



# Regulating Digital Asset Platforms

Department of Treasury



## The policy problem and preferred policy approach

Some digital assets already fall within Australia’s existing legal and regulatory frameworks. Despite this, failures of digital asset intermediaries have caused major losses for consumers, including in Australia. The 2022 collapse of FTX, a major digital asset platform, affected approximately 50,000 Australian consumers. While some of these intermediaries are already regulated, a gap exists when intermediaries hold large volumes of digital assets that are not financial products.

The government’s policy response aims to manage key risks in digital asset markets and address regulatory uncertainty by extending established financial services frameworks to intermediaries that act as custodians for consumer assets. This preferred option will mitigate consumer harm and foster responsible innovation in the digital asset sector.



## Impact Analysis

### Impacts

This policy approach is expected to generate an estimated total regulatory burden on businesses of \$28.4 million per annum. The estimated regulatory impact comprises three key components: the transition costs for existing licensees adapting to the new framework, the costs associated with the entry of new licensees, and the compliance costs arising from regulatory obligations.

Overall, this approach is expected to generate greater benefit to the Australian community by improving consumer protection, increasing transparency, aligning with international standards, and providing greater clarity for digital asset businesses. The reform is expected to support long-term growth in digital asset innovation, while preventing or mitigating the costs associated with future platform failures.

### Who is impacted

#### Individuals

Consumers will benefit significantly through stronger safeguards against fraud, loss, and mismanagement. There will be increased consumer choice through more regulated products that offer improved service quality, better risk management and increased competition.

#### Businesses

The requirement to meet regulatory obligations will increase compliance costs for businesses. Costs are likely to include application and ongoing components, including legal and compliance costs requirements.

#### Community organisations

Improved global standing supports Australia’s ambition to be a leader in responsible digital innovation. Over time, these reputational gains are expected to support economic growth through productivity improvements, increased firm entry and long-term competitiveness.



## Other considerations and implementation

Maintaining the status quo offers minimal oversight and leaves consumers exposed to platform failures and poor practices. In contrast, creating a bespoke regulatory framework comes with significant drawbacks, with a tailored approach both time-consuming and resource-intensive. ASIC will be responsible for implementing the new regulatory framework. Its existing infrastructure and experience make it well-positioned to take on this role, ensuring the sector develops in a safe, transparent, and innovative manner.