

EXPOSURE DRAFT



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Treasury Laws Amendment (Payments System Modernisation) Regulations 2026

I, the Honourable Sam Mostyn AC, Governor-General of the Commonwealth of Australia, acting with the advice of the Federal Executive Council, make the following regulations.

Dated 2026

Sam Mostyn AC
Governor-General

By Her Excellency's Command

Dr Daniel Mulino **DRAFT ONLY—NOT FOR SIGNATURE**
Assistant Treasurer
Minister for Financial Services

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1 Name

This instrument is the *Treasury Laws Amendment (Payments System Modernisation) Regulations 2026*.

2 Commencement

- (1) Each provision of this instrument specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

Commencement information		
Column 1	Column 2	Column 3
Provisions	Commencement	Date/Details
1. The whole of this instrument	The day after this instrument is registered.	

Note: This table relates only to the provisions of this instrument as originally made. It will not be amended to deal with any later amendments of this instrument.

- (2) Any information in column 3 of the table is not part of this instrument. Information may be inserted in this column, or information in it may be edited, in any published version of this instrument.

3 Authority

This instrument is made under the following:

- (a) *ASIC Supervisory Cost Recovery Levy Act 2017*;
- (b) *Australian Securities and Investments Commission Act 2001*;
- (c) *Banking Act 1959*;
- (d) *Corporations Act 2001*.

4 Schedules

Each instrument that is specified in a Schedule to this instrument is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this instrument has effect according to its terms.

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Schedule 1 Amendments
Part 1 Main amendments

Schedule 1—Amendments

Part 1—Main amendments

ASIC Supervisory Cost Recovery Levy Regulations 2017

1 Section 28 (heading)

After “Payment product”, insert “and service”.

2 Subsection 28(1)

Repeal the subsection, substitute:

- (1) A leviable entity forms part of the *payment product and service providers* sub-sector in a financial year if, at any time in the financial year, the entity holds an Australian financial services licence that authorises the holder to:
 - (a) deal in a payment product that is a financial product; or
 - (b) provide a payment service.

3 Subsection 28(5)

Repeal the subsection, substitute:

Entity metric

- (5) The leviable entity’s entity metric for the sub-sector for a financial year starting on or after 1 July 2018 is the gross revenue received in the financial year by the entity in connection with the following:
 - (a) payment products that are financial products issued by the entity less expenses incurred in the financial year from dealing in such financial products;
 - (b) payment services provided by the entity less expenses incurred in the financial year from providing such payment services.

4 At the end of Part 5

Add:

Division 3—Application provisions relating to the Treasury Laws Amendment (Payments System Modernisation) Regulations 2026

77 Application of amendments

The amendments to this instrument made by Schedule 1 to the *Treasury Laws Amendment (Payments System Modernisation) Regulations 2026* apply in relation to the first financial year beginning on or after the commencement of that instrument and later financial years.

5 Schedule 1 (table item 28)

After “Payment product”, insert “and service”.

Australian Securities and Investments Commission Regulations 2001

6 Paragraph 2B(1)(i)

After “for making non-cash payments”, insert “or a payment instrument that is a financial product.”.

Banking Regulation 2016

7 Section 6

Repeal the section.

8 Paragraph 8(c)

Repeal the paragraph, substitute:

(c) stored value facilities (within the meaning of the *Corporations Act 2001*);

Corporations (FinTech Sandbox Australian Financial Services Licence Exemption) Regulations 2020

9 Section 5 (paragraph (c) of the definition of *eligible financial service*)

Omit “non-cash payment facility”, substitute “payment product”.

10 Section 5 (at the end of the definition of *eligible financial service*)

Add:

; or (e) providing a payment service.

11 Section 5 (definition of *non-cash payment facility*)

Repeal the definition.

12 Paragraph 11(1)(a)

Omit “non-cash payment facility”, substitute “payment product”.

13 Paragraphs 11(2)(b) and 12(2)(e)

Omit “non-cash payment facility”, substitute “payment product.”.

Corporations Regulations 2001

14 Subregulation 1.0.02(1)

Insert:

expiry date of a low value SVF means the date (if any) after which the facility cannot be used to make non-cash funds transfers.

gift facility means a stored value facility for which all of the following paragraphs are satisfied:

(a) the amount available for making non-cash funds transfers under the facility (the *available amount*) is set when the facility is issued;

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Schedule 1 Amendments Part 1 Main amendments

- (b) the available amount cannot be increased after the facility is issued unless it is because of the reversal of a transfer of funds under the facility or the correction of an error;
- (c) the available amount cannot be withdrawn from the facility by means of a cash payment unless all of the following apply:
 - (i) one or more non-cash funds transfers have already been made using the facility;
 - (ii) the available amount is an amount that the issuer of the facility reasonably believes is unlikely to be able to be conveniently used under the facility;
 - (iii) the withdrawal is of the full amount standing to the credit of the facility;
- (d) the facility may be used to make non-cash funds transfers on more than one occasion;
- (e) the facility is only promoted or marketed as a gift product;
- (f) if the facility has an expiry date and a person who is given, or given use of, the facility is provided with a device by which the person may use the facility—either:
 - (i) the expiry date is prominently displayed on the device in a manner that makes it clear that it is the expiry date for the facility; or
 - (ii) the date of issue of the facility (or a date that is no later than 3 months after that date) is prominently displayed on the device together with a prominent statement that the facility cannot be used after a specified period after the date displayed on the device;
- (g) if the facility has an expiry date but the person is not provided with a device by which the person may use the facility—the expiry date is prominently displayed in a manner that:
 - (i) would reasonably be expected to bring that date to the person’s attention at the time the facility is given to, and at the time the facility is used by, the person; and
 - (ii) clearly identifies that date as the expiry date for the facility;
- (h) the facility is not a component of another facility that is a financial product.

low value payment instrument means a payment instrument for which the following paragraphs are satisfied:

- (a) a person can make non-cash funds transfers only from a single facility in accordance with the payment instrument;
- (b) that facility is a low value SVF.

low value payment service means a payment service provided by a person for which the following paragraphs are satisfied:

- (a) over the 12 calendar months ending before the service is provided, the average of the total of the amounts of all funds transferred by means of non-cash funds transfers relating to payment services provided by:
 - (i) the person; or
 - (ii) a related body corporate of the person;is not more than \$8 million per calendar month;
- (b) the facility under which the service is provided is not a component of another facility that is a financial product.

low value SVF: a stored value facility issued by a person (the *issuer*) is a **low value SVF** if all of the following paragraphs are satisfied:

- (a) the facility is not a component of another facility that is a financial product;
- (b) at the time the facility is issued, the total of the amounts standing to the credit of all stored value facilities (the *applicable facilities*) that:
 - (i) are issued by the issuer, or a related body corporate of the issuer, who was required to hold an Australian financial services licence covering their issue; and
 - (ii) are financial products;is not more than \$10 million;
- (c) if the facility is not a tokenised SVF—the terms of each applicable facility other than a tokenised SVF do not permit a person to hold more than \$1,000 in amounts standing to the credit of the applicable facility.

loyalty scheme means a facility for which all of the following paragraphs are satisfied:

- (a) the facility is issued as part of a scheme the dominant purpose of which is to promote the purchase of goods from, or the use of the services of, a person (the *vendor*) who is:
 - (i) the issuer of the facility; or
 - (ii) another person;
- (b) a person who uses or holds the facility is allocated credits (however described) as a result of the purchase of goods from, or the use of the services of, the vendor;
- (c) the credits allocated under the facility can be used to make a payment or part-payment for goods or services or to obtain some other benefit;
- (d) the facility is not a component of another facility that is a financial product.

prepaid mobile facility means a stored value facility for which all of the following paragraphs are satisfied:

- (a) the facility is part of an arrangement for the supply of a public mobile telecommunications service (within the meaning of the *Telecommunications Act 1997*) under which the service may be used to the extent that it is covered by an amount (the *prepaid amount*) paid in advance which remains unused;
- (b) non-cash funds transfers made under the facility are debited against the prepaid amount;
- (c) the facility is not a component of another facility that is a financial product.

15 Subregulation 1.0.02(1) (definition of *non-cash payment financial product*)

Repeal the definition.

16 Before subregulation 5C.1.03(2)

Insert:

Exemption from document requirements

17 At the end of regulation 5C.1.03

Add:

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Schedule 1 Amendments
Part 1 Main amendments

Loyalty schemes not required to be registered

- (3) Section 601ED of the Act does not require a loyalty scheme to be registered under section 601EB of the Act.

18 After regulation 7.1.04F

Insert:

7.1.04FA Meaning of *stored value facility*

For the purposes of subsection 761EB(4) of the Act, a facility is not a stored value facility if:

- (a) under the facility, payments can be made only to:
 - (i) the person who would, apart from this paragraph, be the issuer of a financial product consisting of the facility; or
 - (ii) a related body corporate of that person; or
- (b) the facility is a loyalty scheme; or
- (c) the facility can only be used to make payments of a toll for the purpose of using a road.

7.1.04FB Meaning of *payment instrument*

For the purposes of subsection 761EE(3) of the Act, a facility is not a payment instrument if the facility from which non-cash funds transfers may be made as mentioned in subsection 766EE(1) of the Act is a facility covered by regulation 7.1.04FA.

19 Regulation 7.1.07G

Repeal the regulation.

20 Regulation 7.1.23 (heading)

Omit “non-cash payment financial products”, substitute “payment products”.

21 Subregulations 7.1.23(1) and (2)

Omit “non-cash payment financial product.”, substitute “financial product that is a payment product.”.

22 Subregulation 7.1.23(3)

Omit “non-cash payment financial product” (first occurring), substitute “financial product that is a payment product”.

23 Paragraphs 7.1.23(3)(a) and (b)

Omit “non-cash payment” (wherever occurring).

24 Subregulation 7.1.23(4)

Omit “non-cash payment financial product”, substitute “financial product that is a payment product”.

25 Paragraph 7.1.23(4)(a)

Omit “non-cash payment” (wherever occurring).

26 Regulation 7.1.24 (heading)

Omit “non-cash payment products”, substitute “payment products”.

27 Subregulation 7.1.24(1)

Omit “non-cash payment financial product to which a financial service relates.”, substitute “payment product to which a financial service relates.”.

28 Subregulation 7.1.24(2)

Omit “non-cash payment financial product”, substitute “financial product that is a payment product”.

29 Subregulations 7.1.24(3) and (4)

Omit “non-cash payment financial product” (wherever occurring), substitute “financial product that is a payment product”.

30 Regulation 7.1.26 (note)

Omit “non-cash payment products”, substitute “financial products that are payment products”.

31 Subparagraph 7.6.01(1)(l)(iii)

Omit “non-cash payments facility” (wherever occurring), substitute “stored value facility or payment instrument”.

32 Subparagraph 7.6.01(1)(la)(iii)

Omit “non-cash payments facility” (wherever occurring), substitute “stored value facility or payment instrument”.

33 Paragraph 7.6.01(1)(lb)

Repeal the paragraph, substitute:

- (lb) a financial service that consists of a financial services licensee doing either or both of the following:
 - (i) advising another person in relation to a stored value facility, or a payment instrument that relates to such a facility, that the other person may use, or has used, to pay a person other than the licensee for goods or services;
 - (ii) arranging for another person to deal (other than by way of issue) in a stored value facility, or a payment instrument that relates to such a facility, that the other person may use to pay a person other than the licensee for goods or services;in circumstances where:
 - (iii) the financial service is provided in the ordinary course of the licensee’s business; and
 - (iv) the licensee is not the issuer of any stored value facilities, or payment instruments that relate to stored value facilities; and
 - (v) the licensee’s Australian financial services licence does not authorise the provision of financial services mentioned in subparagraph (i) or (ii);
- (lba) a financial service that is:

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Schedule 1 Amendments
Part 1 Main amendments

- (i) provided in relation to a low value SVF or a low value payment instrument; or
- (ii) a low-value payment service; or
if the person providing the service has lodged with ASIC, in the form approved by ASIC, notice that the person intends to rely on the exemption in this paragraph in providing the service;
- (lbb) a financial service that is provided in relation to a facility that has not been issued at the time the service is provided if the person providing the service:
 - (i) believes on reasonable grounds that the facility is likely to be a low value SVF; and
 - (ii) has lodged with ASIC, in the form approved by ASIC, notice that the person intends to rely on the exemption in this paragraph in providing the service;
- (lbc) a financial service provided in relation to a gift facility or a prepaid mobile facility;

34 Subparagraph 7.6.01(1)(zb)(i)

Omit “a facility for making non-cash payments,”, substitute “a payment product.”.

35 Regulation 7.6.02AG (note 1 at the end of subsection 911A(2D) of the Corporations Act 2001)

Omit “non-cash payment facility (such as a cheque facility)”, substitute “payment instrument”.

36 Paragraph 7.6.04A(c)

Omit “facility for making non-cash payments”, substitute “payment instrument”.

37 Paragraph 7.7.08A(3)(b)

Omit “non-cash payment facility”, substitute “payment instrument”.

38 Regulation 7.7.10AE (paragraph 946B(5)(b) of the Corporations Act 2001)

Omit “facility for making non-cash payments (see section 763D)”, substitute “payment instrument”.

39 Regulation 7.8.21A (at the end of the heading)

Add “—general”.

40 Regulation 7.9.07FA (subparagraph 1012D(7A)(a)(ii) of the Corporations Act 2001)

Omit “facility for making non-cash payments (see section 763D)”, substitute “payment instrument”.

41 Paragraphs 7.9.62(5)(b) and (6)(b)

Omit “a facility for making non-cash payments that is linked”, substitute “payment instrument that is related”.

42 At the end of Part 9.12

Add:

9.12.06 Limit on extent that certain provisions of the Act have effect—low value SVFs and payment instruments, low value payment services, gift facilities and prepaid mobile facilities

Particular provisions have a limited effect for certain persons

- (1) For the purposes of paragraph 1368(b) of the Act, the following provisions of the Act have effect in relation to a person only to the extent that the person is not covered by subregulation (5):
 - (a) subsection 911A(1);
 - (b) subsection 992A(1);
 - (c) Part 7.9.

Note: Another way of looking at this subregulation is that the person is exempt from those provisions of the Act to the extent that the person is covered by subregulation (5).

- (2) For the purposes of paragraph 1368(b) of the Act, the following provisions of the Act have effect in relation to a financial services licensee only to the extent that the licensee is not covered by subregulation (5):
 - (a) Part 7.6 (other than Divisions 4 and 8 of that Part);
 - (b) Divisions 2, 3 and 4 of Part 7.7;
 - (c) Divisions 2, 3, 5 and 6 of Part 7.8.

Note: Another way of looking at this subregulation is that the licensee is exempt from those provisions of the Act to the extent that the licensee is covered by subregulation (5).

- (3) For the purposes of paragraph 1368(b) of the Act, Divisions 2, 3 and 4 of Part 7.7 of the Act have effect in relation to an authorised representative of a financial services licensee only to the extent that the authorised representative is not covered by subregulation (5).

Note: Another way of looking at this subregulation is that the representative is exempt from those provisions of the Act to the extent that the representative is covered by subregulation (5).

- (4) Nothing in this regulation limits an exemption conferred by the Act or any other provision of this instrument.

Extent that those provisions of the Act have no effect for those persons

- (5) A person is covered by this subregulation to the extent that the person is providing any of the following financial services:
 - (a) subject to subregulations (6) and (7)—financial services in relation to any of the following:
 - (i) low value SVFs;
 - (ii) low value payment instruments;
 - (iii) a facility that has not yet been issued if the person providing the service believes on reasonable grounds that the facility is likely to be a low value SVF;
 - (b) subject to subregulation (8)—low value payment services;
 - (c) financial services in relation to:

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Schedule 1 Amendments
Part 1 Main amendments

- (i) gift facilities; or
- (ii) prepaid mobile facilities.

Financial services in relation to a facility—conditions for issuer

- (6) Paragraph (5)(a) does not apply in relation to the provision of a financial service in relation to a facility referred to in that paragraph by the issuer of the facility unless the issuer takes reasonable steps to ensure that all of the following conditions are satisfied:
- (a) before or at the time the facility is offered to a person as a retail client, the person is given a disclosure document (see subregulation (9));
 - (b) the information in the disclosure document is worded and presented in a clear, concise and effective manner;
 - (c) if the facility has an expiry date and a client is provided with a device to use the facility:
 - (i) the expiry date is prominently set out on the device in a manner that makes it clear that it is an expiry date; or
 - (ii) the date of the issue of the facility (or a date no later than 3 months after that date) is prominently set out on the device together with a statement that the facility cannot be used after a specified period after the date set out on the device;
 - (d) if the facility has an expiry date but no device is provided to a client to use the facility—the expiry date is set out in the disclosure document or in a written statement attached to the disclosure document;
 - (e) a convenient means is available, that involves no charge by the issuer or its associates, for the client to do all of the following:
 - (i) check the facility's expiry date (if any);
 - (ii) obtain at reasonable intervals a record of the past 10 transactions under the facility;
 - (iii) if the facility is a stored value facility—check the amount standing to the credit of the facility;
 - (f) if the terms and conditions of the facility are unilaterally varied, or the fees or charges for using the facility are changed, during the life of the facility:
 - (i) information about the variation or change is made available to the client in accordance with the information in the disclosure document and displayed in a clear and prominent way at each place and each website at which the facility may be acquired; and
 - (ii) the new terms and conditions or fees and charges are made available to a client on request;
 - (g) if the facility is issued to a person as a retail client—the issuer has/maintains an internal dispute resolution procedure that:
 - (i) complies with standards and requirements made or approved by ASIC for the purposes of subparagraph 912A(2)(a)(i) of the Act; and
 - (ii) covers complaints against the issuer made by retail clients in connection with financial services provided in relation to the facility.

Financial services in relation to a facility—conditions for persons other than issuer

- (7) Paragraph (5)(a) does not apply in relation to the provision of a financial service in relation to a facility referred to in that paragraph by a person who is not the issuer of the facility unless the person takes reasonable steps to ensure that all of the following conditions are satisfied:
- (a) before or at the time the facility is offered to another person as a retail client, the other person is provided with a disclosure document;
 - (b) if the facility has an expiry date and a client is provided with a device to use the facility:
 - (i) the expiry date is prominently set out on the device in a manner that makes it clear that it is an expiry date; or
 - (ii) the date of the issue of the facility (or a date no later than 3 months after that date) is prominently set out on the device together with a statement that the facility cannot be used after a specified period after the date set out on the device;
 - (c) if the facility has an expiry date but no device is provided to a client to use the facility, the expiry date is set out in the disclosure document or in a written statement attached to the disclosure document.

Low value payment service—conditions for provider

- (8) Paragraph (5)(b) does not apply in relation to the provision of a low value payment service unless the person takes reasonable steps to ensure that all of the following conditions are satisfied:
- (a) before or at the time the service is provided to another person as a retail client, the other person is provided with a document that includes the statements and information described in paragraphs 942C(2)(a), (b), (e) and (h) of the Act;
 - (b) the provider has an internal dispute resolution procedure that complies with standards and requirements made or approved by ASIC for the purposes of subparagraph 912A(2)(a)(i) of the Act.

Definitions

- (9) In this regulation:

disclosure document means a written document that sets out the terms and conditions of a facility and separately sets out, in a prominent manner, information about the following:

- (a) whether any of the terms and conditions of the facility may be unilaterally varied by the issuer and a statement of how a client may get information about the new terms and conditions;
- (b) whether the facility has an expiry date and, if so, how a client may find out what that date is;
- (c) the procedures for dealing with any unauthorised or mistaken transactions relating to the facility or the loss or theft of the device (if any) through which the facility is used;
- (d) fees or charges for acquiring and using the facility and, if any fees or charges are subject to change during the life of the facility, a statement of how a client may obtain information about the new fees or charges.

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Schedule 1 Amendments

Part 1 Main amendments

43 Paragraphs 9.12.02(1)(a) and (b)

Omit “non-cash payments” (wherever occurring), substitute “non-cash funds transfers”.

44 Paragraph 9.12.03A(1)(a)

Repeal the paragraph.

Part 2—Application and transitional provisions

Corporations (FinTech Sandbox Australian Financial Services Licence Exemption) Regulations 2020

45 At the end of the instrument

Add:

Part 7—Application and transitional provisions

Division 1—Application and transitional provisions relating to the Treasury Laws Amendment (Payments System Modernisation) Regulations 2026

26 Definitions

In this Division:

amended Corporations regulations means this instrument as in force on commencement.

commencement means the day the *Treasury Laws Amendment (Payments System Modernisation) Regulations 2026* commence.

default transition period for a person has the meaning given by section 1804 of the Act.

payments system modernisation regulation amendments means the amendments made by Part 1 of Schedule 1 to the *Treasury Laws Amendment (Payments System Modernisation) Regulations 2026*.

relevant financial service has the meaning given by section 1804 of the Act.

responsible person has the meaning given by section 1804 of the Act.

27 Application of amendments to financial services—general

The payments system modernisation regulation amendments apply in relation to a relevant financial service to the extent that the service is provided on or after commencement.

Note: The amendments apply only to services provided by or on behalf of constitutionally-covered corporations.

28 Transitional—delay in how amendments apply

- (1) The payments system modernisation regulation amendments do not apply in relation to the provision of a relevant financial service during the responsible person's grace period.
- (2) The responsible person's *grace period* has the same meaning as in section 1804B of the Act.

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Schedule 1 Amendments

Part 2 Application and transitional provisions

29 Application of amendments otherwise than in connection with financial services

If a provision of the amended Corporations regulations:

- (a) would, apart from this regulation, be capable of applying in relation to a payment product that is not a non-cash payment financial product; and
- (b) does not relate to the product in connection with a financial service;

then the payments system modernisation regulation amendments of that provision apply in relation to the product only in relation to conduct engaged in on or after commencement.

Corporations Regulations 2001

46 In the appropriate position in Chapter 10:

Insert:

Part 10.54—Transitional provisions relating to the Treasury Laws Amendment (Payments System Modernisation) Regulations 2026

10.54.01 Definitions

In this Part:

amended Corporations regulations means this instrument as in force on commencement.

commencement means the day the *Treasury Laws Amendment (Payments System Modernisation) Regulations 2026* commence.

default transition period for a person has the meaning given by section 1804 of the Act.

payments system modernisation regulation amendments means the amendments made by Part 1 of Schedule 1 to the *Treasury Laws Amendment (Payments System Modernisation) Regulations 2026*.

relevant financial service has the meaning given by section 1804 of the Act.

responsible person has the meaning given by section 1804 of the Act.

10.54.02 Application of amendments to financial services—general

The payments system modernisation regulation amendments apply in relation to a relevant financial service to the extent that the service is provided on or after commencement.

Note: The amendments apply only to services provided by or on behalf of constitutionally-covered corporations.

10.54.03 Transitional—delay in how amendments apply

- (1) The payments system modernisation regulation amendments do not apply in relation to the provision of a relevant financial service during the responsible person's grace period.
- (2) The responsible person's *grace period* has the same meaning as in section 1804B of the Act.

10.54.04 Application of amendments otherwise than in connection with financial services

If a provision of the amended Corporations regulations:

- (a) would, apart from this regulation, be capable of applying in relation to a payment product that is not a non-cash payment financial product; and
- (b) does not relate to the product in connection with a financial service;

then the payments system modernisation regulation amendments of that provision apply in relation to the product only in relation to conduct engaged in on or after commencement.