

Catching lightning in a bottle:
Regulatory developments concerning
crypto assets in Hong Kong,
Singapore and Australia





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Depending on who you talk to, crypto assets represent either the most significant evolutionary shift in finance since coins were minted or the greatest bubble since tulips. Whilst the jury remains out on that point, it is undeniable that they have entered the mainstream.

In light of their exponential rise, and the recent turmoil in the markets, regulators across the Asia Pacific region have announced widely anticipated regulatory proposals, seeking to embrace innovation whilst establishing protective measures for investors and the wider market.

In this article, we provide a deep-dive into recent developments in Hong Kong, Singapore, and Australia.

Recent developments – A bird’s-eye view

Jurisdiction	Hong Kong	Singapore	Australia
Regulatory Framework	Evolving – most recent development to the framework relates to virtual asset exchanges that will soon become regulated in 2023.	Most recently, refinements have been proposed to the existing regulatory framework, including (i) consumer access (ii) business conduct; and (iii) technology.	Consultation draft: Digital Asset Regulation Bill and “token mapping” exercise
Retail Access	Currently limited to professional investors only. Retail access expected to be consulted on.	Certain restrictions in relation to advertising and offers but otherwise allowed. Additional restrictions are proposed.	Not considered
Are stablecoins permitted?	Initial discussions initiated by the Hong Kong Monetary Authority (HKMA) on payment-related stablecoins. Awaiting further policy recommendations from the HKMA.	Permitted under the regime for digital assets generally. Specific licensing and regulation proposed for single-currency pegged stablecoins (SCS).	Proposed
Are Virtual Assets ETF considered?	Proposed, in relation to virtual assets futures ETFs	Not considered	Not considered

In summary, the crypto regulatory landscape is evolving in each of Hong Kong, Singapore and Australia, to varying degrees, with changes focusing on the licensing regimes applicable to exchanges, fund managers, and custody services. In each case, regulators are keen to embrace new technology and the future of finance but not at the expense of investor protection. To this end, the requirements in Singapore are most detailed, but the regional landscape is evolving and there is much still in the pipeline in the other jurisdictions. Hong Kong has announced a number of public consultations, including in relation to whether the market should be expanded to permit retail access in certain circumstances, and in Singapore, there are also public consultations ongoing on proposed additional consumer access measures. As for

regulation of stablecoins, Singapore is slightly ahead with detailed proposals, with Hong Kong and Australia at the initial/policy consideration stages.

Whilst each of the jurisdictions is at a different stage of regulatory development, what is abundantly clear (and has likely been on the minds of regulators for a long time) is that real consumer harm can be done, and that regulation is needed to ensure that investors are adequately protected from the risks of products that have largely remained unregulated until recently. With the growing demand for access to virtual asset products from retail customers, it remains to be seen if and how regulators will permit access, whilst ensuring investor protection.

Hong Kong

Regulatory and licensing framework for virtual asset service providers

On 31 October 2022, the Hong Kong SAR Government and the Financial Services and Treasury Bureau (**FSTB**) gestured that its policy was to embrace and develop the virtual asset industry in Hong Kong, announcing in its Policy Statement on Development of Virtual Assets in Hong Kong (**Policy Statement**)¹ that Hong Kong is “*open and inclusive towards the global community of innovators engaging in virtual asset business*”, and that the Hong Kong SAR Government is working in conjunction with local financial regulators towards building “*a facilitating environment for promoting a sustainable and responsible development of the virtual asset sector in Hong Kong*”. Further, the Hong Kong SAR Government emphasised its readiness to engage with global virtual asset exchanges to explore new business opportunities in Hong Kong, in particular in light of the virtual asset service providers (**VASPs**) regime under the Anti-Money Laundering and Counter Terrorist Financing (Amendment) Bill 2022 (**2022 Amendment Bill**), which will come into operation on 1 June 2023 – a time frame that provides sufficient time to prepare for the new regulatory requirements.

On the same day, Julia Leung, Deputy Chief Executive, Securities and Futures Commission (**SFC**), in her keynote speech on 31 October 2022 at the Hong Kong Fintech Week 2022 (**Fintech Week Speech**), emphasised the SFC’s “*same business, same risks, same rules*” principle and will bring VASPs into the regulatory fold to ensure the sustainable development of the crypto ecosystem.

The 2022 Amendment Bill, (published on 24 June 2022, and passed in the Legislative Council of the Hong Kong SAR on 7 December 2022) will pave the way for a new

licensing regime for VASPs, among other things. The 2022 Amendment Bill has introduced a specific licensing regime for persons that carry on a business of providing any virtual asset service in Hong Kong to be administered by the SFC.

The definition of “*virtual asset service*”, hence the scope of the regime, is limited to operating virtual asset exchanges. Operating a virtual asset exchange means “*providing services through means of electronic facilities - (a) whereby - (i) offers to sell or purchase virtual assets are regularly made or accepted in a way that forms or results in a binding transaction; or (ii) persons are regularly introduced, or identified to other persons in order that they may negotiate or conclude, or with the reasonable expectation that they will negotiate or conclude sales or purchases of virtual assets in a way that forms or results in a binding transaction; and (b) where client money or client virtual assets comes into direct or indirect possession of the person providing such service*”. The 2022 Amendment Bill will also introduce, for the first time, a statutory defined term of “*virtual assets*”. Simply put, a person that operates an exchange that trades in virtual assets, as defined under the 2022 Amendment Bill, will have to apply for a licence from the SFC in order to operate such an exchange.

Upon the 2022 Amendment Bill coming into force, virtual asset exchanges operating in Hong Kong must be licensed and comply with the anti-money laundering/counter-terrorist financing (**AML/CFT**) requirements set out in the Anti-Money Laundering and Counter-Terrorist Financing Ordinance. In addition to compliance with AML/CFT requirements, it is proposed that the SFC will impose additional regulatory requirements on licensed VASPs. It is expected that these will include the need for adequate financial resources, specific levels of knowledge and experience, risk management policies and procedures, listing and trading policies, proper financial reporting and disclosure, and mechanisms to prevent market manipulative and abusive activities and conflicts of interest. The SFC will consult the sector and the public on these specific regulatory requirements before the promulgation of the 2022 Amendment Bill.

¹_Dated 31 October 2022: https://gia.info.gov.hk/general/202210/31/P2022103000454_404805_1_1667173469522.pdf



Giving Customers Retail Access to Virtual Assets

To date, Hong Kong's regulatory framework for virtual assets, which has been piecemeal, limits access to only professional investors. A growing concern over this regulatory gap is that consumers will otherwise turn to platforms in overseas jurisdictions that are beyond Hong Kong regulators' purview.

As such, the SFC's announcement (initially at the SFC Compliance Forum 2022 held on 14 October 2022) that it intends to consult the public on whether the professional investor-only requirement could be relaxed was positively received by the market.

In addition, the SFC (see Julia Leung's Fintech Week Speech) is looking at listing criteria for VASPs to admit tokens for retail secondary market trading. The SFC further noted that soft consultations are underway, and that the SFC's Fintech unit will finalise proposals thereafter.

The SFC is also considering retail access to tokenised securities i.e. securities issued and/or traded on blockchain. For example, the SFC may consider permitting access to a plain-vanilla bond that has been tokenised, classifying it as a "non-complex product", as opposed to a "complex product", which, in that case, would otherwise trigger additional conduct requirements (e.g., provision of minimum information and warning statements). However the SFC would expect licensed intermediaries to perform reasonable due diligence and conduct smart contract audits before these products are distributed to their clients. In this respect, we understand the SFC intends to provide further detail on a modified security token regime in due course.

Virtual assets futures ETFs

In tandem with the SFC's policy statements mentioned in the Fintech Week Speech, the SFC published a Circular on Virtual Asset Futures Exchange Traded Funds² (**Circular**). The Circular stated that the SFC will consider authorising virtual asset futures exchange traded funds (**VA Futures ETFs**) for public offering in Hong Kong.

The SFC has indicated that some initial concerns they had about VA Futures ETFs have become manageable and can be addressed with proper safeguards.

Below are some of the requirements that will have to be met if a VA Futures ETF wants to pursue a public offering in Hong Kong:

- The applicable requirements in the Overarching Principles Section and the Code on Unit Trusts and Mutual Funds (**UT Code**) in the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products; and
- The additional requirements set out in the Circular, including:
 - Good track record of regulatory compliance of the management company of a VA Futures ETF and at least three years' proven track record in managing exchange traded funds (**ETFs**);
 - Only trading on conventional regulated futures exchanges are allowed, subject to the demonstration by the management company of having (i) adequate liquidity (in relation to the virtual asset futures) for the operation of the VA Futures ETF, (ii) the roll costs of the relevant virtual asset futures contracts are manageable; and (iii) how such roll costs will be managed. Initially, only Bitcoin futures and Ether futures traded on Chicago Mercantile Exchange are allowed;

- The management company of a VA Futures ETF is expected to adopt an active investment strategy to allow flexibility in portfolio composition (e.g., diversification of futures positions with multiple expiry dates), rolling strategy, and handling of any market disruption events;
- The net derivative exposure (as defined under the UT Code) of a VA Futures ETF shall not exceed 100% of the ETF's total net asset value;
- The product key facts statement of a VA Futures ETF must contain upfront disclosure of the investment objective and key risks associated with investment in virtual asset futures; and
- The management company of a VA Futures ETF is expected to carry out extensive investor education before launching the VA Futures ETF in Hong Kong.



² <https://apps.sfc.hk/edistributionWeb/gateway/EN/circular/products/product-authorization/doc?refNo=22EC60>

Stablecoins

Stablecoins are a key area of focus for the Hong Kong SAR Government, as expressly stated by the FSTB in the Policy Statement.

As an initial step, in January 2022, the HKMA issued a Discussion Paper on Crypto-assets and Stablecoins³ initiating discussion around the potential regulatory implications of payment-related stablecoins, focusing on asset-linked stablecoins rather than algorithm-based

stablecoins. Notwithstanding the focus on payment-related stablecoins, the HKMA indicated that the regulatory ambit, in terms of the possible activities involved in stablecoin transactions that may need to be regulated, could be broad. The activities that the HKMA is looking into ranges from issuing and creating stablecoins, validating stablecoin transactions and records to executing transactions in stablecoins.

3 <https://www.hkma.gov.hk/eng/news-and-media/press-releases/2022/01/20220112-3/>



Singapore

Mr Ravi Menon, Managing Director of the Monetary Authority of Singapore (**MAS**) noted at the Green Shoots Seminar on 29 August 2022 that some market participants commented that “MAS seems to be sending mixed signals when it comes to crypto and digital assets”. The two recent consultation papers released shortly before the holding of the Singapore FinTech Festival should have helped to clarify the MAS’ regulatory approach and where it intends to drive the digital assets ecosystem in Singapore.

Mr Menon put it pithily in his speech at the Singapore FinTech Festival 2022 on 3 November 2022 when he stated:

“The question is often asked: does Singapore want to be a crypto asset hub? If a crypto hub is about experimenting with programmable money, yes we want to be a crypto hub. If it is about applying digital assets for use cases like atomic settlement, yes we want to be a crypto hub. If it is about tokenising real and financial assets to increase efficiency and reduce risks in financial transactions, yes we want to be a crypto hub. But if it is about trading and speculating in cryptocurrencies, that is not the kind of crypto hub we want to be.”

The two consultation papers illustrate the differentiated approach that the MAS has developed and we discuss these below.

Regulatory and licensing framework for digital payment token services

In Singapore, where a statutory digital assets regime currently exists, providers of digital payment token services must obtain a licence from the MAS pursuant to the Payment Services Act 2019 (the **PS Act**). A digital payment token would include crypto-currencies, and exchange services and intermediary services are covered under the definition of “digital payment token services” under the PS Act. Currently, the PS Act requires licensees providing digital payment token services to comply with AML/CFT requirements. This is not too different from the incoming virtual asset services licensing regime in Hong Kong.⁴

On 26 October 2022, the MAS issued a Consultation Paper on Proposed Regulatory Measures for Digital Payment Token Services (**DPT Services Consultation Paper**), introducing new regulatory requirements for licensees that provide digital payment token services (**DPTS Licensees**). In introducing these new regulatory requirements, the MAS recognised the need, in light of the rapid proliferation of cryptocurrency trading platforms and offerings, and the lack of consumer consideration of the associated risks of cryptocurrency, for a more comprehensive set of regulatory measures to reduce the risk of consumer harm in Singapore. In addition to consumer access measures, which will be discussed

later on, the DPT Services Consultation Paper proposes various regulatory requirements in (i) the business conduct of the DPTS Licensees; and (ii) technology. Many of the new business conduct regulatory measures will align DPTS Licensees with requirements currently imposed on securities exchanges and intermediaries. The measures include:

- handling of customer assets i.e. the segregation of customer assets from the DPTS Licensees’ own assets;
- handling of private keys and storage of customers’ digital payment tokens i.e. implementing control measures to safeguard the private keys and storage of customers’ digital payment tokens;
- dealing with customers’ digital payment tokens i.e. the prohibition of the mortgaging, charging, pledging or hypothecating of a retail customer’s digital payment tokens;
- dealing with conflicts of interests i.e. establishing and implementing policies and procedures to identify and address conflicts of interests; and
- dealing with customer complaints i.e. having adequate policies and procedures to handle customer complaints.

⁴ Please read our update “An Overview of the Payment Services Licensing Regime for more information on the licensing regime under the Payment Services Act” dated 28 January 2020: <https://www.allenoverly.com/en-gb/global/news-and-insights/publications/payment-services-act-came-into-force-on-28-january-2020>

While DPTS Licensees are currently subject to the MAS Notice on Cyber Hygiene and the MAS Technology Risk Management Guidelines, it is proposed that they should also be made subject to the Notice of Technology Risk Management⁵ that is currently applicable to other types of financial institutions, such as banks. Accordingly, they will need to put in place a framework and process to identify critical systems, as well as comply with various requirements as to the continued availability of these systems and services (for example, not exceeding a maximum duration of downtime over a 12-month period).

The MAS has also proposed the following additional business conduct requirements for DPTS Licensees that are digital payment token trading platform operators:

- Prohibition on buying or selling digital payment tokens for their own account;
- Restrictions on related corporations to buy or sell digital payment tokens for their own account on the digital payment token trading platform; and
- Disclosure of their listing and governance policies that address the following matters:
 - The criteria, due diligence, processes and fees applied in making a digital payment token available for trading on the DPT trading platform;
 - The conditions under which digital payment tokens may remain available for trading, be suspended or removed from trading;
 - The processes to remove digital payment tokens from trading, and the rights available to customers;
 - Unfair or disorderly trading practices of DPTS on the DPT trading platform; and
 - Settlement procedures.

These requirements are anticipated to be implemented initially by way of guidelines to be issued by the MAS, subject to responses submitted to the MAS in response to the DPT Services Consultation Paper. Details on the regulatory requirements and subsidiary legislation will be published in due course thereafter. While Singapore and Hong Kong are drawing closer in their approaches in the virtual assets space, much remains to be settled in terms of the specific regulatory requirements.

5_ Revised on 3 October 2018: <https://www.mas.gov.sg/-/media/MAS/Regulations-and-Financial-Stability/Regulations-Guidance-and-Licensing/Securities-Futures-and-Fund-Management/Regulations-Guidance-and-Licensing/Notices/Notice-on-Technology-Risk-Management-CMGN02.pdf>





Giving Retail Customers Access to Digital Assets

The DPT Services Consultation Paper issued by the MAS also addressed the issue of how best to regulate the access to digital payment tokens by retail customers. While the MAS has cautioned retail investors multiple times of the dangers of investing in cryptocurrencies, nevertheless, digital payment token service providers have remained able to offer digital payment tokens to retail customers. They are, however, restricted from advertising to the public in public spaces and engaging third parties such as social media influencers to promote their digital payment token services to the public.

To deal with concerns of the risks posed by digital payment tokens to retail customers, the MAS has proposed safeguards similar to those currently required for Specified Investment Products,⁶ which are investment products that are more complex and of higher risk. These proposals are summarised below:

- Applying consumer access measures to any customer resident, formed or incorporated in Singapore who is not an accredited investor or institutional investor (**Singapore retail investor**);
- Conducting assessments on whether a retail customer has sufficient knowledge of the risks of digital payment token services before providing any digital payment token services to that customer; and
- For retail customers assessed to not have sufficient knowledge of the risks of digital payment token services, the MAS is considering the next steps DPTS Licensees could possibly take. These steps would include:
 - providing educational materials to the retail customer to strengthen the customer’s knowledge of the risks;
 - having the appropriate processes to facilitate and encourage retail customers to review the educational materials and improve their knowledge of risks; and
 - having the appropriate processes to ensure a fair and robust assessment, such as using a diverse question bank that generates different questions for subsequent assessments.

Given that the treatment of ETFs under the MAS categorisation of investment products as Specified Investment Products or Excluded Investment Products depends on the underlying asset of the ETF, it seems likely that ETFs of digital payment tokens will also be seen as Specified Investment Products. There are accordingly no plans as yet to allow the listing of VA Futures ETFs akin to the approach in Hong Kong.

In addition to the above, the MAS is proposing credit-related restrictions on retail customers. Specifically, the MAS is proposing that DPTS Licensees should not:

- provide to a retail customer any credit facility to facilitate the retail customer’s purchase or continued holding of digital payment tokens;
- enter into any leveraged digital payment token transaction with a retail customer or facilitate a retail customer’s entry into any leveraged digital payment token transaction with any other person; nor
- accept any payments made by the retail customer using a credit card or charge card, in connection with the provision of any digital payment token service.

Finally, the DPT Services Consultation Paper also considers whether digital payment tokens may be taken into account in determining whether a customer is a Singapore retail investor or accredited investor, given the high price volatility of digital payment tokens. Under the Securities and Futures Act, an individual is eligible to be treated as an accredited investor if the individual has over SGD2 million in net personal assets (where the net value of the individual’s primary residence is capped at SGD1 million), or has over SGD1 million in net financial assets, or has over SGD300,000 in income over the preceding 12 months. Given the high volatility of digital payment tokens, however, the MAS is considering whether and how digital payment tokens should be included in the assessment of an individual’s net worth for the purposes of determining whether or not the individual would be considered an accredited investor.

⁶ This is as opposed to Excluded Investment Products, which are MAS-prescribed products which are well-established in the market, and are products for which the terms and conditions are generally well understood by the market.

Regulation of stablecoins

The MAS has also consulted on the Proposed Regulatory Approach for Stablecoin-Related Activities in a consultation paper also issued on 26 October 2022 (**Stablecoin Consultation**). The MAS notes that the current regulatory regime framework for stablecoins is being expanded with the objective of ensuring a high degree of value stability of regulated stablecoins.

It has proposed the following approach to regulating stablecoins:

- Only SCS will fall under the new regulatory regime. Acceptable currencies to which SCS may be pegged to will be the Singapore Dollar and G10 currencies;⁷
- Other forms of stablecoins (non-SCS) will be treated regulatorily as digital payment tokens and be subject to the existing digital payment tokens regime under the PS Act;
- A new regulated activity called “Stablecoin Issuance Service” will be created under the PS Act. A Singapore-based entity that performs the function of controlling the total supply of, and minting and burning of stablecoins, will qualify under this new category;
- SCS issued by such an entity will be given a specific name to distinguish them from other stablecoins not so regulated (e.g., “regulated stablecoin”, “qualifying stablecoin” or “securely backed stablecoin”) and this label may only be applied to such SCS;
- SCS may be issued by non-bank entities and banks. Non-bank entities may issue them as tokens backed or collateralised by a pool of assets. Banks may issue SCS as tokenised bank liabilities, and this would be subject to disclosure requirements and on redemption at par. Bank-issued SCSs backed by reserve assets segregated from the bank’s assets will have to comply with all requirements except for prudential requirements;
- Where the SCS in circulation exceeds or is anticipated to exceed SGD5 million in value, the issuer will have to obtain a major payment institution (MPI) licence to be recognised as an issuer of MAS-regulated SCS, and must comply with additional requirements compared to SCS issuers that do not exceed the SGD5 million threshold; and
- SCS issuers that do not exceed the size threshold for MPI may voluntarily opt in to the MAS-regulated SCS regime.

⁷ The currencies include i.e., the Australian Dollar, the British Pound Sterling, the Canadian Dollar, the Euro, the Japanese Yen, the New Zealand Dollar, the Norwegian Krone, the Swedish Krona, the Swiss Franc and the United States Dollar.

The proposed regulatory requirements that will apply to MPIs issuing SCS are as follows:

- Requirement to hold reserve assets;
- Requirement to allow redemption at par;
- Requirements as to disclosure; and
- Prudential requirements.

The Stablecoin Consultation is particularly worthy of note as it takes an interesting policy position: that of encouraging the development of a Singapore-regulated stablecoin that would be attractive precisely because it is regulated. Mr Menon in his speech on 3 November 2022 also stated, “*The real value in the crypto industry comes not from speculating in cryptocurrencies but from tokenising assets and placing them on a distributed ledger for use cases that increase economic efficiency or enhance social inclusion*”. The MAS’ intent to create a trusted stablecoin based on sound fundamentals is a clear part of this overall plan.



Australia

At the Annual Forum for the Australian Securities and Investments Commission (ASIC) on 3 November, Joe Longo (ASIC's Chair) recognised that: *“crypto brings together key issues that ASIC is interested in: technology, innovation, and new challenges for regulation”* and that on investor activity, that *“the capacity for consumer and investor harm is really, really significant”* for cryptocurrencies. Joe Longo stated that: *“My central message for consumers is that this is a risky, speculative and poorly understood activity, which has to be distinguished from the innovation of the underlying technology”*. This signals a continued conservative approach by ASIC to the implementation of regulation and policy in the area of digital assets.

With the change in the Australian Government following the election earlier this year, the regulatory reform agenda in Australia in relation to digital assets has slowed somewhat (when compared to the various consultations and the

reform agenda undertaken by the former Government)⁸. There is a currently a “token mapping” exercise being undertaken by the Australian Government, in an attempt to characterise various categories of digital assets so as to enable a regulatory framework to be appropriately developed depending on the features of particular tokens.

While some funds, including ETFs, have been launched this year which have exposure to cryptocurrencies following updated ASIC policy, these funds are still relatively rare (at least in the context of retail clients) and have been the subject of recent ASIC enforcement action in relation to disclosure issues.

The most recent developments in terms of draft legislative reform in Australia has been the proposed legislation regulating various aspects of digital currencies discussed further below.

Regulatory and licensing framework for digital asset service providers/digital asset custody services

On 19 September 2022, Senator Andrew Bragg issued a private member's Digital Assets (Market Regulation) Bill 2022 (Draft Bill) for consultation calling for Australia to keep pace with the global race for digital asset regulation and further emphasising that, as a result of regulatory inaction, Australia was falling behind on consumer protection and investment protection. The consultation recently closed on 31 October 2022. The Draft Bill sets out a legislative framework for the regulation of digital asset service providers, and proposes that providers of digital asset exchanges and digital asset custody services be required to be licensed.

A digital asset exchange has been defined in the Draft Bill as a facility through which one or more of the following kinds of exchanges are regularly made:

- exchanges of digital assets for currency (whether Australian or not);
- exchanges of digital assets for other digital assets; and
- exchanges of currency (whether Australian or not) for digital assets.

Moreover, the Draft Bill defines a digital asset custody service as a service prescribed by the rules⁹ that relates to the safekeeping, servicing or management of a digital asset.

The specific regulatory requirements that would apply to licensees remain to be consulted on. However, at a minimum, the Draft Bill prescribes certain matters that would have to be included in the requirements for digital asset exchanges, including cyber security, segregation of funds, disclosure, record-keeping and reporting etc. Some of the matters prescribed are similar to the regulatory requirements proposed by the MAS in the DPT Services Consultation Paper (i.e. the segregation of funds), showing a similarity in thinking and approach to regulating digital assets. Similarly, the Draft Bill also prescribes certain matters that would have to be included in the requirements for digital asset custody service providers.

⁸ In particular, see the [12 recommendations](#) of the Senate Select Committee on Australia as a Technology and Financial Centre.

⁹ “Rules” is defined as rules made under section 45 of the Draft Bill, which permit the Minister by legislative instrument to make rules prescribing certain matters.

Regulation of stablecoins

Senator Bragg's Draft Bill also sets out a legislative framework for the licensing and regulation of providers that issue stablecoins. The Draft Bill defines stablecoin widely as a digital asset which is designed to maintain a stable value relative to a particular unit of account or store of value.

Other than requiring the licensing of stablecoin issuers, the Draft Bill also proposes that the following minimum regulatory requirements that shall apply to stablecoin licensees:

- The face value of the liabilities for the issued stablecoins must be held in reserve by the licensee, in accounts kept with an authorised deposit institution in Australia, in either Australian currency or a foreign currency (if the stablecoins are stable relative to that currency);
- The Australian Prudential Regulation Authority, Australia's prudential regulator, needs to be provided with quarterly statements on the following information:
 - a summary description of the assets held in reserve by the licensee for the issued stablecoins;
 - the number of outstanding stablecoins; and
 - the value of the assets held in reserve for the issued stablecoins;
- Auditing requirements and financial disclosure requirements;
- Public monthly statements to be made by the licensee about the size and composition of:
 - assets held in reserve for the stablecoins; and
 - the issued stablecoin in circulation;
- A plan needs to be developed to protect persons holding issued stablecoins against cybersecurity risks.

The above is not intended to be relied on as legal advice and specific legal advice should be sought at all times in relation to the above.



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