

Article Information

Authors: Steven Pettigrove, Luke Higgins, Tahlia Kelly, Emma Assaf
Service: Banking & Finance, Blockchain, Corporate & Commercial
Sector: Financial Services, FinTech

Blockchain Bites: NASDAQ bets on blockchain with tokenised stocks and ETFs; ASIC mints regulatory relief for AFSL licensed stablecoins; Binance nears agreement to end US monitorship

Steven Pettigrove, Luke Higgins, Tahlia Kelly and Emma Assaf of the Piper Alderman Blockchain Group bring you the latest legal, regulatory and project updates in Blockchain and Digital Law.

NASDAQ bets on blockchain with tokenised stocks and ETFs

Nasdaq, one of the largest US stock exchanges, is [seeking approval from the Securities and Exchange Commission \(SEC\) to offer tokenised versions of stocks and exchange traded funds \(ETFs\)](#). If approved, this would be the first time tokenised securities are permitted on a major US exchange - a move that could reshape market infrastructure by integrating blockchain technology into the existing financial system and enabling 24/5 trading (not quite 24/7 just yet).

What is tokenisation?

Tokenisation means creating a digital version of an asset on a blockchain. In this case, it would represent financial securities such as stocks or bonds. Tokenised securities promise benefits such as faster settlement, lower transaction costs, better audit trails and a smoother process from order to settlement. No clear definition of what exactly tokenisation is has yet reached an industry standard, with various approaches being tested.

The exchange has filed a proposal with the SEC to allow tokenised securities to trade on its markets. CEO Adena Friedman also [announced the plan on the All-In Podcast](#), saying it will modernise the system by reducing friction and enabling 24/5 trading - something the industry previously resisted. Nasdaq's goal is to capture the efficiency gains of blockchain while preserving investor protections and market safeguards.

How it works

Nasdaq's proposal will use existing US market infrastructure to allow securities to trade in two forms:

1. **Traditional form:** A digital record of ownership without blockchain.
2. **Tokenised form:** A digital record of ownership using blockchain or distributed ledger technology.

When placing an order, participants can choose regular or tokenised settlement. The Depository Trust Corporation (**DTC**), an entity which presently handles all clearing and settlement on NASDAQ, will handle clearing and settlement for both forms of trading. The trading will take place under the SEC's existing federal regulations.

When a stock trade is executed and subsequently tokenised by DTC, the process will remain unchanged from the participant's perspective. Market operations, execution quality and the user experience on trading platforms are proposed to continue to function as they do under the current framework.

Chuck Mack, Senior Vice President of North American Markets at Nasdaq, [added](#) that tokenised and traditional shares will share the same identification number, rights and value:

From our perspective, it's important to emphasize that while tokenized securities are technologically distinct

from those traded today on Nasdaq's market, under our proposal they still represent the same store of value as their traditional counterparts.

While tokenisation offers various benefits, Nasdaq is taking an investor-first approach to “fully realize the benefits of innovation”:

The challenge - and the responsibility - is to ensure that this transformation is grounded in investor-first principles. [...] The strongest markets, and the ones that endure, are those built on trust. If we can balance innovation with investor protection, we can build markets that are not just more efficient - but fundamentally better.

What's next?

The SEC will publish Nasdaq's filing for public comment, while Nasdaq will work with clients and stakeholders to receive feedback and refine the proposal. This move aligns with a broader policy shift under President Donald Trump's pro-crypto administration and ongoing efforts in Congress to draft legislation for tokenised assets.

Globally, despite the lack of a clear definition, tokenisation is gaining momentum, and coordination will be key to “reduce friction and align incentives ... in the evolution of the global financial markets”. Recently the Cayman Islands [announced consultation on laws to permit tokenised funds](#).

Written by Steven Pettigrove and Emma Assaf

ASIC mints regulatory relief for AFSL licensed stablecoins

ASIC has issued [ASIC Corporations \(Stablecoin Distribution Exemption\) Instrument 2025/631](#) which will allow distributors to exchange, settle or deal in certain specified stablecoins issued by an AFSL licensed issuer, without obtaining their own AFSL, markets or clearing and settlement licence. Currently, this relief extends only to one licensed stablecoin issuer. However, ASIC expects to exempt additional issuers as they become regulated. The instrument does not provide relief in relation to any widely traded stablecoins listed for trading on international or Australian exchanges or payments platforms.

The fine print

Under the [ASIC instrument, and until 1 June 2028, a Distributor of a Named Stablecoin](#) is temporarily exempt from the following licensing obligations, but only in relation to dealings involving the named stablecoin (and not any other dealings involving other cryptocurrencies):

- Requiring an Australian market licence to operate a financial market in Australia.
- Requiring a licence to operate a clearing and settlement (CS) facility.
- Requiring an AFSL to carry on a financial service involving advice, dealing, making a market or custodial or depository services.

The first specified stablecoin under the instrument is AUDM issued by Catena Digital Pty Ltd. AUDM [is stated to be a fully fiat-collateralised, backed with AUD reserves](#) held in trust at a major Australian bank.

The instrument requires that Distributors relying on these exemptions must take reasonable steps to provide or make available to retail clients the most current Product Disclosure Statement.

The targeted relief will take effect once registered on the Federal Registration of Legislation. ASIC has indicated that it will extend the relief to other issuers as they obtain AFSL licensing.

Pathway or byway?

ASIC's proposal to license stablecoins and provide targeted relief presents a potential pathway to compliance for stablecoin issuers and distributors and is expected to allow a market in licensed stablecoins to develop pending further regulatory reforms (including a proposal to introduce tailored payment stablecoin legislation). The instrument is intended to expire in 2028. However, more work remains to be done to establish a comprehensive and fit for purpose licensing framework for payment stablecoin issuers.

The tailored licence conditions which apply to licensed issuers (e.g. reserve and redemption requirements) and any product disclosure requirements have not been released to date. Further details will be required to assess the impact on innovation and consumer protection, the pathway to compliance for other issuers, and inform consumers of the additional checks and balances that will apply to licensed issuers.

The relief is also subject to a number of important limitations. It does not address many stablecoins which are in market and widely distributed. These stablecoins will remain in a regulatory grey zone until such time as the issuer obtains licensing and relief through ASIC or a future payment stablecoin framework comes into place. Further, while distributors will not need a license to deal with named stablecoins for fiat to crypto transactions, in practice, they may still require licensing to deal in cryptocurrency pairs involving a named stablecoin. This likely limits the practical scope of the relief. A licence may still be required for payments related applications.

In recent times, ASIC has issued recent guidance stating that it regards [a number of widely traded cryptocurrencies as financial products](#), without specifying which ones are financial products and which ones are not. Businesses dealing in cryptocurrencies are therefore encouraged to seek legal advice on their licensing obligations. In Consultation Paper 381, which [proposed updates to ASIC guidance on crypto-assets contained in Information Sheet 225, ASIC indicated its current view that certain stablecoins may be financial products](#) depending on their features and invited industry feedback. A finalised version of the updated guidance has not yet been published. Accordingly, prevailing uncertainty remains as to the application of the existing law to cryptographic tokens including stablecoins. However, ASIC's clear preference appears to be that stablecoin issuers pursue licensing under the existing AFSL framework pending further legislative reforms.

Conclusion

ASIC has dubbed the relief a pro-innovation move. The relief represents a positive step to support digital asset innovation and could open a conversation on how ASIC may effectively use its regulatory relief powers more broadly to support innovation generally, including regulatory clarity and transitional relief as Australia moves toward fit-for-purposes digital assets regulations. It is consistent with [recent Government and regulatory efforts to provide a pathway to support responsible innovation](#) in the financial sector and digital assets more broadly.

Written by Steven Pettigrove and Tahlia Kelly

Binance nears agreement to end US monitorship

Binance, the [world's largest crypto exchange, is reportedly close to finalising an agreement with the US Department of Justice \(DOJ\) that would end its court-appointed compliance monitorship](#). This monitor was part of a 2023 settlement [where Binance agreed to pay \\$4.3 billion in fines](#) after the company and its founder Changpeng Zhao pleaded guilty to violating anti-money laundering laws and sanctions.

As part of that deal, Binance accepted a three-year oversight arrangement led by Forensic Risk Alliance. The [monitor was tasked with assessing and monitoring Binance's compliance with the plea deal and evaluating the "effectiveness of the Company's Compliance Programs](#) as they relate to its current and ongoing compliance with laws prohibiting money laundering, laws requiring anti-money laundering programs, and laws prohibiting violations of US sanctions".

According to Bloomberg, discussions with the DOJ suggest the department is considering whether to conclude the monitorship early though no final decision has been announced.

This development comes amid broader shifts in US crypto policy. The Trump administration has expressed support for clearer regulatory guidance and reduced external oversight in certain cases. The GENIUS Act, signed earlier this year, introduced national standards for stablecoins, while both the [SEC](#) and [CFTC](#) are working on regulatory pathways to crypto regulation and have pivoted to an enforcement strategy focused on fraudulent conduct. These moves reflect President Donald Trump's goal of positioning the US as a more attractive destination for crypto businesses.

In recent years, Binance has reported has a range of initiatives to step up its AML/CTF compliance with key hires and closer collaboration with regulators. The firm continues to face close scrutiny, including recent news that AUSTRAC will require the firm to appoint an external auditor to conduct a review of AML/CTF compliance within its Australian operations.

If the DOJ agrees to end the monitorship, it will relieve Binance of the burden of having an external auditor within the business to monitor its AML compliance oversight and mark a significant milestone in its regulatory compliance efforts. The news follows an earlier agreement with the SEC to cease enforcement action against the firm under US securities laws.

