where underlying assets are held under legal arrangements other than trust, including during insolvency events or where arrangements are governed or materially affected by foreign law? Please give reasons.
- B3Q3 Does the proposed principles-based approach accommodate different holding models and types of underlying assets while maintaining appropriate consumer protection outcomes? If not, what practical, legal or operational difficulties do you foresee? Please give reasons.
- B3Q4 Are there circumstances where trust arrangements are not practical or appropriate for particular types of underlying assets? If yes, please give reasons.
- B3Q5 Is the standard in proposal B1.4 in Table 2 (for the operator to ensure that other holding arrangements provide reasonably

effective protection in an insolvency event) sufficiently clear and able to be complied with? If not, what other protections might be imposed to ensure client's assets are protected in an insolvency event? Please give reasons.

Rationale

- 70 The definitions of DAPs and TCPs contemplate that underlying assets may be held through a range of legal arrangements. While trust arrangements remain an important mechanism for protecting client interests, there may be circumstances where an alternative arrangement is used that is consistent with the operator's obligation to hold the relevant underlying asset and provides sufficient consumer protection outcomes.
- 71 The focus of the proposed standards is not the legal form of the arrangement itself, but whether the arrangement provides appropriate safeguards, including identification and segregation of client assets, protection against misuse or unauthorised encumbrance, appropriate record-keeping, oversight arrangements and recoverability of assets.
- 72 Where an operator relies on a non-trust arrangement (e.g. bailment), the operator should be able to demonstrate how the arrangement adequately protects clients' interests and rights, including in circumstances involving the insolvency of the operator or another relevant person.

Interaction with client money and client property provisions

Proposal

- B4** We propose that the asset-holding standards and the client money and client property provisions should operate concurrently (see proposal B1.2 in Table 2).

Your feedback

- B4Q1 Do you agree with our proposal? If not, please give reasons.
- B4Q2 Do the proposed asset-holding standards, client money provisions and client property provisions collectively provide appropriate protection for clients? If not, are there any gaps, inconsistencies, uncertainties or impractical outcomes? Please give reasons and examples.
- B4Q3 Are there circumstances where compliance with the client money provisions may be impracticable because an operator is unable to obtain or maintain an account that satisfies s981B? If yes, what relief, modifications or alternative arrangements should ASIC consider, and what safeguards would be necessary to ensure equivalent consumer protection outcomes?

Rationale

- 73 Broadly, the client money and client property provisions under Pt 7.8 of the Corporations Act apply to money paid, or property (other than money) given, by a client to an AFS licensee in connection with a financial product or service that has been, or may be, provided: see s981A and s984A. Pt 7.8 will apply to DAP and TCP operators once they obtain an AFS licence, and they will need to comply with it to the extent it applies to them. However, not all money or underlying assets held by a DAP or TCP will constitute ‘client money’ or ‘client property’ as defined in Pt 7.8.
- 74 The proposed asset-holding standards set out requirements relating to holding arrangements for underlying assets and money. Under proposal B1.2 in Table 2, money and underlying assets must be held:
- (a) under Pt 7.8 of the Corporations Act, where they constitute ‘client money’ or ‘client property’ as defined under Pt 7.8; or
 - (b) otherwise, in accordance with the relevant requirements for holding arrangements as set out in the standards.
- 75 This ensures that important consumer protections under Pt 7.8 relating to client money and client property continue to apply to relevant money and underlying assets of the platform. This includes, for example, that client money is taken to be held by the licensee on trust and that the licensee must hold client property on trust: see s981H and 984B of the Corporations Act and reg 7.8.07 of the *Corporations Regulations 2001*.
- 76 ASIC is not proposing to grant broad relief from, or to make modifications to, Pt 7.8 of the Corporations Act, for DAP or TCP operators.
- 77 We recognise that practical issues may arise where an operator cannot readily determine whether money relates to a particular client or financial service, or where debanking prevents the operator from maintaining the account required under the client money provisions. We are considering giving guidance about how the existing provisions apply for mixed and unidentified money, and alternative holding arrangements.

Reporting wallet and address information

Proposal

- B5** We propose to require DAP and TCP operators to maintain records of wallet structures, wallet addresses and other information relating to the control of underlying assets (that are digital tokens) for at least seven years, and to report quarterly to ASIC a list of wallets and addresses holding underlying assets for clients (see proposal B1.10 in Table 2).

Your feedback

B5Q1 Do you agree with our proposal? If not, please give reasons.

B5Q2 What risks are involved with reporting wallet and address information to ASIC?

B5Q3 How can reporting wallet and address information be streamlined to minimise impact on licensees? For example, is there a way to effectively collect information only pertaining to storage addresses, and not deposit addresses?

Rationale

- 78 Wallet addresses are a key source of information regarding the identification, tracing and reconciliation of digital assets and can be used to monitor transactions on public blockchains.
- 79 Business models may vary significantly between different DAP and TCP operators. Records of holding structures will allow ASIC to understand how assets are held, and use the address information for monitoring.
- 80 A structured reporting process will support DAP and TCP operators to automate the collection and reporting of this information. Regular, rather than ad hoc, reporting will also support ASIC and other regulatory agencies in ongoing monitoring and supervision of the sector.
- 81 The proposed requirement would not require operators to give ASIC private keys, seed phrases, authentication credentials or other information capable of authorising a transfer. We do not seek this type of information.
- 82 Reporting of the list of wallets and addresses is also intended to be periodic to account for the fact that wallet structures, custody arrangements and wallet addresses may change over time. Periodic reporting seeks to ensure ASIC receives current information while avoiding the operational burden associated with continuous reporting.
- 83 AUSTRAC currently collects wallet information from virtual asset service providers (VASPs) as part of registration: see [Registration questions for virtual asset service provider](#) on AUSTRAC's website. ASIC will consider broader regulatory burden when evaluating whether to proceed with this proposal.

C Transactional and settlement standards

Key points

We propose to make transactional and settlement standards to establish minimum requirements for how client transactions are executed and settled on, or through, a DAP.

The aim of the proposed standards is to provide clients with confidence and certainty, by applying principles-based obligations from existing regulatory models, in a proportionate way, to DAP operators engaging in transactional activities.

The proposed transactional and settlement standards include requirements relating to:

- platform governance
- asset admission and conflicts management
- trade controls, monitoring and intervention
- order matching and settlement arrangements
- execution platforms
- trade transparency
- client instructions
- trade confirmations
- overarching adequacy of arrangements to comply with the standards, and
- overarching disclosure obligations.

Proposed transactional and settlement standards

84 Under s912BF of the Corporations Act, ASIC has the power to make transactional and settlement standards. The purpose of these standards, as stated in paragraph 1.178 of the [Explanatory Memorandum](#), is to establish minimum requirements for how client transactions are executed and settled on, or through, a DAP.

85 Our assessment of the market is that most DAP operators will be required to comply with the transactional and settlement standards, and some standards may also apply to TCPs (see s912BB of the Corporations Act). Complying with the transactional and settlement standards will be a core obligation for DAP and TCP operators (see s912D(3) of the Corporations Act) for the purposes of breach reporting. ASIC will be responsible for supervising the compliance of DAP (and relevant TCP) operators with the standards.

Proposal to make transactional and settlement standards

Proposal

- c1** We propose to exercise ASIC's powers to make transactional and settlement standards under s912BF. The proposed standards are set out in draft *ASIC Corporations (Digital Asset Platforms—Transactional and Settlement Standards) Instrument 2027/XX* (draft transactional and settlement standards instrument), which is at Attachment 3.

Note: The draft transactional and settlement standards instrument will change following consultation feedback and our finalisation process for the instrument. We attach a draft to give stakeholders an earlier indication of the likely form of the standards.

Your feedback

- C1Q1 Do you agree with our proposal? If not, please give reasons.
- C1Q2 Do the proposed standards adequately address the relevant transactional and settlement activities? If not, please give reasons.
- C1Q3 Do the proposed standards apply appropriately to diverse business models in the sector? Please give reasons.
- C1Q4 Are there any proposed standards that a DAP operator cannot comply with (e.g. due to practical, legal or technical barriers to implementation)? Please give reasons.
- C1Q5 Are the proposed standards appropriately clear and detailed? In your response, please give reasons (e.g. are the standards too high-level or too granular).
- C1Q6 All obligations within the proposed standards are planned to come into effect on the same date. Are there any obligations where an additional transition period is required? If so, identify the obligations, preferred transition period and estimated impact or cost savings.
- C1Q7 For existing DAP operators, how will these proposed obligations affect your business? Please provide an estimate of the time and costs you will incur to implement the proposed rules.

Rationale

- 86 DAP operators often combine different roles that are typically filled by separate entities in traditional finance. To address risks arising from vertical integration, the standards have taken inspiration from existing regulatory obligations where appropriate. The proposed standards are intended to be flexible and are also tailored to different types of DAP operators, taking into account the varying nature, size, scale and complexity of such businesses.

- 87 The transactional and settlement standards have been designed to apply proportionately to different business models, based on the services provided, including:
- (a) acting on behalf of clients;
 - (b) acting as principal counterparty to each trade with clients, which may or may not involve order matching;
 - (c) providing a neutral trading venue that enables a client to request quotes for proposed trades; and
 - (d) providing a neutral trading venue where buyers and sellers meet to trade (e.g. by order matching, or other multilateral trading approaches).
- 88 This approach aligns with existing regulatory models for financial services that are similar to the transactional and settlement functions (e.g. dealing by acting on behalf of clients, making-a-market by acting as principal, and operating a financial market by providing the neutral trading venue), and the proposed standards are broadly aligned with requirements in peer jurisdictions (see paragraphs 8–10).
- 89 The proposed transactional and settlement standards will not apply to:
- (a) DAP operators that do not undertake transaction or settlement functions (i.e. custody-only DAPs);
 - (b) transactions in spot tokenised tangible property tokens or exempt derivatives through any DAP (see proposal C6); and
 - (c) most of a TCP's operations.
- 90 The standards have been designed to allow for different execution methods, with specific standards applying to each method to achieve appropriate regulatory outcomes. Specific standards apply to:
- (a) trading venue DAPs (including those that use an order book, or other multilateral trading approaches such as a request for quote);
 - (b) order matching DAPs—trading venue DAPs that use an order book or DAPs trading as principal that undertake matched principal trading by matching client orders;
 - (c) DAPs that act as agent for client orders;
 - (d) DAPs that are a tied broker or dealer, where all orders are routed to another related trading facility (i.e. a market in another jurisdiction operated by the parent company of the DAP); and
 - (e) DAPs that act as the principal counterparty to all orders.
- 91 The objective of the proposed transactional and settlement standards is to:
- (a) promote fair, orderly and transparent trading of digital assets;
 - (b) ensure fair and effective settlement of transactions;

- (c) reduce settlement, counterparty and operational risk for clients;
- (d) mitigate conflicts arising from vertically integrated business models; and
- (e) support ASIC's supervision and enforcement of market integrity in the digital asset space.

92 For each of the transactional and settlement standards that we are proposing, ASIC must be satisfied that the standard:

- (a) is adequate, effective and appropriate for the full range of DAP business models;
- (b) is reasonably proportionate for differences in the size, scale and nature of all DAP operators;
- (c) does not infringe on the rights of clients; and
- (d) does not prevent DAP operators from sourcing liquidity from outside of Australia, but requires DAP operators to have an enforceable written agreement with anyone providing liquidity or market making on their platform: s912BF(3)(b)(i).

Core obligations proposed in the standards

Proposal

c2 We propose to make some broad transactional and settlement standards, which we view as 'core obligations' applying to all operators subject to the standards. These are set out in Table 3.

Your feedback

- C2Q1 Do you agree with our proposal? If not, please give reasons.
- C2Q2 Are the proposed *core* obligations sufficient in addressing the risks that arise from digital asset execution and settlement activities? Please give reasons.
- C2Q3 Does the proposed level of granularity in the core obligations support the ability of DAP operators to comply? Should specific obligations be more, or less prescriptive? Please give reasons.
- C2Q4 Through the structure of the transactional and settlement standards, there is a separation between trading as principal and agent. Does this pose operational issues for existing DAP operators? Please give reasons.

- C2Q5 Exceptions to Best Execution are proposed for Tied Brokers, Tied Dealers and where a DAP is acting as principal counterparty to all transactions; this requires the separation of agency trading to ensure compliance (see proposal C2.6 in Table 3). Does this pose operational issues for existing DAP operators? Please give reasons.
- C2Q6 For existing DAP operators, how will these proposed obligations affect your business? Please provide an estimate of the time and costs you will incur to implement the proposed rules.

Table 3: Core obligations proposed in the standards

Proposal	Proposed standard	Applies to
C2.1	Record-keeping A DAP operator must keep records for a period of seven years of: • client instructions; • all trading messages, including the timestamp of each stage of processing; • the use of the operator's intervention rights (see paragraph 112) in connection with any transaction and settlement function; and • documentation that demonstrates that the operator has complied with the standards.	All DAPs
C2.2	Client instructions DAPs and TCPs must have adequate arrangements to accept instructions from clients to direct the exercise of rights provided under the platform or in relation to an underlying asset of the platform.	All DAPs and TCPs
C2.3	Efficiency and integrity of transactional and settlement functions Order matching DAPs must ensure the efficiency and integrity of the transactional and settlement functions on their platforms, with sufficient resources and controls to ensure they can reliably deliver that outcome.	Order matching DAPs
C2.4	Fair, orderly and transparent order matching If the DAP operator is order matching, it must: • do all things necessary to ensure that the DAP is operated in a fair, orderly and transparent manner; and • have transparent, non-discretionary and consistently applied order matching arrangements and processes.	Order matching DAPs
C2.5	Fair and effective settlement arrangements When settling transactions resulting from order matching, the operator must: • maintain fair and effective arrangements for the settlement of transactions in underlying assets through the platform; and • publish information on their website about their settlement arrangements (including model used, timing, finality, timing and potential for later adjustments).	Order matching DAPs

Proposal	Proposed standard	Applies to
C2.6	Best execution If the DAP operator executes a client order on another DAP or trading venue, it must take all reasonable steps to obtain the best outcome for the client, execute comparable orders sequentially, and maintain access to at least two adequate liquidity sources for the execution of client orders. Exemptions apply including if the operator clearly discloses that they exclusively route all trades to a trading venue operated by a related company (Tied Brokers and Dealers) or act as principal counterparty to all client orders.	Agent DAPs Matched principal trading DAPs

Rationale

- 93 Proposal C2 builds on the general AFS licensee obligations that will apply to all DAP operators, to set out more specific obligations within the standards. The aim of the standards is to ensure that DAP operators have adequate arrangements to provide their services.
- 94 These ‘core obligations’ for the transactional and settlement standards are aligned with our implementation objectives and central to supporting client confidence. The combination of custody and trading in a DAP means that clients will not have certainty in trading positions if the fair and effective settlement of a transaction on a DAP does not take place in an accurate and timely manner.
- 95 Where DAP operators are order matching, they must ensure trading on their platform is fair, orderly and transparent, and ensure that they have the resources to ensure that trading messages do not interfere with the platform efficiency and integrity. This standard adapts the foundational regulatory requirement of a ‘fair, orderly and transparent market’ from s792A of the Corporations Act. It acts as an anchoring obligation to ensure consistency between markets licensees and DAPs with very similar business models.
- 96 Where DAP operators are executing client orders other than by order matching on their own platform, best execution obligations ensure that intermediaries provide their clients with the best outcome possible. We have proposed a principles-based best execution obligation that aligns client outcomes with the agency trading model in traditional finance, while accommodating the differences in technology, operation, number of venues and client mobility that is inherent to the trading of digital assets.
- 97 Sufficient record-keeping is critical to promoting consumer confidence by ensuring clients will be able to access important information about their activities, such as the details of their orders, instructions, matching of their orders, transactions, withdrawal and deposit history. Detailed records are essential in supporting the operator’s ability to supervise its platform, and respond to regulatory enquiries.

- 98 Where TCPs create a token over an underlying asset that has additional rights that the holder of the token can direct the TCP operator in relation to, the TCPs will be required to comply with the client instructions obligation under the standards.

Asset admission and conflicts management obligations

Proposal

- c3 We propose to make transactional and settlement standards on *asset admission and conflicts management* as set out in Table 4.

Your feedback

- C3Q1 Do you agree with the proposal to prohibit principal trading except in the exception described in proposal C3.4 in Table 4? Are these exceptions appropriate and sufficient? If not, give reasons about what you think should be changed and your views about how the same objective can be achieved.
- C3Q2 Do the proposed asset admission and conflicts obligations sufficiently address the structural conflict of interest risks that are commonly present in platforms? Please give reasons.
- C3Q3 Is the proposed restriction on operators trading as principal in proposal C3.3 in Table 4 appropriate to manage the risks of conflicts of interest, or is it overly restrictive? Please give reasons.
- C3Q4 Are there any circumstances where it would be appropriate for an operator to trade as principal through their platform and so would require an exemption? Please give reasons.
- C3Q5 For existing DAP operators, how will these proposed obligations affect your business? Please provide an estimate of the time and costs you will incur to implement the proposed rules.

Table 4: Asset admission and conflicts management obligations proposed in the standards

Proposal	Proposed standard	Applies to
C3.1	Asset admission and onboarding controls The DAP operator must: - maintain adequate arrangements for assessing which classes of digital tokens can be admitted on the platform, regardless of whether they are financial products; and - monitor admitted classes of digital tokens to ensure they remain suitable and suspend or remove any that cease to be suitable in a timely and orderly manner.	All DAPs

Proposal	Proposed standard	Applies to
C3.2	Separation arrangements for token issuance businesses DAP operators must have adequate arrangements to manage conflicts of interest in connection to admitted digital tokens that the operator (or any related body corporate) has created or has a financial interest in.	Order matching DAPs
C3.3	Prohibition on principal trading Subject to proposal C3.4, DAP operators must not trade as principal on their own or related body corporate DAPs and must ensure that related body corporates do not trade as principal through the operator's DAP.	Order matching DAPs
C3.4	Exception to the prohibition on principal trading DAPs that are tied brokers, tied dealers, acting as agent, or in certain arrangements where they are the principal counterparty to all transactions, are exempt from the prohibition in proposal C3.3.	Certain DAPs
C3.5	Operator must not accept shelf space fees DAP operators must not accept any financial or non-financial benefit to preference a digital token admitted on the platform over others in any manner (including admission, removal, trading and marketing).	All DAPs

Rationale

- 99 These proposed standards are to address the complex potential conflicts of interest that arise from the structure of digital asset markets. ASIC is proposing to introduce standards to promote the protection of clients in how digital tokens are admitted and address the many capacities that a DAP can act in when providing their services (see Table 4).
- 100 We are not proposing to include any new continuous disclosure obligations under the standards with respect to the underlying assets of a DAP. Section 1020AR of the Corporations Act requires DAP and TCP operators to pass on communications to clients. This may include continuous disclosure information if the underlying asset is a financial product, and the issuer of that financial product is required to comply with the existing continuous disclosure obligations under the Corporations Act.
- Note: where the digital asset is a financial product, continuous disclosure obligations may apply.
- 101 The standards proposed require arrangements, including controls, for the admission and onboarding of underlying assets. By selecting which tokens to offer on their platforms, DAP operators largely determine the risks their clients are exposed to beyond each token's market risk profile. This standard imposes a principles-based minimum requirement that supports appropriate token offerings consistent with the platform's business model and the needs of their clients.

- 102 We have proposed conflicts management standards to limit potential conflicts of interest where a DAP operator or related party issues or has an interest in digital tokens offered on the DAP. These standards address potential conflicts of interest in cross-selling products and services, prioritising trades in certain tokens, and consideration of a competitor's tokens.
- 103 The prohibition on DAP operators trading as principal on their own or on a DAP of related body corporate, and vice versa, limits conflicts of interest. Where DAP operators trade as principal against clients, there can be substantive conflicts of interest and clients may have difficulty determining the execution method and role that an intermediary is acting in.
- 104 We have proposed a trading as principal exemption for DAP operators when acting as a tied broker, a tied dealer, agent on behalf of the client, or as principal counterparty to the client (for a matched principal trade), where specified in the platform rules. The intended effect is that trading as principal is limited to certain DAP models, and that transactions where the operator is acting in a principal capacity is disclosed to a client that consents to the trade. In practice, we expect that DAP operators using a model that acts on behalf of clients will need to disclose or gain consent in relation to specific transactions. DAPs that act as principal counterparty to each trade with the client have this disclosure and consent embedded in the operating model. A DAP operator may also breach other obligations if it, or a related party, trades against clients in a way that benefits the operator at the client's expense.

Disclosure and transparency obligations

- 105 To ensure clients can make informed trading decisions, ASIC is proposing to introduce standards that promote public disclosure of key information about a DAP operator's platform: see Table 5.

Proposal

- c4** We propose to make transactional and settlement standards on *disclosure and transparency* as set out in Table 5.

Your feedback

- C4Q1 Do you agree with our proposal? If not, please give reasons.
- C4Q2 Do the proposed disclosure requirements adequately address information asymmetry and allow clients to make informed decisions? If not, what is missing or what should change?

- C4Q3 Are the proposed minimum content requirements for pre-trade disclosures sufficient? Please give reasons.
- C4Q4 Are the proposed minimum content requirements for post-trade disclosures sufficient? Please give reasons.
- C4Q5 For existing DAP operators, how will these proposed obligations affect your business? Please provide an estimate of the time and costs you will incur to implement the proposed rules.

Table 5: Disclosure and transparency obligations proposed in the standards

Proposal	Proposed standard	Applies to
C4.1	Disclosures and notification of material changes to platform rules A DAP operator must give clients the platform rules related to transactional and settlement functions and notify clients of material changes.	All DAPs
C4.2	Fee disclosures The DAP operator must disclose on a website that is publicly accessible, any material financial and non-financial benefits received or paid by the operator in connection with the transactional and settlement functions of the platform (e.g. fees that vary by volume or value of transactions and/or settlements made through the platform).	All DAPs
C4.3	Third-party market making If the DAP operator has entered into a liquidity support arrangement, the operator must monitor the performance of the liquidity support provider to ensure the person is providing the services covered by the arrangement effectively and has the ability to continue to provide those services effectively. Where a liquidity support arrangement involves submitting trading messages to a DAP that uses an order book, the DAP operator must ensure that the arrangement provides the operator with the right to: - request reasonable assistance from the other person to manage abnormal pricing and trading, including in relation to withdrawal of liquidity, widening of spreads and escalation of pricing or liquidity disruptions; and - exercise the operator's intervention rights without limitation. The operator must publicly disclose on its website the identity of any person with which it has a liquidity support arrangement.	All DAPs
C4.4	Pre-trade transparency If a DAP operator operates an order book, then it must make pre-trade information (order date and time, digital token identification, volume, order side, price, and currency or settlement asset) publicly available in real time and free of charge.	DAPs that operate an order book
C4.5	Post-trade transparency If a DAP operator is order matching, it must make post-trade information (execution date and time, digital token identification, volume, price, currency or settlement asset, and trade cancellation indicator) publicly available in real time and free of charge.	Order matching DAPs

Proposal	Proposed standard	Applies to
C4.6	Requirement to publicly provide trading information If a DAP operator is order matching, it must make trading information (digital token identification, last traded price, currency or settlement asset, bid, offer, high, low, volume and asset trading operational status) available free of charge on a website that is publicly accessible, as soon as reasonably practicable.	Order matching DAPs

Rationale

- 106 When clients first interact with a DAP, it may appear similar to a traditional financial market. However, DAPs may operate differently and the rights and protections available to clients may also differ. There may also be substantial differences between the business models of DAP operators. These differences may not be readily apparent to clients and may affect their ability to understand the nature of the service provided by the DAP operator and its associated risks. We therefore propose that DAP operators are required to provide clients with clear, concise and accessible information about these matters before they first use the platform and on an ongoing basis thereafter. This is intended to help clients make informed decisions about whether, and how, to use the platform.
- 107 Disclosure of changes to platform rules, fees and third-party market making arrangements supports the ability of investors to make informed decisions on whether to continue using a platform. Given the industry's fast pace of innovation, it is likely that some DAP operators will implement material changes to services more frequently than other traditional financial equivalents.
- 108 Market makers and liquidity providers play an important role in providing liquidity to a DAP, so that clients of the DAP can trade in the products that are offered with less friction and tighter margins. Because of the importance of this role, s912BF(3)(d) of the DAF Act requires a DAP operator to enter an enforceable arrangement with any liquidity providers. Monitoring obligations and public disclosure of a DAP's arrangements with liquidity providers supports transparency and helps address potential conflicts of interest.
- 109 Pre- and post-trade transparency are generally regarded as central to both the fairness and efficiency of a trading platform, and in particular to its liquidity and quality of price formation. Making this information publicly available, free of charge supports the ability of investors to make informed decisions on choice of DAP.
- 110 For DAP operators that operate an *order book*, pre-trade information is how price formation occurs as it enables investors to identify trading opportunities, contributing to an investor's confidence in executing a

transaction. Investor confidence can give other investors an incentive to participate, contributing to liquidity and stimulating more competitive pricing. It also contributes to a platform's ability to achieve and evidence best execution. The equivalent market integrity rule in traditional financial markets requires trades to be pre-trade transparent unless a valid exception can be relied upon.

- 111 The post-trade transparency obligations apply to a broader range of order matching DAP operators and provide disclosure of volumes and prices about completed transactions. This supports price formation and allows investors to assess execution quality and conduct transaction cost analysis. The obligations are drawn from the equivalent market integrity rules, but due to the many possible ways that a DAP operator's trades can be executed, we have not carried over the requirement to report or validate off-market transactions.
- 112 The requirement to publicly provide trading information for free as soon as reasonably practicable is intended to be broadly analogous with existing market integrity rules. Information should be made available on the DAP operator's website using a constant, stable deep link where the web address does not change even when the information on the website changes.

Prohibition on trading misconduct

Proposal

- c5** We propose to include standards requiring operators to mitigate trading misconduct (see Table 6).

Your feedback

- C5Q1 Do you agree with our proposal? If not, please give reasons.
- C5Q2 Will a requirement to notify ASIC where a DAP suspends or terminates a client's access to the platform due to suspected misconduct have unintended consequences? If so, please give reasons and suggestions on how it could be improved. For example, would the requirement to notify ASIC of clients removed by the operator from the platform discourage DAPs from suspending or terminating clients engaged in misconduct on their platforms?
- C5Q3 For existing DAP operators, how will these proposed standards affect your business? Please provide an estimate of the time and costs you will incur to implement the proposed standards.

Table 6: Obligations to mitigate misconduct proposed in the standards

Proposal	Proposed standard	Applies to
C5.1	Prohibition on trading misconduct DAPs must include in their platform rules a prohibition on any practices that may interfere with the efficiency and integrity of the platform's transactional and settlement functions.	All DAPs
C5.2	Adequate controls and monitoring DAPs must have adequate arrangements to prevent, detect and respond in a timely way to misconduct on their platforms (including the ability to restrict, suspend or terminate a client account, cancel orders and reverse transactions). If a DAP operator suspends or terminates a client's access to the platform due to suspected misconduct, it must notify ASIC as soon as reasonably practicable.	All DAPs

Rationale

- 113 Market integrity is fundamental to the financial wellbeing of Australians and an efficient economy. The future success of Australia's digital asset ecosystem will depend on clients having confidence that DAPs are trustworthy venues in which to transact. Clients should be protected from trading misconduct on DAPs, including attempts to manipulate token prices or create a false or misleading appearance of trading activity. DAP operators should therefore:
- (a) prohibit all forms of misconduct on their platforms; and
 - (b) maintain effective governance, controls and monitoring arrangements to prevent, detect and appropriately respond to misconduct on their platforms.
- This proposal considers the market misconduct rules in the Corporations Act and market integrity rules that apply to traditional financial markets.
- 114 DAP operators should make the details on their intervention rights publicly accessible and provide the details to clients before providing services to a client. This includes a description of the rights, circumstances in which they can be used, the process, oversight and decision documentation, how clients are notified, any dispute process, record-keeping and interactions between the rights and order matching, liquidity and liquidity support arrangements. We would expect DAP operators to keep records of any suspected misconduct that they detected and what steps they took in response. We also would expect DAP operators to properly resource their monitoring function to ensure that they are able to respond to any suspected misconduct in a timely manner.
- 115 We have also proposed that the DAP operator will be required to report any disciplinary action it takes against a client that results in the client being

suspended or banned from the platform. This will allow ASIC to receive targeted and defined information related to misconduct, without requiring implementation of a bespoke trade reporting regime or trading misconduct regime. This approach is intended to facilitate a practical outcome for consumers in light of the legal and resource constraints on both ASIC and industry.

Carve-out for tokenised spot tangible property tokens

Proposal

- c6** We propose that the transactional and settlement standards do not apply to transactions involving:
- (a) tokenised tangible property, or
 - (b) tokenised derivatives that are not financial products (see s761D(3)(a)).

Your feedback

C6Q1 Do you agree with our proposal? If not, please give reasons.

C6Q2 Are there any other products that should also be exempt from the transactional and settlement standards? For example, tokenised spot foreign exchange transactions (see carve-out in s765A(1)(m)).

Rationale

- 116 Trading, market making and dealing in tangible assets (e.g. gold, wheat, metals), or certain physically settled derivatives are regulated by a combination of other government and industry bodies. They are not considered financial products under the Corporations Act. This proposal avoids regulatory overlap, retains the established rules and legal frameworks for each individual asset class, and preserves technology neutrality through consistency with existing financial services laws. We will monitor this position and may introduce transactional and settlement standards for such asset classes in the future.

D Financial requirements for DAP and TCP licensees

Key points

We propose to apply solvency and positive net assets requirements, and as relevant, surplus liquid funds (SLF) and adjusted SLF (ASLF) requirements, to all DAP and TCP licensees. This includes operators and other licensees authorised to provide financial services relating to DAPs and TCPs.

In addition to this, for DAP and TCP operators we also propose a tailored cash needs, audit and an NTA requirement. We are consulting on three *alternative* approaches to the NTA requirement.

AFS licence obligations and financial requirements

- 117 AFS licensees that are authorised to provide financial services in relation to DAPs and TCPs will be subject to certain obligations under the Corporations Act, including:
- (a) having available adequate financial resources to provide the financial services covered by the AFS licence (s912A(1)(d));
 - (b) doing all things necessary to ensure that the financial services covered by the AFS licence are provided efficiently, honestly and fairly (s912A(1)(a));
 - (c) having adequate risk management systems (s912A(1)(h)); and
 - (d) complying with the conditions of their AFS licence (s912A(1)(b)).
- 118 To help licensees understand what we consider to be ‘adequate financial resources’, we set specific financial requirements for AFS licensees in addition to the general requirement in s912A(1)(d). The requirements that apply to all licensees—the ‘base requirements’—are comprised of a solvency and net positive assets requirement, a cash needs requirement and an audit requirement: see Table 1 of [RG 166](#). These requirements are imposed through licensee conditions: see Pro Forma 209 *Australian financial services licence conditions* ([PF 209](#)).
- 119 Licensees who hold client money or property or transact with their clients as principal are subject to further requirements—the ‘additional requirements’—in the form of an SLF and ASLF requirement: see Table 1 of RG 166. These requirements are also imposed through licence conditions (see PF 209).
- 120 Licensees operating in certain sub-sectors may be subject to modified base requirements—‘tailored’ base requirements—and an additional NTA

requirement, because of the heightened risks and complexity associated with the financial services provided in that sub-sector. These requirements are imposed by ASIC legislative instruments.

- 121 Licensees may be subject to more than one set of financial requirements, depending on the licence authorisations they hold. If this is the case, generally they must meet all applicable requirements but can count the same assets to meet multiple requirements, except where provided otherwise: see RG 166.26.

Financial requirements for all DAP and TCP licensees

Proposal

- D1** For *all* licensees that are authorised to provide financial services in relation to DAPs and TCPs (including operators, advisers and licensees that are authorised to deal under s766C(1)(ca)), we propose to apply the following financial requirements:
- (a) solvency and positive net assets requirements (see RG 166.32–RG 166.34);
 - (b) if the licensee holds client money in excess of \$100,000—a requirement to hold \$50,000 in SLF; and
 - (c) if the licensee transacts with clients as principal—an adjusted SLF in the sum of \$50,000, 5% of adjusted liabilities between \$1 million and \$100 million, and 0.5% of adjusted liabilities exceeding \$100 million.

These requirements will be imposed through licence conditions (see PF 209).

Your feedback

- D1Q1 Do you agree with this proposal? If not, please give reasons.
- D1Q2 Does our proposal adequately support the objectives of the financial requirements? If not, what should change?
- D1Q3 For existing DAP and TCP operators, how will these proposed obligations affect your business? Please provide an estimate of the time and costs you will incur to implement the proposed rules.

Rationale

- 122 The overarching rationale of the financial requirements described in RG 166.13 is to:

- (a) ensure AFS licensees have sufficient resources to conduct their business in compliance with the Corporations Act (including carrying out supervisory arrangements);
- (b) maintain a financial buffer that decreases the risk of a disorderly or non-compliant wind-up if the business fails; and

- (c) provide adequate incentive for the licensee’s owners to ensure the licensee is operated compliantly.
- 123 The solvency and positive net asset requirements outlined within RG 166 are a foundational obligation applicable to all AFS licensees, reflecting the expectation that all licensees maintain adequate financial resources to provide financial services.
- 124 Applying this requirement to all DAP and TCP licensees without modification maintains regulatory simplicity and consistency, and avoids the risk of regulatory arbitrage by ensuring entities cannot restructure into digital asset models to avoid fundamental solvency expectations that apply across the broader financial services regime.
- 125 ASIC considers that the SLF and ASLF requirements should *also* apply to DAP and TCP licensees where they engage in the activities that usually trigger those requirements in providing other financial services—that is, holding client money or transacting with clients as principal, respectively.

Financial requirements for DAP and TCP operators

Proposal

D2 For licensees that operate (i.e. issue) a DAP or TCP, we propose to apply the following financial requirements in *addition* to those proposed above in proposal D1:

- (a) tailored cash needs requirements—operators must:
 - (i) prepare quarterly projections of their cashflows over at least the next 12 months, based on reasonable expectations of what is likely to occur, and
 - (ii) document certain assumptions and conclusions (see RG 166.35–RG 166.37).
- (b) tailored audit requirements—the audit reports the licensees file under s989B(3) of the Corporations Act must attest to compliance (on both a positive and negative assurance basis) with the tailored cash needs requirement and the proposed NTA requirement (see proposal D3).

These requirements will be imposed by legislative instrument—see draft *ASIC Corporations (Financial Requirements for Digital Asset Platforms and Tokenised Custody Platforms) Instrument 2027/XX* (draft financial requirements instrument) at Attachment 4. All other licensees will be subject to the standard cash needs and audit requirements set out in licence conditions (see PF 209), unless other requirements apply to them because of other licence authorisations they hold.

Note: The draft financial requirements instrument will change following consultation feedback and our finalisation process for the instrument. We attach a draft to give

stakeholders an earlier indication of the likely form of the financial requirements (including the three alternate options we are consulting on below).

Your feedback

- D2Q1 Do you agree with this proposal? If not, please give reasons.
- D2Q2 Does this proposal adequately support the objectives of the financial requirements? If not, what should change? Please give reasons.
- D2Q3 For existing DAP and TCP operators, how will these proposed obligations affect your business? Please provide an estimate of the time and costs you will incur to implement the proposed rules.

Rationale

- 126 ASIC intends to impose the same tailored cash needs and audit requirements as those applying to investor directed portfolio service (IDPS) operators under sections 5(3) and 5(9) of [*ASIC Corporations \(Financial Requirements for Responsible Entities, IDPS Operators and Corporate Directors of Retail CCIVs\) Instrument 2023/647*](#) to DAP and TCP operators.
- 127 Applying the same requirements to DAP and TCP operators as IDPS operators is consistent with the general policy intent of DAF Act, which is based on DAP and TCPs being regulated like IDPSs as a platform-based custodial product with similar liquidity and operational risks that the tailored cash needs and audit requirements address.

NTA requirements for DAP and TCP operators

Proposal

- D3 For licensees that operate a DAP or TCP, we propose to apply an NTA requirement in the form of *one* of the models set out in Table 7. We also propose to apply annual indexation (by reference to the consumer price index (CPI)) to thresholds in the proposed NTA models to ensure they remain current. This NTA requirement will apply in addition to the requirements in proposals D1 and D2.

This requirement will be imposed by the draft financial requirements instrument—see Attachment 4.

Your feedback

- D3Q1 Do you agree with our proposed approach to the NTA requirement? If not, what alternative approach would better achieve the objectives?

- D3Q2 Which proposed NTA model best supports the objectives of the NTA requirement? Please give reasons.
- D3Q3 What effect would each model have on competition? Would any model create practical difficulties? Please give examples.
- D3Q4 Are the proposed amounts and thresholds appropriate?
- D3Q5 Should the NTA requirements differentiate between the methods of asset holding discussed in proposal D3 to reflect the different risks and costs of these methods?
- D3Q6 Should any particular assets or liabilities be included in, or excluded from, the proposed definitions?
- D3Q7 For existing DAP and TCP operators, how will these proposed obligations affect your business? Please provide an estimate of the time and costs you will incur to implement the proposed rules.

Table 7: Options for NTA requirements

Options	NTA requirements
Model 1	DAP and TCP operators will be required to hold NTA in the amount of at least: 1) where the operator has met the third-party custody conditions: a) \$200,000 (indexed annually, by reference to CPI); b) 0.5% of the average value of underlying assets possessed or held up to \$7,000,000 (indexed annually, by reference to CPI); or c) 10% of average revenue; or 2) otherwise, the greater of: a) \$14,000,000 (indexed annually, by reference to CPI); or b) 10% of average revenue.
Model 2	DAP and TCP operators will be required to hold NTA in the amount of at least: 1) where the operator has met the third-party custody conditions: a) \$200,000 (indexed annually, by reference to CPI); b) 0.5% of the average value of underlying assets possessed or held up to \$7,000,000 (indexed annually, by reference to CPI); or c) 10% of average revenue; 2) where the operator does not, at any time, possess or hold an underlying asset that is a financial product, the greater of: a) \$7,000,000 (indexed annually, by reference to CPI); or b) 10% of average revenue; or 3) otherwise, the greater of: a) \$14,000,000 (indexed annually, by reference to CPI); or b) 10% of average revenue.

Options	NTA requirements
Model 3	DAP and TCP operators will be required to hold NTA in the amount of at least: 1) where the operator has met the third-party custody conditions: a) \$200,000 (indexed annually, by reference to CPI); b) 0.5% of the average value of underlying assets possessed or held up to \$7,000,000; (indexed annually, by reference to CPI); or c) 10% of average revenue. 2) otherwise, at least the sum of: a) the amount that is the greatest of: i) \$2,000,000 (indexed annually, by reference to CPI); ii) 0.5% of the average value of underlying assets possessed or held up to \$14,000,000 (indexed annually, by reference to CPI); iii) 10% of average revenue; and b) the amount (if any) that is the sum of the following: i) \$500,000 (indexed annually, by reference to CPI)—where the operator is a DAP operator that acts as an agent; ii) \$750,000 (indexed annually, by reference to CPI)—where the operator is a DAP operator that operates a neutral trading venue; or iii) \$1,000,000 (indexed annually, by reference to CPI)—where the operator is a DAP operator that trades as principal with its clients. In this model: • ‘acts as an agent’ refers to DAP operators who acquire or dispose of digital tokens on their clients’ behalf and arrange or execute those transactions through another DAP, trading venue or liquidity source, analogous to a traditional finance broker; • ‘operates a neutral trading venue’ refers to DAP operators who facilitate the acquisition or disposal of digital tokens by providing a trading venue for offers of acquisition and disposal to be regularly made, analogous to a traditional finance market operator; and • ‘trades as principal with its clients’ refers to DAP operators who regularly offer to acquire and dispose of digital tokens either on their own behalf, analogous to a traditional finance market maker, or in the course of facilitating matched principal trading.

Rationale

- 128 Consistent with the general principles of financial requirements, NTA requirements aim to:
- (a) ensure the licensee has adequate financial resources to meet operating costs (e.g. the costs of ensuring compliance with the Corporations Act);
 - (b) align the licensees’ interests with the interests of its clients—in the case of DAPs and TCPs, persons on behalf of whom the operator is possessing or holding underlying assets—by ensuring the licensee is an entity of substance and its shareholders are sufficiently invested in the success of the licensee and propriety of its operations; and
 - (c) provide some level of assurance that, if the licensee does fail, there is sufficient money available for an orderly wind down of the licensee.

- 129 The ‘core’ activity of DAPs and TCPs is custody of underlying assets. We have therefore designed three proposals for the NTA requirement based on the requirements that apply to IDPS operators given the similar nature, risk and complexity of those business models and in consideration of the DAP and TCP regime being based on the regulation of IDPSs, registered managed investment schemes and managed discretionary accounts: see the [Explanatory Memorandum](#) at paragraph 1.23. These proposed options would operate as described in Table 7.
- 130 Each model includes an identical NTA concession for a DAP/TCP operator who engages a third-party custodian to possess or hold *all* the underlying assets of the facility. To access this concession, an operator must obtain written assurance and (with some limited exceptions) audit reports from the custodian attesting that the custodian holds the amount and form of NTA that the operator would otherwise be required to hold but for the outsourced custody arrangement. The conditions are detailed in sections (4) to (6) of the draft financial requirements instrument—see Attachment 4.
- 131 The rationale for each model is as follows:
- (a) Model 1 applies substantially the same requirements that apply to IDPS operators on the basis of the ‘same activity, same risk, same regulation/regulatory outcome’ principle. This includes a concessional NTA amount where the operator uses a third-party custodian and meets certain requirements. Model 1 therefore eliminates the risk of regulatory arbitrage by aligning financial requirements for DAP and TCP operators with those of traditional finance custodians.
 - (b) Model 2 adds an additional concession for DAP and TCP operators who have custody of exclusively non-financial products. This provides a lower base requirement (compared to Model 1) to be more accommodating of smaller DAPs and TCPs, while mitigating the regulatory arbitrage risk noted above (as it only applies to non-financial product underlying assets).
 - (c) Model 3 stipulates a base requirement with activity-based add-ons to provide a more scalable option for smaller DAPs and TCPs. This scalability and accommodation of smaller DAPs and TCPs comes in the form of a comparatively lower base requirement than the other proposals, and fixed sum add-ons for different activities. Once DAPs and TCPs are of a certain size however, the requirements are aligned with those applied to IDPSs. Consistent with Models 1 and 2, this Model includes a concessional NTA amount where the operator uses a third-party custodian and meets certain requirements.
- 132 The NTA requirements proposed above will only apply to licensees that are authorised to issue (i.e. operate) DAPs or TCPs.

- 133 We also propose to apply annual indexation (by reference to CPI) to thresholds in the proposed NTA models to ensure they remain current.
- 134 The definitions of adjusted assets and adjusted liabilities differ in material respects to those found in other instruments. In particular, all guarantees, without qualification, are included in the definition of adjusted liabilities. In contrast, receivables in the form of trustee rights of indemnity out of clients' assets and rights of set-off against obligations owed to clients are not included in the definition of adjusted assets.
- 135 We are unaware of any guarantees given by DAP or TCP operators that merit exclusion from adjusted liabilities, and do not expect rights of set-off and indemnity to be significant receivables warranting their inclusion in adjusted assets.

International comparison

- 136 We have compared the proposed models with somewhat similar capital requirements imposed in other jurisdictions. While the proposed models appear to set higher minimum requirements, we found other jurisdictions' requirements differed materially in form and purpose. We therefore do not consider the proposed NTA models to be comparatively disproportionate or burdensome.
- 137 Jurisdictions such as the United Kingdom, European Union, Singapore and Hong Kong impose 'minimum capital requirements' on DAPs. These requirements vary between approximately AU\$80,000 and AU\$5.4 million in magnitude, depending on the platform's activities and authorisations. However, they scale up markedly using a range of calculation methodologies. The object of those requirements is prudential, intending to ensure the stability and financial soundness of the DAP, and supported by a more prudential approach to ongoing supervision and assessment by the regulators. ASIC's financial requirements are not prudential in nature (see RG 166.15 and RG 166.19) and we do not directly undertake ongoing monitoring of these requirements. In this sense too, the overseas requirements impose a higher burden in ongoing management and calculation of the NTA requirements through complexity of the calculations. In addition, some overseas jurisdictions have a different allocation of responsibilities between prudential regulators and securities regulators for regulating custodians.
- 138 A key difference between foreign requirements and NTA is that foreign requirements typically require satisfaction with a narrower class of assets, such as 'common equity tier 1 capital', which generally encompasses only retained earnings and paid-up share capital. NTA requirements, by contrast, can be met with a range of liquid tangible assets (subject to 50% being held in the form of cash and cash equivalents). The absolute difference between

NTA and foreign requirements is therefore not an accurate measure of their comparative burden, considering the higher cost of capital required to satisfy the foreign requirements.

- 139 Some jurisdictions also impose an additional requirement to hold a measure of operating expenses or fixed overheads, which is typically 3–12 months' worth. Several jurisdictions align their requirements with obligations equivalent to those imposed on traditional financial firms.

PART 2 Other proposals

140 Part 2 of this consultation paper outlines proposals related to matters that apply beyond DAPs and TCPs. These reflect some broader updates to the Corporations Act introduced by the DAF Act, and issues identified in ASIC guidance that require attention due to the increasing interplay of digital assets with traditional financial firms.

Table 8: Proposals related to other updates introduced by the DAF Act

Section of this paper	Proposals	Rationale
Section E: Guidance about various other amendments to the Corporations Act	Provide guidance about certain additional changes introduced by the DAF Act that are not specifically about DAPs and TCPs. This includes public digital token infrastructure (PDTI) and related digital assets (see anticipated regulations, subject to Government processes), treatment of certain wrapped tokens, and custodial staking arrangements	Ensure that guidance on new concepts inserted by the DAF Act is provided, especially where application is unclear
Section F: Stablecoins for use in meeting financial requirements by AFS licensees generally	Restrict the use by AFS licensees of certain stablecoins to satisfy their NTA requirements to those that are: • not self-issued; and • held by an independent third-party.	Certain stablecoins are likely to already meet the definition of cash and cash equivalents for the purposes of satisfying NTA requirements that apply to many licensees already. These proposals will ensure that all licensees maintain appropriate financial resources, while mitigating risks that may arise where stablecoins used to satisfy NTA requirements may lack sufficient independence or liquidity.

E Guidance about various other amendments to the Corporations Act

Key points

We propose to update INFO 225 with additional guidance regarding exemptions for certain arrangements introduced by the DAF Act.

Proposed update to INFO 225

- 141 The DAF Act, and anticipated regulations (subject to Government processes), introduces a small number of amendments to how the Corporations Act applies to certain arrangements in the digital assets ecosystem beyond the introduction of DAPs and TCPs as financial products. These changes include exemptions from regulation under the Corporations Act for:
- (a) PDTI and certain related digital assets (see anticipated regulations, subject to Government processes);
 - (b) wrapped tokens in certain circumstances; and
 - (c) custodial staking arrangements.

Proposal

- E1** We propose to update INFO 225 with the additional guidance summarised in Table 9. The guidance relates to:
- (a) PDTI and certain related digital assets (see anticipated regulations, subject to Government processes);
 - (b) certain wrapped tokens; and
 - (c) custodial staking arrangements.

Your feedback

- E1Q1 Do you agree with our proposal? If not, please give reasons.
- E1Q2 Does the proposed guidance provide enough detail to identify when the PDTI exemption applies? If not, what additional details are needed?

Table 9: Additional guidance proposed for INFO 225

Topic	Outline of proposed updates to INFO 225
PDTI and related digital assets	PDTI is defined in s9E of the Corporations Act. PDTI is used for transmitting, processing or recording electronic records that are, or relate to, digital tokens. PDTI may include software, hardware, or a combination of both. This includes public permissionless blockchain networks as well as decentralised applications on those networks. Guidance will likely be a new section in Part A of INFO 225 to outline that where infrastructure meets the definition of PDTI it will not be a financial product, financial market or clearing and settlement facility, and the exemption extends to persons conducting consensus or validation activities. It will also outline that digital assets issued in relation to PDTI are not financial products (see anticipated regulations, subject to Government processes). This would also lead to minor adjustments to Part D of INFO 225, Example 3 and Example 11. Guidance would indicate the key components of the PDTI exemption, including specific content from the Explanatory Memorandum. The key points will include: • the exemption does not change the regulatory nature of ‘the conduct of making promises or settling obligations through that infrastructure’ (see paragraph 1.339 of the Explanatory Memorandum); • the Explanatory Memorandum emphasises that ‘any’ person in a ‘permissionless’ protocol (see paragraphs 1.345 and 1.347) can rely on the exemption. Infrastructure where ‘only select persons became able to conduct consensus activities’ is not PDTI (paragraph 1.340). This could include restrictions for KYC requirements, but is unlikely to include consideration of base hardware requirements or minimum staking thresholds if those apply universally; and • this exemption is in the context of the financial services regime generally, an entity’s licensing requirements are assessed at a point in time, and not based on any future expected state. It could be possible that an arrangement may not meet PDTI now, but might in the future—in those circumstances, the licensing requirements still apply now for current conduct.
Wrapped tokens in certain circumstances (s765E)	A wrapped token is a digital token with a right to redeem or direct the delivery of another asset (related asset). The related asset may be an underlying asset of a TCP, or a digital token held through decentralised wrapping software or a PDTI. The redemption right of the wrapped token is ignored when determining if the wrapped token is a financial product: see s765E. Instead, the financial product status is determined by any other rights or features associated with the wrapped token, including those related to the underlying asset that accrue to the holder of the wrapped token.

Topic	Outline of proposed updates to INFO 225
Custodial staking arrangements	Custodial staking arrangements are defined in s9F of the Corporations Act. It is an arrangement by which a person (the operator) is allowed to use one or more of the underlying assets possessed under the platform for the beneficiary (whether directly or through a nominee) in <i>consensus activities</i> (which only are in relation to PDTI in s9E(2)(b)) where the benefits from participating in the consensus activities are passed through to their client. The provider of a custodial staking arrangement is an intermediary between a client and the provision of consensus activities. A custodial staking arrangement can, but does not have to, include changes in rights for the end clients. Some of these changes in rights can include pooling client assets to meet minimum protocol thresholds or reducing protocol-imposed waiting periods. Where a DAP or TCP operator provides a custodial staking arrangement, that arrangement is not regulated as a separate financial product.

Rationale

- 142 These particular definitions can be quite technical in nature, so additional guidance from ASIC can support industry and consumers in understanding the application of the regime.
- 143 The topics in proposal E1 apply beyond the operation of DAPs and TCPs. Therefore, we think it is preferable to provide this guidance outside of the new regulatory guide.
- 144 The guidance in relation to PDTI and wrapped tokens has important implications for broader trends in tokenisation of financial markets, beyond DAPs and TCPs. Understanding these particular sections of the law, and ASIC's interpretation of those positions, will help financial service providers, and operators of financial markets and CS facilities, to progress those tokenisation initiatives.

F Stablecoins for use in meeting financial requirements by AFS licensees generally

Key points

Stablecoins that meet certain criteria may be used to meet a licensee's financial requirements. However, we propose to restrict licensees from using a subset of stablecoins that may otherwise be eligible for use in meeting financial requirements. We refer to this subset as 'restricted stablecoins'.

'Restricted stablecoins' will include stablecoins issued, held or possessed by the licensee, an associated entity of the licensee, or someone controlled by, or under common control of, the licensee or an associated entity.

Proposed exclusion of 'restricted stablecoins'

- 145 Certain stablecoins may satisfy the existing definition of 'cash or cash equivalents' for the purposes of ASIC's financial requirements instruments. For example, a stablecoin may satisfy the general 'cash or cash equivalent' definition if it is redeemable at par, on demand with negligible risk of material price fluctuation and supported by high-quality underlying reserves (e.g. cash or cash equivalents, or high-quality liquid assets).
- 146 Importantly, not *all* digital assets that are called a 'stablecoin' would satisfy the definition for being cash or cash equivalent, or liquid assets. Stablecoins would likely satisfy those definitions if they:
- (a) are non-cash payment facilities under the current law and would be subject to the 'eligible stablecoin' relief ([ASIC Corporations \(Stablecoin and Wrapped Token Relief\) Instrument 2025/867](#)); or
 - (b) would meet the proposed definition of tokenised stored value facilities (see proposed s761EC in the Exposure Draft for Treasury's consultation [Regulation of Payment Service Providers—Tranche 1a draft legislation](#)).
- 147 However, stablecoins that are derivatives, debentures or managed investment schemes, or issued by unregulated parties, may not meet that definition depending on their specific circumstances and arrangements.

Proposal

- F1 We propose to exclude 'restricted stablecoins' from being able to satisfy NTA requirements. A restricted stablecoin would include a stablecoin that meets the definition of cash or cash equivalents, and is issued, possessed or held by:
- (a) the licensee

- (b) an associated entity of the licensee, or
- (c) a person that is controlled by, or under common control with, the licensee or an associated entity of the licensee.

Stablecoins that are not issued by any associate of the operator, and are held on the operator's behalf by a third-party custodian will not be restricted stablecoins, and can otherwise be used for the purposes of meeting the NTA requirement if they meet the requisite definitions.

Your feedback

F1Q1 Do you agree with our proposal? If not, please give reasons.

F1Q2 Does the proposed definition of a restricted stablecoin appropriately capture stablecoins that should not count towards NTA? If not, how should the concept be defined?

F1Q3 Should any exceptions apply? If so, what safeguards would be necessary?

Rationale

- 148 This proposal aims to mitigate risks that arise where a licensee relies on a stablecoin that it issues, that is issued by an associated entity, or that remains under its custody or control. The value, liquidity and redeemability of the stablecoin may depend on the financial position or operational resilience of the licensee or its corporate group.
- 149 In these circumstances, the stablecoin's effectiveness as an adequate financial buffer may be affected by issues with the stablecoin's value, liquidity and redeemability due to the stablecoin's lack of independence.
- 150 We therefore consider that additional safeguards are necessary where stablecoins are used to satisfy NTA requirements. Prohibiting reliance on 'restricted stablecoins' will preserve the integrity of the financial requirement regime by ensuring that recognised stablecoins operate as independent liquidity resources.
- 151 This proposal only affects which stablecoins can be used as part of NTA calculations. It does not affect when licensees can use 'restricted stablecoins' more generally in their business.
- 152 This proposal will apply to *all* AFS licensees, whether that requirement is imposed by licence condition, legislative instrument or guidance. It is not limited to licensees active in the digital asset industry. The proposal will therefore apply to relevant instruments recently consulted on in *Proposed extension of financial services, credit and markets legislative instruments* ([CS 62](#)), notwithstanding that consultation's proposal to only amend the self-repeal date of each instrument.

G Regulatory and financial impact

- 153 In developing the proposals in this paper, we have carefully considered their regulatory and financial impact. On the information currently available to us we think they will strike an appropriate balance between:
- (a) promoting confident and informed participation by consumers, maintaining fair and orderly markets, and reducing risks associated with custody, transfer and use of digital assets; and
 - (b) fostering innovation, enhancing competition and growth, and strengthening Australia's standing in the global digital asset ecosystem.
- 154 Before settling on a final policy, we will comply with the Australian Government's Policy Impact Analysis (PIA) requirements by:
- (a) considering all feasible options, including examining the likely impacts of the range of alternative options that could meet our policy objectives;
 - (b) if regulatory options are under consideration, notifying the Office of Impact Analysis (OIA); and
 - (c) if our proposed option has more than a minor or machinery impact on business or on the not-for-profit sector, preparing an Impact Analysis (IA) or an IA equivalent (Independent Review).
- 155 All IAs are submitted to the OIA for approval before we make any final decision, or if an IA equivalent—to the OIA for agreement. Without an approved IA or agreed IA equivalent, ASIC is unable to give relief or make any other form of regulation, including issuing a regulatory guide that contains regulation.
- 156 To ensure that we are in a position to properly complete any required IA or IA equivalent, please give us as much information as you can about our proposals or any alternative approaches, including:
- (a) the likely compliance costs;
 - (b) the likely effect on competition; and
 - (c) other impacts, costs and benefits.

See 'The consultation process', p. 4.

Key terms

Term	Meaning in this document
AFS licence	An Australian financial services licence under s913B of the Corporations Act that authorises a person who carries on a financial services business to provide financial services Note: This is a definition in s9.
AFS licensee	A person who holds an AFS licence under s913B of the Corporations Act
ASIC Instrument 2025/447 (for example)	An ASIC instrument (in this example numbered 2025/447)
class of digital token	A collection of digital tokens that are fungible and the same (e.g. ETH, ERC-20 ETH, ETH on a layer 2 blockchain would each be a separate class of digital tokens)
Corporations Act	<i>Corporations Act 2001</i> , including regulations made for the purposes of that Act
CPI	Consumer price index
CS facility	A clearing and settlement facility as defined in s768A of the Corporations Act
custody	The holding, safeguarding, or control of digital assets on behalf of clients, including through hot, warm, or cold wallets, multi-signatory arrangements, or an arrangement under which a DAP or TCP operator appoints another person to perform asset-holding functions in relation to underlying assets or money
DAF Act	<i>Corporations Amendment (Digital Assets Framework) Act 2026</i>
DAP	Digital asset platform—has the meaning given in s761GC of the Corporations Act
DAP/TCP Guide	A disclosure document provided by a DAP or TCP outlining key information about platform operations, risks, fees, governance, and client rights
digital asset	The value, rights or interests associated with a digital token, which may arise from the digital token itself, or from rights, interests or assets represented by, or connected with, the digital token
digital token	Has the meaning given in s761GB of the Corporations Act

Term	Meaning in this document
digital token identifier	An identifier used to uniquely identify a class of digital token on a particular distributed ledger or blockchain
draft asset-holding standards instrument	<i>ASIC Corporations (Digital Asset Platforms and Tokenised Custody Platforms—Asset-Holding Standards) Instrument 2027/XX</i> at Attachment 2 to this paper
draft financial requirements instrument	<i>ASIC Corporations (Financial Requirements for Digital Asset Platforms and Tokenised Custody Platforms) Instrument 2027/XX</i> at Attachment 4 to this paper
draft RG 000	Draft Regulatory Guide 000 <i>Digital asset platforms and tokenised custody platforms</i> at Attachment 1 to this paper
draft transactional and settlement standards instrument	<i>ASIC Corporations (Digital Asset Platforms—Transactional and Settlement Standards) Instrument 2027/XX</i> at Attachment 3 to this paper
Explanatory Memorandum	Explanatory Memorandum for the Corporations Amendment (Digital Assets Framework) Bill 2025
IDPS	An investor directed portfolio service as defined in ASIC Corporations (Platforms—IDPSs and IDPS-like Schemes) Instrument 2026/395 or any instrument that amends or replaces that instrument
INFO 225 (for example)	An ASIC information sheet (in this example numbered 225)
liquidity support arrangement	An enforceable written arrangement between the operator of a DAP and another person (liquidity support provider), under which the person provides liquidity to, or pursues market-making strategies through, the platform or with the operator as principal
NTA	Net tangible assets
operational resilience	The ability of a DAP/TCP to maintain critical services during disruptions, including cyber incidents, key compromise, or blockchain-level events such as forks
order	An instruction from a client under the platform to buy or sell an underlying asset on the platform, or amend or cancel a prior instruction to buy or sell an underlying asset on the platform
order book	An electronic list of orders maintained by or on behalf of a DAP operator, on which those orders are matched with other orders in the same list
order matching	In relation to the operator of a DAP, executing orders from clients by matching an order from a client with an order from another client on the same DAP through an order book or a matched principal trade
PDTI	Public digital token infrastructure

Term	Meaning in this document
PF 209 (for example)	An ASIC pro forma (in this example numbered 209)
platform rules	The rules established by a DAP or TCP governing listing, delisting, trading, settlement, staking, and other platform-level activities
Pt 7.8 (for example)	A Part of the Corporations Act (in this example numbered 7.8)
responsible manager	An individual nominated by a DAP/TCP applicant to demonstrate organisational competence under the AFS licensing regime
RG 166 (for example)	An ASIC regulatory guide (in this example numbered 166)
s912BE (for example)	A section of the Corporations Act (in this example numbered 912BE), unless otherwise specified
smart contract	Software code deployed on a blockchain that automates functions, rights, or obligations associated with a digital token or platform activity
stablecoin	A digital asset that has the purpose of maintaining a stable value that is equal to an amount of an Australian or foreign currency
staking	The process of locking digital tokens to support blockchain network operations (e.g. validation) in exchange for rewards, whether custodial or non-custodial
TCP	Tokenised custody platform—has the meaning given in 761GD of the Corporations Act
third-party asset-holding arrangements	An arrangement under which a DAP or TCP operator appoints another person to perform asset-holding functions in relation to underlying assets or money
tied broker/tied dealer	A DAP operator that executes each order from a client on behalf of the client as agent, by transmitting and executing the order through a facility that is operated by a related body corporate named in the platform standards. Only this facility may be used by the operator for the transmission and execution of orders
tokenisation	The process of creating a digital token that represents rights or interests in an underlying asset, product, or service
trading information	Includes digital token identification, last traded price, currency or settlement asset, bid, offer, high, low, volume and asset trading operational status

Term	Meaning in this document
transaction and settlement functions	The functions of the DAP that facilitate the buying and selling of underlying assets through the platform in accordance with the instructions of the client of the operator, including: • facilitating the buying and selling of the underlying asset of the platform; • facilitating the settlement of such transactions; • matched principal trading and other execution models that involve the intermediary facilitation of such transactions; and • handling, prioritising and executing the instructions of a client under the platform (including across different business models such as market operation, market making, liquidity provision, brokerage, or dealing)
underlying assets (<i>of a DAP</i>)	The underlying assets of a DAP are digital tokens held for clients under a trust arrangement or another arrangement that complies with the asset-holding standards
underlying assets (<i>of a TCP</i>)	The underlying assets of a TCP can be any asset (including digital tokens) except money, where the TCP has created a digital token that confers the right to redeem the token for the underlying asset or to direct delivery of the underlying asset
vertically integrated business model	The business model of combining activities at two (or more) different stages of production

List of proposals and questions

Proposal	Your feedback
A1 We propose to: (a) produce one new regulatory guide relating to DAPs and TCPs. This will contain most of the guidance about the DAP and TCP regime (including how to apply for a licence and specific obligations for operators), and then will refer to existing regulatory guides for information about existing AFS licence obligations—see draft RG 000 at Attachment 1 to this paper; (b) provide guidance on financial requirements for DAP and TCP licensees as a new appendix to RG 166; Note: See Section D for our proposed financial requirements. (c) make some minor updates to the AFS licensing guidance, including RG 1, in relation to the new authorisations, the licence application process and the AFS licensing application form; and (d) retain INFO 225 as the primary guidance on when digital assets themselves are or are not financial products, and add guidance about certain broader aspects of the DAF Act to INFO 225 (e.g. PDTI and related exemptions in the anticipated regulations (subject to Government processes)).	A1Q1 Do you agree with our proposal for a DAP/TCP-specific regulatory guide and our approach of referring to existing regulatory guidance where relevant to DAP and TCP licensees? If not, please give reasons. A1Q2 Do you agree that INFO 225 should remain the primary guidance on when digital assets are financial products? Please give reasons, including any improvements ASIC should consider when reviewing INFO 225.
A2 We propose to explain how the law defines DAPs and TCPs, identifying the components that make a DAP or TCP, the extended meaning of dealing introduced by the DAF Act and anticipated accompanying regulations (subject to Government processes), as set out in Section B of draft RG 000 at Attachment 1 to this paper.	A2Q1 Do you agree with our proposal? If not, please give reasons. A2Q2 Does the proposed guidance adequately cover the relevant aspects of the new regime and its interaction with other financial products and services? If not, what elements require clarification? Please give reasons and suggested guidance. A2Q3 In addition to the examples provided in the Explanatory Memorandum to the Corporations Amendment (Digital Assets Framework) Bill 2025 (Explanatory Memorandum), which are referenced throughout the proposed regulatory guide, are there any other example scenarios that would be useful to include in the regulatory guide for DAPs and TCPs?

Proposal	Your feedback
A3 We propose to introduce guidance on licence authorisations and the process for applying for or varying a licence, including: (a) new licence authorisations for DAPs and TCPs, and proposed business models applicable to DAP and TCP operators—see draft RG 000.90 (these authorisations will also be included in an updated RG 1); (b) the interaction with the Australian markets licensing regime and clearing and settlement facility regime—see draft RG 000.60; and (c) separate guidance to industry participants who need to make a licence variation to add relevant DAP or TCP authorisations to an existing licence (we intend this to be presented in separate communications outside of draft RG 000, given it will be temporary for initial applications during the April 2027 to October 2027 transition period).	A3Q1 Do you agree with our proposal? If not, please give reasons. A3Q2 Does the proposal adequately address the issues that require ASIC guidance in relation to DAP and TCP licence authorisations? If not, what other licensing authorisation issues should ASIC address in guidance? A3Q3 What more could we do to support operators who did not have to adjust their AFS licence in light of INFO 225 (because they were already authorised to offer trading in digital assets that are financial products) but will now need to add DAPs to their AFS licence?
A4 To help consumers and industry participants know who is entitled to operate in the industry, we are considering publishing a list of firms that apply for or vary an AFS licence by 7 October 2027 (and can therefore continue operating until their application is decided).	A4Q1 Do you agree? If not, please give reasons.

Proposal	Your feedback
A5 We propose to provide a catalogue in draft RG 000 which directs firms to existing ASIC guidance on the obligations for AFS licensees, and provides further guidance (where required) on unique aspects of DAPs and TCPs (see Section D of draft RG 000).	A5Q1 Do you agree with our proposal? If not, please give reasons. A5Q2 Does the proposed guidance adequately address how the AFS licence obligations apply to digital asset business models? Please give reasons and suggested guidance. A5Q3 What specific risks may arise for DAPs and TCPs that we have not considered? A5Q4 What additional conflicts of interest should DAP and TCP operators be required to disclose beyond the existing requirements that apply to AFS licensees? See also Table 4 for conflicts in relation to transactional and settlement functions. A5Q5 What additional guidance if any, is needed on responsible manager requirements for DAPs and TCPs, noting the challenges reported in meeting these requirements? A5Q6 What additional guidance, if any, is needed about professional indemnity insurance and compensation requirements for DAPs and TCPs?
A6 We propose to provide guidance on the DAP/TCP Guide and platform rules as set out in Section E of draft RG 000.	A6Q1 Do you agree with our proposal? If not, please give reasons. A6Q2 Does the proposed guidance address practical disclosure challenges for DAPs and TCPs? If not, what disclosure challenges should we provide guidance on for DAPs and TCPs? Please give reasons and suggested guidance.
A7 We propose to extend our existing relief in ASIC Instrument 2025/447 to enable electronic disclosure of DAP/TCP Guides.	A7Q1 Do you agree with our proposal? If not, please give reasons. A7Q2 Should we extend any other generally available financial services relief to cover DAPs and TCPs? Where you identify such relief, please give reasons and explain the implications of not having the relief extended.
A8 We would like to obtain feedback on the readability of draft RG 000.	A8Q1 How easy was the guide to read, understand and navigate? Please provide reasons for your response.

Proposal	Your feedback
B1 We propose to exercise ASIC's powers to make asset-holding standards under s912BE. The proposed standards are described in Table 2 and set out in the draft asset-holding standards instrument, which is at Attachment 2. Note: The draft asset-holding standards instrument will change following consultation feedback and our finalisation process for the instrument. We attach a draft to give stakeholders an earlier indication of the likely form of the standards.	B1Q1 Do you agree with our proposal? If not, please give reasons. B1Q2 Do the proposed standards sufficiently address the risks arising from asset-holding activities and apply appropriately to diverse DAP and TCP business models? If not, what additional standards do you recommend? Please give reasons. B1Q3 Are the proposed standards appropriately clear, sufficiently detailed and capable of being complied with in practice? If not, which standards raise concerns and why (e.g. due to practical, legal or technical barriers to implementation)? Please give reasons. B1Q4 All obligations within the proposed asset-holding standards are planned to come into effect on the same date. Are there any obligations where an additional transition period is required? If so, identify the obligations, recommended additional transitional period, and estimated impact or cost savings. B1Q5 For existing DAP and TCP operators and custodial or depository service providers, how will these proposed obligations affect your business?
B2 We propose to not require domestic custody of underlying assets held by DAP and TCP operators.	B2Q1 Do you agree? If not, please give reasons. B2Q2 If ASIC does not require domestic custody, are fallback arrangements for dealing with emergency situations necessary? If so, what arrangements would balance consumer protection, cost and operational risk?

Proposal	Your feedback
B3 We propose to make standards related to holding arrangements for underlying assets, as outlined at proposals B1.2–B1.5 in Table 2.	B3Q1 Do you agree with the proposal? If not, please give reasons.
	B3Q2 Do the proposed standards sufficiently ensure equivalent consumer protection outcomes where underlying assets are held under legal arrangements other than trust, including during insolvency events or where arrangements are governed or materially affected by foreign law? Please give reasons.
	B3Q3 Does the proposed principles-based approach accommodate different holding models and types of underlying assets while maintaining appropriate consumer protection outcomes? If not, what practical, legal or operational difficulties do you foresee? Please give reasons.
	B3Q4 Are there circumstances where trust arrangements are not practical or appropriate for particular types of underlying assets? If yes, please give reasons.
	B3Q5 Is the standard in proposal B1.4 in Table 2 (for the operator to ensure that other holding arrangements provide reasonably effective protection in an insolvency event) sufficiently clear and able to be complied with? If not, what other protections might be imposed to ensure client's assets are protected in an insolvency event? Please give reasons.
B4 We propose that the asset-holding standards and the client money and client property provisions should operate concurrently (see proposal B1.2 in Table 2).	B4Q1 Do you agree with our proposal? If not, please give reasons.
	B4Q2 Do the proposed asset-holding standards, client money provisions and client property provisions collectively provide appropriate protection for clients? If not, are there any gaps, inconsistencies, uncertainties or impractical outcomes? Please give reasons and examples.
	B4Q3 Are there circumstances where compliance with the client money provisions may be impracticable because an operator is unable to obtain or maintain an account that satisfies s981B? If yes, what relief, modifications or alternative arrangements should ASIC consider, and what safeguards would be necessary to ensure equivalent consumer protection outcomes?

Proposal	Your feedback
B5 We propose to require DAP and TCP operators to maintain records of wallet structures, wallet addresses and other information relating to the control of underlying assets (that are digital tokens) for at least seven years, and to report quarterly to ASIC a list of wallets and addresses holding underlying assets for clients (see proposal B1.10 in Table 2).	B5Q1 Do you agree with our proposal? If not, please give reasons. B5Q2 What risks are involved with reporting wallet and address information to ASIC? B5Q3 How can reporting wallet and address information be streamlined to minimise impact on licensees? For example, is there a way to effectively collect information only pertaining to storage addresses, and not deposit addresses?
C1 We propose to exercise ASIC's powers to make transactional and settlement standards under s912BF. The proposed standards are set out in the draft transactional and settlement standards instrument, which is at Attachment 3. Note: The draft transactional and settlement standards instrument will change following consultation feedback and our finalisation process for the instrument. We attach a draft to give stakeholders an earlier indication of the likely form of the standards.	C1Q1 Do you agree with our proposal? If not, please give reasons. C1Q2 Do the proposed standards adequately address the relevant transactional and settlement activities? If not, please give reasons. C1Q3 Do the proposed standards apply appropriately to diverse business models in the sector? Please give reasons. C1Q4 Are there any proposed standards that a DAP operator cannot comply with (e.g. due to practical, legal or technical barriers to implementation)? Please give reasons. C1Q5 Are the proposed standards appropriately clear and detailed? In your response, please give reasons (e.g. are the standards too high-level or too granular). C1Q6 All obligations within the proposed standards are planned to come into effect on the same date. Are there any obligations where an additional transition period is required? If so, identify the obligations, preferred transition period and estimated impact or cost savings. C1Q7 For existing DAP operators, how will these proposed obligations affect your business? Please provide an estimate of the time and costs you will incur to implement the proposed rules.

Proposal	Your feedback
C2 We propose to make some broad transactional and settlement standards, which we view as ‘core obligations’ applying to all operators subject to the standards. These are set out in Table 3.	C2Q1 Do you agree with our proposal? If not, please give reasons. C2Q2 Are the proposed core obligations sufficient in addressing the risks that arise from digital asset execution and settlement activities? Please give reasons. C2Q3 Does the proposed level of granularity in the core obligations support the ability of DAP operators to comply? Should specific obligations be more, or less prescriptive? Please give reasons. C2Q4 Through the structure of the transactional and settlement standards, there is a separation between trading as principal and agent. Does this pose operational issues for existing DAP operators? Please give reasons. C2Q5 Exceptions to Best Execution are proposed for Tied Brokers, Tied Dealers and where a DAP is acting as principal counterparty to all transactions; this requires the separation of agency trading to ensure compliance (see proposal C2.6 in Table 3). Does this pose operational issues for existing DAP operators? Please give reasons. C2Q6 For existing DAP operators, how will these proposed obligations affect your business? Please provide an estimate of the time and costs you will incur to implement the proposed rules.

Proposal	Your feedback
C3 We propose to make transactional and settlement standards on asset admission and conflicts management as set out in Table 4.	C3Q1 Do you agree with the proposal to prohibit principal trading except in the exception described in proposal C3.4 in Table 4? Are these exceptions appropriate and sufficient? If not, give reasons about what you think should be changed and your views about how the same objective can be achieved. C3Q2 Do the proposed asset admission and conflicts obligations sufficiently address the structural conflict of interest risks that are commonly present in platforms? Please give reasons. C3Q3 Is the proposed restriction on operators trading as principal in proposal C3.3 in Table 4 appropriate to manage the risks of conflicts of interest, or is it overly restrictive? Please give reasons. C3Q4 Are there any circumstances where it would be appropriate for an operator to trade as principal through their platform and so would require an exemption? Please give reasons. C3Q5 For existing DAP operators, how will these proposed obligations affect your business? Please provide an estimate of the time and costs you will incur to implement the proposed rules.
C4 We propose to make transactional and settlement standards on disclosure and transparency as set out in Table 5.	C4Q1 Do you agree with our proposal? If not, please give reasons. C4Q2 Do the proposed disclosure requirements adequately address information asymmetry and allow clients to make informed decisions? If not, what is missing or what should change? C4Q3 Are the proposed minimum content requirements for pre-trade disclosures sufficient? Please give reasons. C4Q4 Are the proposed minimum content requirements for post-trade disclosures sufficient? Please give reasons. C4Q5 For existing DAP operators, how will these proposed obligations affect your business? Please provide an estimate of the time and costs you will incur to implement the proposed rules.

Proposal	Your feedback
C5 We propose to include standards requiring operators to mitigate trading misconduct (see Table 6).	C5Q1 Do you agree with our proposal? If not, please give reasons. C5Q2 Will a requirement to notify ASIC where a DAP suspends or terminates a client's access to the platform due to suspected misconduct have unintended consequences? If so, please give reasons and suggestions on how it could be improved. For example, would the requirement to notify ASIC of clients removed by the operator from the platform discourage DAPs from suspending or terminating clients engaged in misconduct on their platforms? C5Q3 For existing DAP operators, how will these proposed standards affect your business? Please provide an estimate of the time and costs you will incur to implement the proposed standards.
C6 We propose that the transactional and settlement standards do not apply to transactions involving: (a) tokenised tangible property, or (b) tokenised derivatives that are not financial products (see s761D(3)(a)).	C6Q1 Do you agree with our proposal? If not, please give reasons. C6Q2 Are there any other products that should also be exempt from the transactional and settlement standards? For example, tokenised spot foreign exchange transactions (see carve-out in s765A(1)(m)).
D1 For all licensees that are authorised to provide financial services in relation to DAPs and TCPs (including operators, advisers and licensees that are authorised to deal under s766C(1)(ca)), we propose to apply the following financial requirements: (a) solvency and positive net assets requirements (see RG 166.32–RG 166.34); (b) if the licensee holds client money in excess of \$100,000—a requirement to hold \$50,000 in SLF; and (c) if the licensee transacts with clients as principal—an adjusted SLF in the sum of \$50,000, 5% of adjusted liabilities between \$1 million and \$100 million, and 0.5% of adjusted liabilities exceeding \$100 million.	D1Q1 Do you agree with this proposal? If not, please give reasons. D1Q2 Does our proposal adequately support the objectives of the financial requirements? If not, what should change? D1Q3 For existing DAP and TCP operators, how will these proposed obligations affect your business? Please provide an estimate of the time and costs you will incur to implement the proposed rules.
These requirements will be imposed through licence conditions (see PF 209).	

Proposal	Your feedback
D2 For licensees that operate (i.e. issue) a DAP or TCP, we propose to apply the following financial requirements in addition to those proposed above in proposal D1: (a) tailored cash needs requirements—operators must: (i) prepare quarterly projections of their cashflows over at least the next 12 months, based on reasonable expectations of what is likely to occur, and (ii) document certain assumptions and conclusions (see RG 166.35–RG 166.37). (b) tailored audit requirements—the audit reports the licensees file under s989B(3) of the Corporations Act must attest to compliance (on both a positive and negative assurance basis) with the tailored cash needs requirement and the proposed NTA requirement (see proposal D3).	D2Q1 Do you agree with this proposal? If not, please give reasons. D2Q2 Does this proposal adequately support the objectives of the financial requirements? If not, what should change? Please give reasons. D2Q3 For existing DAP and TCP operators, how will these proposed obligations affect your business? Please provide an estimate of the time and costs you will incur to implement the proposed rules.
These requirements will be imposed by legislative instrument—see the draft financial requirements instrument at Attachment 4. All other licensees will be subject to the standard cash needs and audit requirements set out in licence conditions (see PF 209), unless other requirements apply to them because of other licence authorisations they hold.	
Note: The draft financial requirements instrument will change following consultation feedback and our finalisation process for the instrument. We attach a draft to give stakeholders an earlier indication of the likely form of the financial requirements (including the three alternate options we are consulting on below).	

Proposal	Your feedback
D3 For licensees that operate a DAP or TCP, we propose to apply an NTA requirement in the form of one of the models set out in Table 7. We also propose to apply annual indexation (by reference to the consumer price index (CPI)) to thresholds in the proposed NTA models to ensure they remain current. This NTA requirement will apply in addition to the requirements in proposals D1 and D2. This requirement will be imposed by the draft financial requirements instrument—see Attachment 4.	D3Q1 Do you agree with our proposed approach to the NTA requirement? If not, what alternative approach would better achieve the objectives? D3Q2 Which proposed NTA model best supports the objectives of the NTA requirement? Please give reasons. D3Q3 What effect would each model have on competition? Would any model create practical difficulties? Please give examples. D3Q4 Are the proposed amounts and thresholds appropriate? D3Q5 Should the NTA requirements differentiate between the methods of asset holding discussed in proposal D3 to reflect the different risks and costs of these methods? D3Q6 Should any particular assets or liabilities be included in, or excluded from, the proposed definitions? D3Q7 For existing DAP and TCP operators, how will these proposed obligations affect your business? Please provide an estimate of the time and costs you will incur to implement the proposed rules.
E1 We propose to update INFO 225 with the additional guidance summarised in Table 9. The guidance relates to: (a) PDTI and certain related digital assets (see anticipated regulations, subject to Government processes); (b) certain wrapped tokens; and (c) custodial staking arrangements.	E1Q1 Do you agree with our proposal? If not, please give reasons. E1Q2 Does the proposed guidance provide enough detail to identify when the PDTI exemption applies? If not, what additional details are needed?