

Digital Economy Council of Australia

Submission to ASIC

Date: 29 October 2025

*Submission in response to ASIC – REP 813: Regulatory
Simplification*

About the Digital Economy Council of Australia (DECA)

The Digital Economy Council of Australia (DECA) is the peak body for the digital economy, representing Australian businesses and professionals across blockchain, digital assets, AI, and intersecting technologies. Our mission is to advance a dynamic, open, and future-ready digital economy by removing barriers, unlocking opportunities, and championing innovation through education, collaboration, and policy engagement.

DECA acknowledges the contributions of its members across the digital asset sector to this response.

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Introduction

The Digital Economy Council of Australia (DECA) welcomes the opportunity to comment on ASIC's Regulatory Simplification Report (REP 813).

DECA represents digital-asset service providers, fintech innovators and distributed-ledger-technology developers. Our members support ASIC's goal of making regulation more accessible, consistent and technology neutral while reducing unnecessary complexity.

This submission highlights how inconsistent definitions, overlapping reforms, and repetitive compliance obligations create unnecessary complexity for digital-asset businesses and hinder regulatory outcomes. It proposes coordinated reform, proportionate rollout and digital solutions such as blockchain to automate compliance and improve efficiency.

Overview

Australia's digital-asset sector is experiencing significant regulatory fatigue. Members report rising costs caused by overlapping consultations, draft legislation and guidance from Treasury, ASIC, AUSTRAC and the ATO. Each update requires new legal interpretation, external advice and system reconfiguration, diverting resources from innovation and compliance quality.

Businesses are simultaneously adapting to Treasury's Digital Asset Platform (DAP) Bill, AUSTRAC's AML/CTF Rule ED2 reforms, ASIC's INFO 225 updates, the CARF rollout and the scams-prevention framework.¹ These initiatives share objectives but differ in terminology, scope and timing. Without coordination, simplification within ASIC's remit risks being undone by complexity elsewhere. ASIC's simplification initiative provides an opportunity to set a consistent baseline across agencies, ensuring that proportionality, clarity, and accessibility are embedded in all financial and digital-asset regulation.

ASIC's accompanying consultation *Simple Consultation 32 – Proposed relief for certain stablecoins and wrapped tokens, and extension of omnibus accounts for digital asset custody* (October 2025) demonstrates an important move toward proportionate and transitional regulation. The proposed *Stablecoin and Wrapped Token Relief Instrument 2025/XXX* would allow eligible intermediaries to continue secondary distribution of stablecoins and wrapped tokens without requiring multiple overlapping licences, while the *Custody Amendment Instrument 2025/XXX* would extend omnibus account arrangements to digital assets under specific custodial conditions. These measures reflect ASIC's growing recognition that the regulatory framework for digital assets must accommodate novel technologies and evolving business models without duplicating obligations across Treasury's forthcoming *Digital Asset Platform* and *Payment Service Provider* reforms.

To ensure simplification outcomes are lasting, ASIC's approach should be codified through coordinated guidance across regulators, consistent terminology for digital assets and custodial

¹ ASIC, Regulatory Simplification Report (REP 813), September 2025.

functions, and continued engagement with industry to refine relief instruments as the legislative landscape matures.²

The Australian digital-asset sector

About one third of Australians have owned a crypto asset, and hundreds of small and medium firms operate as exchanges, custodians and tokenisation platforms.³ Many smaller providers now spend more on compliance and legal advice than on product development or security. Simplification that reduces duplicated interpretation costs would directly improve competitiveness and innovation in the Australian market.

In recent engagement with AUSTRAC, regulators acknowledged that key terms such as “custody” and “digital-asset service” differ between AUSTRAC’s AML/CTF Rule ED2 and Treasury’s DAP Bill. This inconsistency forces firms to maintain separate frameworks for the same activities and exemplifies the type of regulatory burden that ASIC’s simplification project aims to address.

AUSTRAC also indicated it may defer its own reforms to July 2026, recognising sector capacity limits and the cumulative impact of concurrent regulatory changes. This highlights the importance of aligning implementation timelines across agencies.

Key Points

1. Inconsistent definitions

The same business activity, such as digital-asset custody, is defined differently across ASIC, AUSTRAC and Treasury. This drives repetitive legal advice, system changes and audits. ASIC should lead an inter-agency process to harmonise key definitions and publish a shared terminology table.

The Australian Law Reform Commission’s *Confronting Complexity* report recommends a stewardship model for financial lawmaking that emphasises clarity, consistency and proportionality.⁴

2. Timing pressure

With multiple reforms scheduled for early 2026, the current calendar is unrealistic for smaller providers. ASIC should coordinate with Treasury and AUSTRAC to create a single implementation roadmap that prevents overlapping commencement periods. The OECD has found that aligning reform sequencing can reduce compliance costs by up to 25 per cent across financial sectors.⁵

² ASIC, *Simple Consultation 32 – Proposed relief for certain stablecoins and wrapped tokens, and extension of omnibus accounts for digital asset custody*, October 2025.

³ Independent Reserve, *Australian Crypto Index 2025*, 23 February 2025.

⁴ Australian Law Reform Commission, *Confronting Complexity: Reforming Corporations and Financial Services Legislation*, Report 141, 2023.

⁵ Organisation for Economic Co-operation and Development (OECD), *Better Regulation and Simplification*, 2022.

3. Proportionate rollout

ASIC should adopt an education-first transition model similar to AUSTRAC's AML approach, allowing smaller firms time to comply before enforcement begins. The UK Financial Conduct Authority's 2025–2030 Strategy introduced “proportionate compliance pathways” to assist smaller entities while retaining oversight integrity.⁶

4. Cross-agency coordination

A permanent Simplification Taskforce involving ASIC, Treasury, AUSTRAC and the ATO should manage reform sequencing, shared terminology and joint consultation planning. ASIC's collaboration with Treasury on the DAP Bill provides a strong foundation. The Australian Productivity Commission has repeatedly found that fragmented oversight increases business costs and reduces compliance quality. Its *Regulation and Productivity* report (2023) called for agencies to manage regulatory stock collectively and streamline overlapping frameworks.⁷ The Queensland Productivity Commission similarly found that fragmented regulation and inconsistent timing remain key drivers of compliance fatigue.⁸ A coordinated digital reporting framework could also support ASIC's long-term move toward machine-readable regulation and data-driven supervision.

5. Technology-enabled compliance

Blockchain-based reporting and machine-readable rulebooks could automate and standardise data sharing across agencies.⁹ This would reduce duplication, improve transparency and allow regulators to access verifiable, real-time information while cutting compliance costs for industry. DECA has previously outlined this approach in its *Proactive Policy Paper (March 2025)*, which recommended cross-agency adoption of distributed-ledger infrastructure for compliance automation and audit transparency.¹⁰ This aligns with ASIC's broader RegTech initiatives and international best practice under Singapore's *Payment Services Act 2019* and the EU's *Markets in Crypto-Assets Regulation (MiCA)*.¹¹ In recent Federal Court cases such as *ASIC v BPS Financial Pty Ltd (Qoin)*, *ASIC v Block Earner Pty Ltd* and *ASIC v Finder Wallet Pty Ltd*, the courts underscored the uncertainty caused by unclear product classification.¹² Simplified, technology-enabled frameworks can mitigate this risk.

⁶ Financial Conduct Authority (UK), Strategy 2025–2030 and Consumer Duty Feedback Statement, March 2025.

⁷ Productivity Commission, *Regulation and Productivity*, 2023.

⁸ Queensland Productivity Commission, Improving Regulation Research Paper, 2021.

⁹ Deloitte, Regulatory Intelligence and Simplification, September 2021.

¹⁰ DECA, Proactive Policy Paper, March 2025.

¹¹ Monetary Authority of Singapore, Payment Services Act 2019; European Union, Markets in Crypto-Assets Regulation (Regulation (EU) 2023/1114).

¹² *ASIC v BPS Financial Pty Ltd* [2024] FCA 457; *ASIC v Block Earner Pty Ltd* [2024] FCA 78; *ASIC v Finder Wallet Pty Ltd* [2024] FCA 69.

Recommendations

1. Create a Cross Agency Simplification Taskforce.
2. Publish a unified Digital Assets Reform Roadmap with aligned timelines.
3. Standardise terminology across agencies.
4. Apply an education-first transition model for new ASIC instruments.
5. Explore blockchain-based and machine-readable reporting to streamline compliance.

Conclusion

DECA supports ASIC's objective of reducing regulatory burden. Genuine simplification requires coordination across agencies, consistent definitions and sequenced timelines. By embedding digital solutions and proportionate rollout, ASIC can deliver lasting clarity and efficiency while strengthening consumer protection. By streamlining regulation and adopting interoperable technology, ASIC can set a global benchmark for proportionate, innovation-friendly oversight that strengthens Australia's digital economy.