

Article Information

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Riding the wave: Australia passes crypto legislation and VASP regime goes live

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The Australian Senate has today approved the *Corporation Amendment (Digital Assets Framework) Bill 2025 (the Bill)* which will bring cryptocurrency exchanges and custodians within the Australian financial service licensing framework requiring them to meet the same standards of transparency, integrity and consumer protection that apply to all financial services businesses. For an industry that has navigated uncertainty without clear regulatory footing for years, the passing of the Bill represents a defining moment in promoting regulatory clarity and consumer protection.

The Bill amends the *Corporations Act* to recognise two new financial products by integrating them into the existing framework.

1. **Digital Asset Platforms (DAPs):** A DAP is a facility where an operator holds digital tokens on behalf of someone else. In practice, this is intended to capture exchanges, brokers, custodians, and some wallet providers where the operator has custody or control of client tokens.
2. **Tokenised Custody Platforms (TCP):** A TCP is a facility where an operator identifies and holds assets other than money, issuing a single digital token for each asset which grants the holder the right to redeem or direct the delivery of that asset. Importantly, a TCP cannot be a DAP.

To provide relief for start-ups and scaling providers, the Bill includes a low-value exemption for platforms with annual transaction volumes below \$10 million AUD.

The Bill does not seek to regulate the entirety of 'crypto' or all blockchain activity. It includes targeted exemptions for public digital asset infrastructure, custodial staking (under licence) and certain ancillary activities. [Certain stablecoins fall into transitional secondary market relief under the ASIC Corporations \(Stablecoin and Wrapped Token Relief\) Instrument](#). Meanwhile, broader payments reforms will have implications for digital payments and stablecoins.

In a win for innovators, an addendum to the Explanatory Memorandum was inserted prior to passage of the legislation which provides greater clarity over the intended scope of the regime and its application to blockchain infrastructure and multi-party custody arrangements. The Addendum explains that:

merely possessing digital tokens is not sufficient to enliven the digital asset platform definition — the digital tokens must be possessed for or on behalf of another person . Whether a person possesses digital tokens for or on behalf of another person depends on, among other things, the legal nature of the arrangement. For example, the definition is not intended to extend to arrangements which merely involve the provision of technology and services required to factually control digital tokens to a digital asset platform operator by a third-party service provider.

The addendum confirms that this approach extends to multi-party computation arrangements, where a third party acts as a mere technology service provider.

The Bill now heads to the Governor-General for royal assent followed by a staged transition period.

VASP transition

Today's legislative developments follow hot on the heels of yesterday's transition from the legacy 'digital currency exchange' regime to the 'virtual asset service provider' (**VASP**) framework administered by AUSTRAC, Australia's money laundering regulator. For existing providers, this mean reviewing the designated services you are providing and, potentially, logging on to the AUSTRAC Online portal to update your details. The new virtual asset designated services set out in Table 1 of Section 6 of the AML/CTF Act include:

1. Item 50A - exchanging virtual assets for money (fiat on/off ramps), or making arrangements for such exchange;
2. Item 50B - exchanging virtual assets for other virtual assets (i.e. crypto-to-crypto), or making arrangements for such exchange;
3. Item 46A - providing virtual asset safekeeping services, which includes controlling or managing virtual assets or private keys, including the ability to hold, trade, transfer or spend the virtual asset according to the owner's instructions;
4. Items 29-30 - accepting instructions to transfer virtual assets on behalf of customers, or making transferred virtual assets available to customers; and
5. Item 50C - financial services in connection with the offer or sale of a virtual asset where the business is participating in that offer or sale.

VASPs also face updated AML governance and compliance obligations including uplifting AML/CTF Programs (RIP Part A and Part B), initial and ongoing customer due diligence, transaction monitoring and SMR / threshold transaction reporting.

Transitional rules finalised this week will see the introduction of the Travel Rule (commencing from 1 July 2026) which will require reporting entities engaging in value transfer services to develop counterparty due diligence procedures, integrate collection and reporting tooling, and withhold transactions in some cases.

What's next

For businesses operating in the digital asset space, the work starts now. The VASP transition is live - reporting entities should be reviewing their enrolment in AUSTRAC Online and assessing whether their existing AML/CTF Programs adequately reflect their updated obligations. Looking ahead, the Travel Rule's commencement on 1 July 2026 leaves limited runway to embed compliance solutions. On the licensing side, the Bill's passage means platforms that have historically operated in a grey area need to take a clear-eyed look at whether their business model falls under the existing AFSL regime or the new DAP or TCP definitions which would require them to hold a financial services licence.

More generally, these developments position Australia to embrace the digital economy by regulating digital assets similar to other financial products and embedding stronger compliance and consumer protections. These changes will enable financial institutions and consumers to engage with digital assets and the sector at large with greater confidence. They also align Australia with emerging international standards and position it to compete for global business.

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