

To:

ASIC, Level 5,
100 Market St, Sydney,
NSW, 2000, Australia

12 November 2025

Re: Simple consultation – 32: Proposed relief for certain stablecoins and wrapped tokens, and extension of omnibus accounts for digital asset custody

Coinbase Global, Inc. together with Coinbase Australia Pty Ltd. and its other subsidiaries, **(Coinbase)** appreciates the opportunity to respond to Simple consultation – 32: Proposed relief for certain stablecoins and wrapped tokens, and extension of omnibus accounts for digital asset custody **(simple consultation)** published by the Australian Securities and Investments Commission **(ASIC)**.

We appreciate ASIC's efforts in creating the draft relief instrument to facilitate a smooth transition to the Government's proposed regulatory settings for wrapped tokens and stablecoins. To ensure this outcome is achieved we suggest that ASIC ensure the alignment of the relief with the Government's proposed frameworks by drafting the relief instruments to be as broad as possible, as the Government is still in the process of policy finalisation. This will avoid an interim period of inconsistency that could create market dysfunction, consumer harm, and a chilling effect on innovation.

We look forward to continuing to work closely with ASIC, APRA and Treasury on the creation of a fit-for-purpose framework for the regulation of digital assets and digital asset service providers in Australia.

Yours sincerely,



Tom Duff Gordon
VP, International Policy
Coinbase Global, Inc.



John O'Loughlen
Country Manager
Coinbase Australia Pty Ltd

Introduction

Coinbase welcomes the opportunity to respond to ASIC's simple consultation proposing relief for intermediaries of wrapped tokens and stablecoins. As the world's largest publicly listed digital asset platform (**DAP**) we have staked our reputation on being the most trusted and reputable way to access digital assets. This comes with our full commitment to the fit-for-purpose regulation of digital assets in Australia to ensure consumers are protected and allow space for Australians to innovate.

Treasury and the Government are undergoing work following the consultations on draft legislation for digital asset platforms and payments licensing. Currently, Treasury is contemplating the submissions to these consultations, and the final policy settings that will legislate exemptions for intermediaries of wrapped tokens and stablecoins.

To ensure that there is no market disruption between now and the implementation of the DAP and tokenised stored value facility (**SVF**) frameworks we provide two overarching recommendations:

- **Align the relief with the Government's proposed frameworks** for DAPs and tokenised SVFs; and
- **Draft the relief instruments to be as broad as possible** to ensure they are expansive enough to reflect all potential policy settings that the Government may explore in finalising the proposed frameworks.

Narrow, unaligned relief that may not represent finalised government Government policy could cause an interim period of inconsistency leading to market dysfunction, consumer harm and a chilling effect on innovation.

Key Recommendations

Stablecoin relief

We thank ASIC for proposing to provide relief from certain licensing obligations for intermediaries of stablecoin tokens that would otherwise apply if they are considered financial products. Stablecoins are used functionally as money and are critical to digital asset markets as the de facto denominator asset for the majority of trading pairs. This critical role also sees them being utilised as collateral in decentralised finance (DeFi) protocols, underpinning much of the lending, borrowing, and yield-generating ecosystem that is destined to be the future of financial market infrastructure.

To improve the proposed relief and better align with upcoming Payments System Modernisation reforms, we suggest that the breadth of eligible stablecoins be expanded and qualifying conditions to rely on the exemptions be narrowed.

Reserves condition

The process of defining stablecoins under the tokenised SVF framework is still underway and the settings regarding the backing collateral of stablecoins are likely to be under consultation well into 2026 as further tranches are released and APRA begins its standard setting processes. Via discussions, Treasury and APRA have indicated that there will be a wider scope of assets considered appropriate for stablecoins than the limited '*cash or cash equivalents*' definition provided for the relief.

To ensure the relief accommodates potential future policy development we suggest the removal of Section (c)(i) of the definition of '*eligible stablecoins*' and, consequently, the deletion Section 12(1)(c)(i), which require a stablecoin to maintain rereserves that comprise '*only cash or cash equivalent assets denominated in the underlying currency*'.

Providing a wide exemption for stablecoin backing, which has not yet been defined, will ensure that the Government's policy creation is not impeded and there can be smooth market function in the intervening period. This will limit the chance of triggering market dysfunction and consumers, innovators and capital allocators do not have to second guess legal risks.

Holding requirement

To maintain consistency with the incoming digital asset platform reforms, we suggest that the holding requirement for underlying reserves in Section 12(2) of the proposed instrument be expanded to allow reserves to be held "*in trust for, or on behalf of*" token holders.

Wrapped token relief

We thank ASIC for proposing to provide relief for intermediaries of stablecoin tokens from certain licensing obligations that would apply if they are considered financial products. Wrapped tokens are crucial for digital assets infrastructure as they significantly boost interoperability and introduce functionality assets may lack natively. By creating a representation of an asset on a different blockchain, tokens can easily be deployed into DeFi protocols, where they can be used for lending, borrowing, or trading. This concept covers a wide variety of implementations, including wrapping assets for cross-chain use and converting a native coin (like Ether to wETH) to conform to a token standard (like ERC-20) to maximize compatibility with decentralised applications.

To improve the proposed wrapped token relief we provide three suggestions regarding licensing requirements, the requirement for separation of reserves, and an additional example for INFO225.

Licensing requirements

Under the incoming DAP framework, issuers of wrapped tokens will not require a derivatives issuing authorisation under an AFSL, but rather an authorisation to issue and operate a tokenised custody platform (**TCP**). The relief, as worded, only applies to wrapped tokens where issuers currently have a derivatives issuing authorisation, in effect requiring issuers to apply for an authorisation that will be redundant once the TCP framework has commenced. This process, if followed, will result in wasted time and resources for both ASIC and the issuer.

Additionally, in INFO225 and the proposed relief ASIC states or implies that wrapped tokens representing securities will be regulated as derivatives. Conversely, the TCP framework will treat wrapped tokens representing securities (for example) as if they were the securities themselves. This also creates licensing confusion and the potential for wasted resources.

To maintain consistency with the incoming DAP reforms and ensure the facilitation of a smooth transition we suggest that:

- ASIC removes Section (a) defining that an '*eligible wrapped token*' requires an issuer (that is not an exempt foreign issuer) to hold an Australian financial services licence that authorises the person to issue derivatives.
- ASIC provides separate relief to issuers that, in effect, treats wrapped tokens as the underlying financial product itself. Consistent with the DAP framework.

We see no secondary implications of removing Section (a) of the definition of '*eligible wrapped token*' as the proposed relief specifically does not apply to wrapped tokens where the underlying digital asset is a financial product, unless it is a wrapped version of another relief eligible stablecoin or wrapped token.

We believe providing an extra form of relief for issuers is appropriate because issuers and distributors of wrapped tokens will still be subject to the same, comprehensive licensing obligations as if the wrapped token were the underlying asset. Accordingly, the same level of consumer protections will be afforded to consumers if the underlying asset is the regulated financial product.

Combined, these reliefs will facilitate a better transition into the future DAP and TCP frameworks, and support innovation while removing ongoing uncertainty for products such as tokenised securities.

Separate reserves requirement

The definition of '*eligible wrapped token*' in Section (c)(ii) of Draft ASIC Corporations (Stablecoin and Wrapped Token Relief) Instrument 2025/XXX issuers of requires wrapped token issuers to hold underlying reserves to be held separately from other property of the issuer. This is inconsistent with draft ASIC Corporations (Amendment) Instrument 2025/XXX which allows for the reserves to be held in omnibus accounts.

We suggest that ASIC allow underlying reserves of a wrapped token to be held in omnibus accounts in accordance with the draft ASIC Corporations (Amendment) Instrument 2025/XXX, subject to maintaining appropriate record-keeping arrangements and reconciliation procedures.

INFO225 additional example

A further suggestion to make the relief clearer is to provide examples of wrapped tokens where there is no issuer (like wETH) in INFO225, clearly noting that they are not financial products. This would ensure that the body of information available from ASIC recognises the variety of wrapped tokens that exist and provides clarity to encourage innovation.