Consultation Paper 381

Submission from Scott Chamberlain 28 February 2025

1.   Introduction

1.1   My name is Scott Chamberlain. I'm the Entrepreneurial Fellow at the ANU School of Law, specializing in blockchain, legal innovation, and decentralised governance.

1.2   My research focuses on leveraging blockchain technology and smart contracts to automate legal processes and improve regulatory frameworks. My previous work includes two submissions to the Australian Senate, *Great Australian DAOs* and *Digital Assets Down Under*, which explore the legal recognition of decentralised networks and digital assets under Australian law.

1.3   I'm also co-founder of the *Evernode Network* (www.evernode.org) a new DePIN tailored to hosting hyper-flexible, hyper-powerful dApps. It represents the commercialisation of some of my research and of the few blockchain projects native to Australia. So, I have experience in both the theoretical and practical launch and application of decentralised networks in Australia.

1.4   This submission is made in my personal capacity and is not the view of either the ANU or Evernode. I have no objection to it being made public.

2.   Summary

2.1   My submission concentrates on the portion of the Consultation Paper dealing with Non-Cash Payment Facilities, but it makes a boarder point about the lack of regulatory clarity that ASIC's posture provides for digital assets.

2.2   The problem arises from regulating distributed ledgers and their assets without considering their level of decentralisation. It is potentially solvable if ASIC simultaneously formulates appropriate policies about the application of its exemption powers to worthy digital assets.

2.3   Such policies should be developed as part of this consultation process to ease concerns over the absurd outcomes that potentially arise from a rigorous application of the law in this space.

2.4   The key propositions of this submission are as follows:

(a)   **NCP Facility Provisions are an Issue:** There is an obvious issue about how the Non-Cash Payment Facility provisions apply to digital assets because the concept is very broad, as evidenced by the current exemptions.

(b)   **The Paper Makes the Problem Worse:** The Consultation Paper offers worse than no guidance on this point – it's guidance adds confusion because:

(i)   **Inappropriate Example:** It uses a confusing, edge-case example mixes stablecoins with wallets without clarifying whether it is the stablecoin or the wallet or both that is the NCPF.

(ii) **"Dealing" In Stablecoins:** It appears to treat the stablecoin itself as a NCPF without providing any guidance on whether how this infects the entire ecosystem - wallets, validators, and exchanges - that "deals" in this financial product.

(iii) **Custodial vs Non-Custodial Wallets:** It appears to treat the wallet as an NCPF without clarifying whether this is a custodial vs non-custodial wallet and whether that distinction even matters in ASIC's view.

(iv) **Application to Other Payment Assets:** If a stablecoin is an NCPF, what exempts other digital currencies like Bitcoin, ETH and XXRP that are exempt from GST precisely because they are used for payment?

(v) **Who Can "Deal" in Digital Currencies?** If the answer is it doesn't matter because these assets have no issuer, what exempts their wallet providers, validators/miners and exchanges from needing licences to deal in these new financial products.

(vi) **Why Not the Bitcoin Ecosystem?** Indeed, why, in ASIC's view is the entire Bitcoin network not a NCPF? And why do people who interact with that network – wallets, miners, layer 2 solutions, exchanges – not required to hold licences to deal with this financial product?

(c) **ASIC Needs to Formulate a View on Decentralisation:** These problems arise because ASIC's proposed approach to regulating digital assets as outlined in the Paper, indeed its definition of distributed ledgers fails to adequately account for decentralization as a fundamental characteristic of the kinds of peer-to-peer distributed ledger networks that genuinely offer something new, versus those that are simply variations on existing automation services based on client/server networks.

(d) **Decentralised Networks Should Get Exemptions:** Instead of attempting to regulate fully decentralised networks under traditional financial services laws, ASIC should signal that it will use its exemption powers , potentially to implement a disclosure-based regulatory model, similar to the EU's Markets in Crypto-Assets (MiCA) framework. This approach can ensure consumer protection without stifling innovation or applying inappropriate financial regulations to decentralised networks.

(e) **Methodology:** In general, the regulatory approach to digital assets should be as follows:

(i) **Centralised vs Decentralised DLT:** Distinguish between decentralised and centralised distributed networks

(ii) **Counter-party vs Counter-party free Digital Assets:** Distinguish between digital assets with a counter-party and those without.

(iii) **Exempt Decentralised Networks & Assets:** For decentralised assets – counter-party free assets on decentralised networks – provide or at least foreshadow exemptions from licensing requirements

(iv) **Exempt Decentralised Networks but Not Centralised Assets:** Hybrid = Exemptions for Network: For hybrid situations – counterparty assets on decentralised networks - apply existing laws to the counter-party assets but exemptions to other ecosystem participants

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Apply Laws to Centralised Assets and Networks: For centralised assets or networks, usually apply existing licensing requirements.
Prefer Disclosure Over Licencing: In all cases with decentralised networks and counter-party free assets, look for regulatory solutions based upon global disclosure (someone somewhere publishing relevant information) like with MiCA.

(f) **Outcome:** Applying this approach to NCPF would generally means that:

    (i) Public networks like Bitcoin ETH and XRP are not payment facilities and nor are their native assets. Nobody should need a licence to deal in such assets or contribute to such networks.

    (ii) Issuers of stablecoins issued on public networks would need to be licensed but nobody else should need a licence to deal in stablecoins.

    (iii) Custodial wallet providers would need a licence, but non-custodial wallet providers would not.

2.5 Each of these points are expanded upon sequentially in the following sections.

3. Why NCP Facilities Are an Issue

3.1 The concept of a **Non-Cash Payment Facility (NCPF)** under Australian law is extremely broad, covering any mechanism that enables a person to make payments without the physical delivery of currency. Section 763D of the Corporations Act 2001 defines an NCPF as:

> *A facility through which, or through the acquisition of which, a person makes, or may make, non-cash payments.*

3.2 This broad definition means that many different financial instruments and mechanisms could fall within the scope of an NCPF, leading to significant regulatory uncertainty for businesses operating in the digital asset space.

Why the Legislative Definition Is Too Broad

3.3 The issue is that this broad definition could also apply to digital assets that are used for payments, including stablecoins, Bitcoin, Ethereum, and XRP. Indeed, almost all digital assets are non-cash payments to the extent they are used to "pay" for network fees or to the extent they can be readily converted to fiat. Without clear guidance, any asset that facilitates payments could be classified as an NCPF, requiring licensing and regulatory compliance.

Why Existing Exemptions Highlight the Problem

3.4 ASIC has historically granted various exemptions to NCPFs, recognizing that some payment methods should not be subject to full financial services regulation. Exemptions include:

(a) **Gift cards and prepaid store vouchers** – treated as consumer products, not financial services.

(b) **Loyalty points and rewards programs** – not requiring an AFS licence despite enabling payments.

(c) **Certain limited-use payment instruments** – such as public transport cards or prepaid mobile credit.

3.5 These exemptions demonstrate that ASIC already acknowledges that the NCPF definition is too broad and needs refinement to avoid capturing unintended financial services.

Why Digital Assets Need Clarity on NCPF Classification

3.6 For digital asset projects, the uncertainty surrounding NCPF classification is a significant issue because:

(a) Many digital assets enable payments (e.g., stablecoins, BTC, ETH, XRP), but it is unclear if they are considered NCPFs.

(b) Market participants, including exchanges and wallet providers, need to know if they require an AFS licence.

(c) A broad interpretation could capture validators, miners, and developers involved in processing payments on blockchain networks.

(d) Without exemptions or clarifications, businesses operating in the digital asset sector risk falling into regulatory non-compliance.

The Core Question ASIC Should Answer

3.7 ASIC should provide clear guidance on:

(a) When a digital asset is considered an NCPF.

(b) Whether only issuers of digital assets (e.g., stablecoin providers) need an AFS licence, or if wallet providers and exchanges – or even validators/miners - also require one.

(c) What differentiates Bitcoin, Ethereum, and XRP from stablecoins in terms of regulatory treatment.

(d) How decentralization affects the classification of an NCPF.

3.8 Without these clarifications, ASIC risks stifling innovation in Australia's digital asset sector by creating unnecessary regulatory burdens.

3.9 Unfortunately, this Consultation Paper does not provide this clarity. If anything, it makes the confusion worse.

4. How the Consultation Paper Makes the Confusion Worse

4.1   The ASIC Consultation Paper does not provide regulatory clarity regarding the application of Non-Cash Payment Facility (NCPF) provisions to digital assets. Instead of clarifying how the law applies, the Paper introduces additional confusion by failing to define key distinctions and creating uncertainty about who in the digital asset ecosystem requires an AFS licence.

The Use of a Confusing and Misleading Example:

4.2   The Paper presents an example that conflates stablecoins and wallets but does not explicitly clarify whether the NCPF designation applies to:

(a)   The stablecoin itself.

(b)   The wallet provider enabling transactions.

(c)   Both.

4.3   This lack of distinction makes it difficult for market participants to determine who in the ecosystem is responsible for compliance and what activities actually constitute an NCPF.

The Unclear Scope of "Dealing" in Stablecoins

4.4   The Consultation Paper appears to treat the stablecoin itself as an NCPF, yet it does not explain how far this classification extends within the broader digital asset ecosystem. This omission leads to critical unanswered questions:

(a)   Are wallet providers, validators, and exchanges considered to be "dealing" in a financial product simply by supporting stablecoin transactions?

(b)   Would this mean they require an AFS licence?

(c)   Does this logic apply only to stablecoins or also to Bitcoin, Ethereum, and XRP?

4.5   Without answers to these questions, digital asset businesses face significant uncertainty about their regulatory obligations.

Custodial vs. Non-Custodial Wallets: No Clear Guidance

4.6   The Paper does not differentiate between custodial and non-custodial wallets, leaving it unclear whether the NCPF classification applies to one, both, or neither. This distinction is important because:

(a)   Custodial wallets hold assets on behalf of users and may have some similarities to traditional financial service providers.

(b)   Non-custodial wallets simply provide software that enables users to manage their own assets, making them fundamentally different from traditional financial intermediaries.

4.7   By failing to make this distinction, the Paper raises unnecessary regulatory uncertainty for wallet providers and developers.

The Inconsistency of Treating Stablecoins as NCPFs but Not Other Payment Assets

4.8 If stablecoins are considered NCPFs simply because they are used for payments, then it logically follows that Bitcoin, Ethereum, and XRP—also widely used for payments—should be classified as NCPFs as well. However, ASIC does not make this claim, leading to an inconsistency in its approach. This raises further questions:

(a) What specific characteristics make stablecoins an NCPF while exempting Bitcoin, Ethereum, and XRP?

(b) Does the existence of an issuing entity make the difference, or does the functionality of enabling payments determine NCPF status?

(c) If Bitcoin, Ethereum, and XRP are exempt, why are stablecoin ecosystem participants—wallets, validators, exchanges—required to obtain a licence?

The Unanswered Question: Is the Entire Bitcoin Network an NCPF?

4.9 By ASIC's logic, if stablecoins are NCPFs because they facilitate payments, then Bitcoin, Ethereum, and XRP should also be NCPFs. If that were the case, then anyone who "deals" in them—including miners, validators, exchanges, and payment processors—would require an AFS licence.

4.10 This would be an absurd regulatory outcome that could effectively make Bitcoin and Ethereum untradeable in Australia. ASIC's failure to address or explain this contradiction further erodes confidence in its regulatory posture.

Conclusion: ASIC's Approach Creates More Uncertainty Than It Resolves

4.11 Rather than clarifying how NCPFs apply to digital assets, the Consultation Paper introduces ambiguity that threatens innovation in Australia's blockchain ecosystem. To resolve this, ASIC should:

(a) Clearly distinguish between networks, stablecoins, other digital assets, and wallets in the context of NCPFs.

(b) Define what it means to "deal" in an NCPF in the digital asset space and who this applies to.

(c) Provide explicit guidance on why Bitcoin, Ethereum, and XRP are not NCPFs, while stablecoins are.

(d) Avoid regulatory overreach that could force exchanges, wallet providers, and validators to obtain unnecessary licences.

4.12 Until ASIC addresses these issues, its guidance will continue to generate confusion and regulatory risk for digital asset businesses operating in Australia.

4.13 And addressing these issues first requires ASIC to have a view about "decentralisation".

5. Why ASIC Needs a View on Decentralization

5.1 Decentralization is the key innovation of blockchain technology, and the primary reason digital assets differ from traditional financial instruments.

5.2 Unlike centralised systems, where transactions and records are controlled by a single authority, decentralised networks transform digital information into property-like assets by distributing control and validation across multiple participants.

5.3 This fundamental shift is what gives digital assets economic and legal significance beyond mere data entries. A decentralised ledger ensures that digital assets:

(a) Are resistant to unilateral control or censorship.

(b) Do not rely on a single counterparty to function.

(c) Enable property rights to be maintained through cryptographic consensus, rather than contractual enforcement.

5.4 True decentralization is what distinguishes public, open networks from traditional payment systems. Without a clear regulatory stance on decentralization, ASIC risks misapplying financial laws to systems that are fundamentally different from centralised payment networks.

ASIC's Definition of Distributed Ledger Technology

5.5 ASIC's current definition of Distributed Ledger Technology (DLT) fails to recognise decentralization as a critical feature, instead focusing only on distribution of data.

5.6 For example, ASIC's regulatory guidance describes **Distributed Ledger Technology (DLT)** as:

> *Technology that records and stores data across multiple computers in a distributed manner, often relying on cryptographic techniques to ensure data integrity.*

5.7 This definition is not sufficient because it does not require decentralization, only that the ledger be distributed across multiple locations. Under this definition, a fully centralised system could still qualify as a DLT, even if it operates under the control of a single entity.

5.8 In contrast, international regulatory definitions have emphasised decentralization as a key component of DLT.

5.9 For example, the Executive Order on Strengthening American Leadership in Digital Financial Technology issued 23 January 2025 issued under U.S. President Donald Trump on 23 January 2025 defines blockchain technology as requiring the following attributes:

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United States.

Sec. 2. Definitions. (a) For the purpose of this order, the term "digital asset" refers to any digital representation of value that is recorded on a distributed ledger, including cryptocurrencies, digital tokens, and stablecoins.

(b) The term "blockchain" means any technology where data is:

(i) shared across a network to create a public ledger of verified transactions or information among network participants;

(ii) linked using cryptography to maintain the integrity of the public ledger and to execute other functions;

(iii) distributed among network participants in an automated fashion to concurrently update network participants on the state of the public ledger and any other functions; and

(iv) composed of source code that is publicly available.

5.10 This definition highlights the critical elements of decentralization, transparency, and permissionless-ness—elements that ASIC's definition fails to consider.

5.11 The failure to incorporate decentralization into ASIC's DLT definition has significant regulatory consequences, leading to misclassification of truly decentralised blockchain networks under financial services laws that were designed for traditional, centralised financial institutions.

The Consequences of ASIC's Broad DLT Definition

5.12 By failing to define decentralization as a necessary characteristic of DLT, ASIC's regulatory framework suffers from the following problems:

(a) **Regulatory Overreach on Decentralised Networks:** If decentralization is not accounted for, public blockchains like Bitcoin, Ethereum, and XRP Ledger could be misclassified as financial services providers simply because they process transactions. This could lead to miners, validators, and node operators being required to obtain financial licences, which would be unworkable.

(b) **Lack of Distinction Between Permissioned and Permissionless Networks:** A centralised enterprise blockchain run by a company and a public, permissionless blockchain are fundamentally different, yet ASIC's definition of DLT does not reflect this.

(c) **Regulatory Mismatch:** Failing to differentiate these models leads to overregulation of decentralised systems and under-regulation of centralised ones.

(d) **Contradictions in Applying Financial Product Laws:** If a stablecoin is an NCPF simply because it enables payments, then Bitcoin, Ethereum, and XRP should be classified as NCPFs as well—which ASIC does not claim

What Attributes Should Attract Preferential Regulatory Status?

5.13 For ASIC to provide preferential regulatory treatment to decentralised networks, it must define clear attributes that distinguish these systems from traditional, centralised financial intermediaries. If "Decentralization" is what makes blockchain technology fundamentally different from existing financial services, then regulatory clarity and recognition of this distinction is essential to fostering innovation while maintaining consumer protection.

5.14 It is beyond the scope of this submission to properly define what AISC should regard as "sufficient decentralisation" – it is a deeply nuanced topic – but to qualify for preferential regulatory treatment, a network should in general meet at least three key attributes:

(a) **Permissionless-ness** – The network must be open for anyone to use and participate in without requiring approval from a central authority. If participation is restricted to pre-approved entities, the network functions more like a traditional financial service.

(b) **Open-Source Code** – The underlying protocol must be publicly auditable and verifiable, ensuring that no hidden control mechanisms exist. Open-source systems allow for independent security reviews and prevent manipulation by a central authority.

(c) **Public Accessibility** – The ledger must be globally verifiable and transparent, allowing any participant to confirm transactions and system integrity. If the data is privately controlled or permissioned, it cannot be considered truly decentralised.

5.15 By implementing a structured policy for recognizing decentralization, ASIC can:

(a) Provide regulatory clarity for blockchain developers and businesses.

(b) Ensure that genuinely decentralised networks are not burdened with unnecessary financial licensing.

(c) Encourage innovation in permissionless, open networks while ensuring that centralised financial intermediaries remain properly regulated.

5.16 Without these updates, ASIC risks misclassifying decentralised networks as financial intermediaries, stifling the very innovation that blockchain technology was designed to enable.

6. Why Decentralised Networks Should Get Exemptions

6.1 Having defined what DLTs are decentralised, ASIC should recognise that decentralised networks operate fundamentally differently from centralised financial intermediaries.

6.2 Decentralised systems do not rely on a single counterparty or authority to function, which removes many of the risks that traditional financial regulations aim to mitigate. Imposing licensing requirements on decentralised networks would be a fundamental regulatory misalignment.

Decentralised Networks Are Not Financial Intermediaries

6.3 Regulation of financial services typically applies to entities that facilitate, control, or intermediate transactions. However, decentralised blockchain networks do not operate in this way. On a decentralised ledger:

(a) **No single entity processes transactions**—validation is done collectively by network participants.

(b) **Users have full control over their assets**—there is no custodial intermediary.

(c) **The system functions autonomously through open-source protocols.**

6.4 Because these networks do not offer financial intermediation services, they should not be regulated like banks, payment providers, or securities exchanges.

Applying Licensing Requirements Would Be Unworkable

6.5 Requiring financial services licensing for decentralised networks would lead to unworkable outcomes, for example:

- Would every Bitcoin miner or Ethereum validator need an AFS licence?

- Would node operators of decentralised networks be held liable as financial service providers?

- Would open-source developers contributing to a blockchain protocol be classified as financial intermediaries?

6.6 This approach would cripple blockchain innovation in Australia by forcing decentralization-focused projects to move offshore to more crypto-friendly jurisdictions.

The Need for an Explicit Exemption Policy

6.7 ASIC should adopt an explicit exemption policy for decentralised networks. This policy should:

(a) Recognise that truly decentralised networks are not financial services providers.

(b) Distinguish between centralised digital assets (e.g., stablecoins with an issuer) and decentralised assets (e.g., Bitcoin, Ethereum, XRP).

(c) Ensure that ecosystem participants—such as validators, non-custodial wallets, and DEX operators—are not improperly classified as financial intermediaries.

Global Precedents for Exemptions

6.8 Other jurisdictions have begun recognizing the fundamental distinction between decentralised networks and traditional financial intermediaries:

(a) The EU's MiCA framework does not regulate decentralised protocols but focuses on issuers and custodial service providers.

(b) The U.S. SEC has indicated (although controversially, and potentially redundantly given the pro-crypto stance of the Trump Administration) that sufficiently decentralised assets, like Ethereum, may not be classified as securities.

6.9 Australia should align with these best practices and provide clear regulatory guidance rather than applying outdated financial regulations to innovative technologies.

Conclusion: Ensuring Regulatory Clarity While Fostering Innovation

6.10 Without an explicit exemption policy for decentralised networks, ASIC risks overregulating blockchain technology in a way that stifles innovation, drives projects offshore, and makes Australia a less attractive jurisdiction for Web3 development. A balanced regulatory approach should focus on regulating centralised intermediaries while allowing decentralised networks to operate under an exemption framework.

7. Methodological Approach to Regulation

7.1 To create a clear and effective regulatory framework for digital assets, ASIC should adopt a structured, tiered methodology. This ensures that regulation is proportionate, recognizing the differences between centralised and decentralised networks while maintaining consumer protection and financial stability.

Distinguish Centralised and Decentralised Distributed Ledger Networks

7.2 The first step in ASIC's regulatory framework should be distinguishing between centralised and decentralised networks. Not all distributed ledger technologies (DLTs) are the same. There are centralised and decentralised networks:

(a) **Centralised Networks**: Controlled by a single entity or small group, with permissioned access and the ability to change the ledger unilaterally.

(b) **Decentralised Networks**: Operate permissionlessly, governed by a broad and diverse set of participants, with immutability enforced by consensus mechanisms.

Regulatory Implication:

(c) Centralised networks should be subject to existing financial regulations.

(d) Decentralised networks should attract preferential treatment and exemptions due to their unique governance model.

Distinguish Between Counterparty and Counterparty-Free Digital Assets

7.3 For ASIC-relevant regulation purposes, digital assets can also be divided into two categories:

(a) **Counterparty Assets**: Assets that require a central issuer or administrator (e.g., stablecoins, tokenised securities) or party that provides or underwrites the assets value and utility (such tokenised real-world assets) .

(b) **Counterparty-Free Assets**: Assets that exist natively on a decentralised ledger, with no single entity controlling their issuance (e.g., Bitcoin, Ethereum, XRP), or assets that may have been issued by an entity but whose value and/or use is no longer dependent on that entity (like memecoins or collectibles).

Regulatory Implication:

(c) Counterparty assets should be regulated similarly to traditional financial products, requiring licensing and compliance measures.

(d) Counterparty-free assets should not be subject to financial product regulations as they do not create obligations between an issuer and a holder.

Exempt Fully Decentralised, Counterparty-Free Assets

7.4 ASIC should recognise that fully decentralised, counterparty-free assets (especially BTC, ETH, XRP and their ilk) should not be subject to financial licensing requirements. These assets:

(a) Have no central issuer or controlling entity.

(b) Exist and operate independently of any financial institution.

(c) Function more like commodities than traditional financial instruments.

Regulatory Implication:

(d) Entities interacting with these assets (e.g., miners, validators, non-custodial wallet providers) should not require an AFS licence.

(e) Exchanges should be allowed to list and trade these assets without additional financial product licensing burdens.

Apply Regulation to Issuers of Centralised Assets

7.5 While decentralised assets should be exempt, ASIC should still regulate issuers of centralised digital assets, such as stablecoins or tokenised financial instruments.

(a) These assets are often marketed as having a stable value or financial backing, which introduces counterparty risk.

(b) Issuers make representations about the value and redeemability of their assets, which aligns with traditional financial regulation.

Regulatory Implication:

(c) Stablecoin issuers should be licensed and regulated under financial services law.

(d) However, decentralised networks supporting stablecoins (e.g., Ethereum, Solana) should not be subject to regulation.

Prefer Disclosure Over Licensing for Decentralised Networks

7.6 Instead of imposing financial product regulations on decentralised networks, ASIC should adopt a disclosure-based regulatory model. This would:

(a) Ensure transparency while avoiding excessive compliance burdens.

(b) Require relevant information about network governance, security, and risks to be published.

(c) Follow global best practices such as the EU's MiCA framework, which emphasises disclosure as a precondition to trading in certain digital assets rather than licensing for decentralised networks.

Key Recommendations for ASIC

7.7 In summary, to ensure that ASIC's regulatory approach fosters innovation while maintaining financial integrity, the following key recommendations should be adopted:

(a) **Introduce a Decentralization Test**:

(i) Define clear criteria for decentralization, ensuring that ASIC distinguishes between permissioned and permissionless networks.

(ii) Use a structured methodology to assess whether an asset or network is sufficiently decentralised to qualify for exemption from financial product regulations.

(b) **Grant Exemptions for Decentralised Networks and Non-Custodial Wallets**:

(i) Similar to the way ASIC has exempted certain traditional NCP Facilities (e.g., gift cards, loyalty schemes), decentralised blockchain networks and non-custodial wallets should receive regulatory carve-outs.

(c) **Clarify Assets Like Bitcoin, Ethereum, and XRP's Regulatory Status**:

(i) Explicitly state why these assets are or are not considered NCP Facilities and ensure consistent treatment between stablecoins and other digital assets.

(d) **Provide No-Action Relief for Decentralised Projects**:

(i) ASIC should consider implementing a no-action relief policy for truly decentralised projects to ensure regulatory certainty and avoid unnecessary enforcement actions.

(e) **Adopt a MiCA-Style Disclosure Regime**:

(i) Instead of treating all digital assets as financial products, ASIC should focus on requiring disclosure of key risks and governance structures, ensuring transparency while minimizing undue regulatory burdens.

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8. Conclusion: A Balanced Approach to Digital Asset Regulation

8.1 ASIC has an opportunity to create a forward-thinking, decentralization-aware regulatory framework that fosters innovation while protecting consumers. To achieve this, it must:

(a) Recognise the fundamental differences between centralised and decentralised networks.

    (b)   Ensure that counterparty-free assets like Bitcoin, Ethereum, and XRP are not subject to inappropriate financial regulation.

    (c)   Focus regulatory oversight on centralised digital asset issuers while allowing decentralised systems to operate under a disclosure-based framework.

8.2   By implementing these reforms, ASIC can position Australia as a leader in digital asset regulation, ensuring that blockchain innovation thrives while maintaining financial stability and consumer protection.

8.3   I'm happy to talk to, or further discuss, this submission if so desired. I have no objection to it being made public.

Scott Robert Chamberlain

28 February 2025