

Australia, like many jurisdictions, is progressing reforms to regulate key business activities in the digital asset sector. The proposed legislation is the *Corporations Amendment (Digital Assets Framework) Bill 2025* (Cth) (DAF Bill). If enacted, the DAF Bill is expected to have practical implications across the digital asset “stack,” particularly for businesses that provide platform, custody, brokerage or other intermediary services, and it will require most market participants to reassess how their activities are classified and regulated.

This matters now because the regulatory perimeter is tightening globally, particularly across the Asia-Pacific (APAC), and counterparties are increasingly conditioning market access, banking relationships and institutional capital on demonstrable licensing and compliance settings. At the same time, stablecoins and tokenised real-world assets are moving from experimentation to infrastructure. Regulators are therefore focused less on whether to regulate, and more on how to calibrate and implement workable rules that align custody and safeguarding, market integrity, consumer protection and anti-money laundering (AML)/counter terrorism financing (CTF) controls, as policy work has shifted from “should we regulate?” to designing durable settings that can operate alongside borderless token flows and evolving market infrastructure.

Glossary of Useful Terms to be Familiar With

Term	What It Means in Plain English
Digital token/digital asset	A record stored on a computer network that can represent ownership of something, including but not limited to money, shares, property or even a piece of gold. Think of it like a digital receipt that proves you own something and that only you can transfer.
Blockchain/distributed ledger	A shared database that thousands of computers maintain simultaneously. No single person controls it, and once a record is added it is extremely difficult to alter. Bitcoin (BTC) and Ethereum (ETC) are the best-known examples.
Cryptocurrency	A type of digital token designed to function as money. BTC and ETC are cryptocurrencies. Their value fluctuates.
Stablecoin	A digital token designed to always be worth exactly one unit of a fiat currency, like AU\$1. Think of it as a digital form of cash that lives on a blockchain.
Tokenisation/tokenised asset	Taking a real-world asset, for example, a building, a bond, a share, a bar of gold and creating a digital token that represents ownership of it. The token can then be bought, sold or transferred far more efficiently than the underlying asset.
Custody/custodian	Holding assets on behalf of someone else. A bank holds your cash; a share registry holds your shares. A digital asset custodian holds your digital tokens.
Wallet	Software or hardware that stores (or helps manage) the private keys used to authorise transactions and control digital assets on a blockchain. The wallet typically does not store the tokens themselves; the tokens exist on the blockchain, and the wallet stores the credentials needed to sign transactions relating to them.
Australian Financial Services Licence (AFSL)	A licence issued by Australia’s financial regulator, The Australian Securities and Investments Commission (ASIC), that permits a business to provide financial services in Australia. Think of it like a medical practitioner’s registration, you cannot practise without it.
ASIC	Australia’s financial markets regulator. It issues AFSLs, investigates misconduct and enforces financial services law.
The Australian Prudential Regulation Authority (APRA)	Australia’s safety-and-soundness regulator for banks, insurers and certain large financial institutions. If your stablecoin becomes very large, APRA will likely be involved.

Term	What It Means in Plain English
Managed investment scheme (MIS)	A pooled investment structure, like a managed fund, where investors contribute money and someone else manages it on their behalf. The <i>Corporations Act</i> regulates these heavily.
Staking	Locking up digital tokens to help operate a blockchain network, in exchange for a reward (similar to interest).
Wrapped token	A token that represents another token on a different blockchain. For example, a “wrapped BTC” token on the Ethereum network represents real BTC held elsewhere.
Public digital token infrastructure	Major permissionless blockchains like BTC or ETH.

Why is Australian Doing This Now?

For many years, Australia’s AFSL regime has not clearly or consistently captured businesses that custody clients’ spot crypto assets (like BTC/ETH) where no other regulated financial product or financial service is involved, meaning very large client holdings could sit outside AFSL licensing, although exchanges have been subject to Australian Transaction Reports and Analysis Centre (AUSTRAC) registration and AFSL obligations can still arise where crypto is packaged as, or relates to, a financial product.

The consumer harms associated with this gap have been significant. The collapses of FTX and Celsius, both of which had Australian customers, left many Australians unable to access their crypto for extended periods and facing uncertain recoveries through insolvency and bankruptcy processes.¹ Reported harms included frozen withdrawals and, in some cases, failures of custody practices such as comingling.²

The DAF Bill is intended to close this gap by bringing digital asset platforms and tokenised custody platforms into the AFSL and consumer-protection framework, while supporting innovation.

It has been suggested that digital finance innovation could deliver up to AU\$24 billion per year in productivity and cost savings,³ and impact analysis materials refer to industry estimates of 700-1,000 new start-ups annually.⁴

The DAF Bill was introduced on 26 November 2025 and was referred to the Senate Economics Legislation Committee on 5 February 2026. If passed, the DAF Bill is stated to commence 12 months after royal assent, with businesses having 18 months to comply with the new licensing and operational standards.

The Two New Regulated Products Proposed by the DAF Bill

The DAF Bill does not purport to regulate “all crypto” or “all blockchain activity”. It principally extends Australia’s existing financial services framework by creating two new categories of financial product and regulating intermediaries operating those products.

Digital Assets Platform (DAP)

In substance, a DAP is a facility where an operator possesses/ holds digital tokens (whether for itself or on behalf of others), and typically records client interests (for example, via an account or similar mechanism). This is intended to capture many exchanges, brokers, custodians and some wallet providers where the operator has custody/control of client tokens.

Common examples include:

- A centralised exchange that holds customer tokens
- A custodial wallet provider (providing institutional custody)
- A broker/intermediary that acquires and holds tokens for clients

Practical takeaway – If your business model involves custody or control of client tokens (even via contractual arrangements that require you to follow client instructions), you should assume you are in or near the DAP perimeter and test the position carefully.

1 Ariel Bogle, “[Australian Investors Left with Nothing as Cryptocurrency Lender Celsius Network Files for Bankruptcy](#)” (Online, ABC News, 3 August 2022).

2 Ibid.

3 The Hon Dr Daniel Mulino MP and the Hon Dr Jim Chalmers MP, “[New digital asset laws to unlock innovation and safeguard investment](#)” (Media Release, Treasury Ministers, 26 November 2025).

4 Office of Impact Analysis. “[Regulating Digital Asset Platforms](#).” Published Impact Analyses and Reports, 12 December 2025.

Tokenised Custody Platform (TCP)

A TCP is more specific. It is a facility where an operator identifies and holds an underlying asset other than money, and issues one digital token per underlying asset that confers a right to redeem or direct delivery of that asset on a one-to-one basis. This is aimed at “asset-referenced” tokenisation models where the token is intended to map to a particular underlying asset held by the operator.

Common examples include:

- Vaulted bullion with a token issued per bar and a redemption/delivery right
- Tokenisation of a specific parcel of real property held in a custody/trust structure, noting that separate financial product analysis may also apply depending on the rights and offering structure
- Custody of identified financial assets (e.g. particular securities) with tokenisation on a one-to-one basis, again subject to overlay of existing laws applying to those assets

Mutual Exclusivity (DAP vs TCP)

The DAF Bill is drafted on the basis that a DAP cannot also be a TCP. Put another way, the categories are intended to be mutually exclusive at the facility level, however in practice, a business may still operate both kinds of facility.

The Digital Asset Stack: Who Does What, and What Does the Law Require of Each?

Layer A – Blockchain/Network Infrastructure

Operating or contributing to public blockchain infrastructure (in itself) is generally not the regulatory target of the DAF Bill (which is directed to intermediary platforms). The risk is where an infrastructure provider also provides custodial or token-holding services, which may move the provider into DAP/TCP territory depending on the model.

Layer B – Digital Token Issuers

A key design feature is that the DAF Bill’s primary obligations are directed to platform operators (DAP/TCP), not issuers merely because they issue a token. That said, existing *Corporations Act* financial product rules may already apply to an issued token depending on its features (e.g. whether it is, or is analogous to, a security, managed investment scheme interest, derivative or non-cash payment facility).

Layer C – DAP Operators/TCP Operators (The Core Regulated Cohort)

Operators of DAPs and TCPs are proposed to need an AFSL, and to comply with general AFSL obligations (efficiently, honestly and fairly; conflicts; resources; compliance systems; etc.), with additional, tailored requirements contemplated for platform operations.

Layer D – Advisers/Arrangers/Dealers in Relation to DAPs/TCPs

The DAF Bill proposes that providing services in relation to DAPs/TCPs (including advising, dealing and arranging) is captured as “financial services” in the usual way, subject to exemptions (see below).

Licensing (AFSL) – What the DAF Bill Proposes

AFSL Requirement

DAPs and TCPs are proposed to be treated as financial products, meaning the operator will generally require an AFSL with appropriate authorisations and will be subject to the Australian financial services laws (with tailoring contemplated for these platforms).

Transition/Timing

The DAF Bill is proposed to commence 12 months after receiving royal assent, and would then provide a six-month transition window during which existing operators can apply for an AFSL (or a variation). The DAF Bill also notes that where a platform applies within that transition window, aspects of compliance timing are deferred pending ASIC’s decision (rather than a longer fixed deferral).¹

It should be noted that precise timing ultimately depends on the enacted text and any ASIC transitional approach.

Key Exemptions

Low-value/Small Platform Exemption (Threshold-based)

An exemption for smaller, low-risk platforms, being those holding less than AU\$5,000 per customer and facilitating less than AU\$10 million in transactions per year, subject to conditions.²

Insignificant Part of Business (Incidental Activity)

An “incidental/insignificant” exemption is described in commentary on the DAF Bill, aimed at businesses whose interaction with DAPs/TCPs is genuinely ancillary to a primarily non-financial services business (e.g. merely arranging access or advising about existence in a peripheral way).³

Non-custodial Arrangements (Conceptually)

Where a service is genuinely non-custodial (i.e. the provider does not possess/hold tokens for the client), it is materially less likely to fall within the DAP perimeter, but the analysis is fact-sensitive and should be tested against the DAF Bill’s definitions and the service’s actual control mechanics.⁴

1 Parliamentary Library (Cth), Bills Digest No 40, 2025–26: Corporations Amendment (Digital Assets Framework) Bill 2025 (2 February 2026) under “Introductory Info” (Commencement) and “Key points”.

2 Ibid, referring to proposed subpara 911A(2)(ja) and s 911A(4B)).

3 Ibid, under heading “Exemptions for public digital token infrastructure and custodial staking” (noting exemptions for “public digital token infrastructure” (proposed s 9E) and “custodial staking arrangements” (proposed s 9F) from being treated as a MIS/financial product under the Bill).

4 Ibid, under heading “Exemptions for public digital token infrastructure and custodial staking arrangements” (noting exemptions for “public digital token infrastructure” (proposed s 9E) and “custodial staking arrangements” (proposed s 9F) from being treated as a MIS/financial product under the Bill).

Existing Law Still Matters (and Often Drives the Outcome)

A recurring risk in this sector is assuming that a “token” label avoids regulation. ASIC’s guidance emphasises that digital assets and arrangements can be financial products under existing definitions, depending on the rights and functions involved. ASIC’s INFO 225 includes 18 worked examples to assist with classification and is a practical starting point for analysis under current law.

Stablecoins and Payments Reforms (Separate Track; Still Developing)

Stablecoins are being dealt with through payments licensing reforms rather than the DAF Bill itself. Treasury has described a proposed, graduated regulatory framework for stored value facilities (SVFs) that would include products like prepaid accounts and stablecoin issuers. Key design settings (including the definition and prudential trigger for “major” SVF providers) are still subject to consultation and implementing legislation/regulations.⁵

AUSTRAC/AML-CTF

Digital asset businesses may have obligations under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) and AUSTRAC regime independently of AFSL questions.

- AUSTRAC has published reform guidance indicating that new virtual asset services are being brought into the regime and that businesses can enrol and apply for registration from 31 March 2026
- AUSTRAC’s transitional rules update states that AML/CTF obligations for new virtual asset services will be deferred until 1 July 2026, with a registration/enrolment deadline of 29 July 2026 for those newly regulated services

What this means in practice is that you need to identify (i) whether you are already regulated for existing designated services (e.g. certain exchange services have been regulated since 2018), and (ii) whether you will be captured by the new designated virtual asset services. The transitional position differs depending on which limb you fall into.

Practical Takeaways and Implications

- **The DAF Bill, DAPs and TCPs are regulatory overlays, not replacements** – Token projects must still be assessed under existing *Corporations Act* financial product categories (MIS, securities, derivatives and non-cash payment facilities), based on the rights and economic substance. A clearer AFSL-based pathway for custody/platform activity can improve how banks, auditors and institutional counterparties assess risk, because it maps digital-asset intermediation onto familiar licensing concepts.
- **Expect layered compliance** – Depending on contemplated structures participants may need (i) AFSL coverage for DAP/TCP platform operations and (ii) product-specific compliance (fundraising/disclosure, Design and Distribution Obligations (DDO) and custody distribution) for the underlying token arrangement.
- **Stablecoins sit primarily in the payments/SVF workstream** – Treasury’s store value facility reform (still being developed) are the key reference point for stablecoin issuance/payment use.
- **AUSTRAC runs in parallel** – AMF/CTF obligations can apply independently of AFSL requirements. New virtual asset services are staged from mid-2026, while some exchanges have been regulated since 2018.
- A workable, proportionate platform regime that aligns cleanly with AML/CTF and payments reforms would support Australia as a credible, institution-friendly jurisdiction for custody, tokenisation and compliant distribution. If implementation is slower than expected or the AFSL pathway remains difficult to navigate for novel models, some businesses may, at least initially, choose to service Australian activity from offshore rather than establishing APAC digital-asset infrastructure and headquarters in Australia. We are watching the development of this legislation closely, including the timing of commencement, transitional arrangements and ASIC guidance, as these details will materially shape how the market responds.

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⁵ The Hon Dr Daniel Mulino MP, “[New legislation to modernise the regulation of payment service providers](#)” (Media Release, 9 October 2025); Treasury (Cth), “[Payments licensing reforms](#)” (Web Page, 9 October 2025).