



ASIC
Australian Securities &
Investments Commission

Explanatory Statement

ASIC Corporations (Stablecoin Distribution Exemption) Instrument 2025/631

This is the Explanatory Statement for *ASIC Corporations (Stablecoin Distribution Exemption) Instrument 2025/631*.

The Explanatory Statement is approved by the Australian Securities and Investments Commission (ASIC).

Summary

1. The instrument provides relief from the *Corporations Act 2001* (the **Act**) with respect to the requirement to hold an Australian financial services licence (**AFS Licence**), Australian market licence and or an Australian clearing and settlement (CS) facility licence under Chapter 7 of the Act, for distributors (**Distributors**) of a named stablecoin (**Named Stablecoin**).

Purpose of the instrument

2. The Act provides that a person may only provide a financial service, operate a financial market or operate a clearing and settlement facility in this jurisdiction if the person has an AFS Licence, Australian market licence and or an Australian CS facility licence that authorises the person to provide those services or operate the facility in this jurisdiction or the facility is exempt from relevant parts of the Act.
3. The purpose of the instrument is to exempt Distributors from the requirement to hold:

- (a) an AFS Licence to provide financial services,
- (b) an Australian market licence to operate a financial market, and
- (c) an Australian CS facility licence to operate a clearing and settlement facility,

in relation to a Named Stablecoin, by exempting them from the obligations in relevant parts of the Act, subject to the condition set out in the instrument.

4. As at the date of execution of this instrument, ASIC has identified one Named Stablecoin that the instrument will apply to. It is intended that this instrument will be amended to include other stablecoins in the future as appropriate.

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5. To rely on the relief, Distributors must comply with the condition in the instrument, which requires them to make available to retail clients a Product Disclosure Statement for the Named Stablecoin that is the most current in use.

Consultation

6. Consultation Paper 381: *Updates to INFO 225: Digital assets: Financial products and services (CP 381)* stated that some stablecoins may be a financial product, specifically a non-cash payment facility, under the current law. CP 381 sought feedback on whether any transitional provision or regulatory relief would facilitate the transition from regulation under the current law to the Government's proposed reforms for stablecoins.
7. Many submissions noted the compliance costs associated with holding an AFS Licence, Australian market licence or CS facility licence for secondary distributors. Several respondents suggested that regulating stablecoins under the existing regime should be deferred until the Government's proposed payment services and digital asset platform reforms (**Government's law reforms**) commence.
8. ASIC has consulted directly with a couple of stablecoin issuers and the likely distributors as nominated by those issuers. These issuers indicated that the distribution of their stablecoins would not be commercially viable without relieving the distributors from licensing obligations during the period before the commencement of the Government's law reforms.
9. This instrument responds to concerns that:
 - (a) there would be a significant cost and compliance burden on Distributors in terms of costs associated with applying for one or more licences in relation to a Named Stablecoin as well as the costs of ongoing compliance with those licences; and
 - (b) the implications of the costs and regulatory burden on Distributors to hold one or more licences in relation to a Named Stablecoin under the existing regime in light of the Government's law reforms to regulate Distributors of those stablecoins under the proposed digital asset platform regime.
10. ASIC has consulted with the Office of Impact Analysis (**OIA**) in relation to whether an Impact Analysis is required. OIA advised that the preparation of an Impact Analysis was not required as the proposal is likely to impact an immaterial proportion of Australian businesses.

Operation of the instrument

Part 1 – Preliminary

Commencement

11. Section 2 of the instrument provides that the instrument commences on the day after it is registered on the Federal Register of Legislation.

Authority

12. Section 3 of the instrument provides that the instrument is made under subsections 791C(7), 820C(7), and 926A(2) of the Act.

Simplified outline

12. Section 4 of the instrument provides a simplified outline for the instrument. Its purpose is to assist readers in understanding the substantive provisions. However, the outline is not intended to be comprehensive, and readers should rely on the substantive provisions when considering the instrument's effect.

Definitions

13. Paragraph 5(2)(a) of the instrument provides the list of Named Stablecoin Issuers.
14. Paragraph 5(2)(b) of the instrument provides the list of Named Stablecoins.

Part 2 – Exemption

Australian market licence exemption

15. Section 6 of the instrument provides that a Distributor does not have to comply with subsection 791A(1) of the Act if they operate a financial market only because a Named Stablecoin is a financial product.

Australian CS facility licence exemption

16. Section 7 of the instrument provides that a Distributor does not have to comply with subsection 820A(1) of the Act if they operate a clearing and settlement facility only because a Named Stablecoin is a financial product.

Australian financial services licence exemption

17. Section 8 of the instrument provides that a Distributor does not have to comply with subsection 911A(1) of the Act for the provision of any of the following financial services:
- (a) providing general advice in relation to a Named Stablecoin;
 - (b) dealing in (other than by issuing) a Named Stablecoin;
 - (c) making a market for a Named Stablecoin;
 - (d) providing a custodial or depository service in relation to a Named Stablecoin.

Condition

18. Section 9 of the instrument provides that a Distributor that relies on an exemption of this instrument must make available to retail clients a Product Disclosure Statement for the Named Stablecoin that is the most current in use.

Part 3 – Repeal

19. Section 10 of the instrument provides that the instrument is repealed at the start of 1 June 2028.

Legislative instrument and primary legislation

20. The subject matter and policy implemented by this instrument is more appropriate for a legislative instrument rather than primary legislation because:
- (a) the matters contained in the instrument only affect a relatively small subset of entities, namely the Distributors of a Named Stablecoin, and the issuers whose stablecoins are able to be dealt with by the Distributors;
 - (b) the instrument provides administrative relief in circumstances where strict compliance with the primary legislation produces a significant regulatory burden; and
 - (c) the instrument is intended to be temporary until the proposed Government’s law reforms are enacted.
21. On this basis, it is appropriate for the delegate of ASIC to provide exemptive relief, as the matters contained in this particular instrument are of a highly specific and temporary nature which are more appropriate for a legislative instrument rather than primary legislation.

Duration of the instrument

22. The instrument will cease to apply on 1 June 2028, by section 10 of the instrument.
23. ASIC considers that the duration of the instrument is appropriate as the instrument is intended to bridge the gap to the Government’s law reforms.

Legislative authority

24. The delegate of ASIC makes this instrument under subsections 791C(7), 820C(7), and 926A(2) of the Act.
25. This legislative instrument is disallowable under section 42 of the *Legislation Act 2003*.

Statement of Compatibility with Human Rights

26. The Explanatory Statement for a disallowable legislative instrument must contain a Statement of Compatibility with Human Rights under subsection 9(1) of the *Human Rights (Parliamentary Scrutiny) Act 2011*. A Statement of Compatibility with Human Rights is in the Attachment.

Statement of Compatibility with Human Rights

This Statement of Compatibility with Human Rights is prepared in accordance with Part 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

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Overview

1. The instrument provides relief from the *Corporations Act 2001* with respect to the requirement to hold an Australian financial services licence, Australian market licence and or an Australian clearing and settlement (CS) facility licence under Chapter 7 of the Act, for distributors of a named stablecoin.

Assessment of human rights implications

2. This instrument does not engage any of the applicable rights or freedoms.

Conclusion

3. This instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.