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Federal Court Rules Finder.com's Crypto Yield Product Is Not a Financial Product Under Australian Law

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After nearly three years of legal dispute, Australia's Federal Court has ruled that Finder.com's Earn product is not classified as a financial product under current law, specifically rejecting the claim that it qualifies as a debenture. This ruling establishes a crucial precedent for how crypto yield products are treated in Australia and signals a potential shift in regulatory approach toward digital assets.

In 2022, Finder.com introduced "Finder Earn," a product allowing users to convert Australian dollars (AUD) into stablecoins, a type of cryptocurrency pegged to fiat currency, and deposit them into Finder Wallet. Customers then earned an annual yield ranging from 4% to 6%, a standard return in the crypto lending space. However, the Australian Securities and Investments Commission (ASIC), the country's primary financial regulator, challenged the product's classification, asserting that Finder Earn functioned as an unlicensed financial product, specifically a debenture under the Corporations Act 2001 (Cth). A debenture is broadly defined as a debt instrument issued by a company, usually with an obligation to repay a fixed sum.

The Federal Court's decision confirms that Finder Earn does not meet the legal criteria of a debenture or financial product, thus putting to rest ASIC's attempts to impose traditional regulatory frameworks on this emerging technology. This distinction is significant because it means that certain crypto yield-generating products may not require the same licensing or compliance burdens imposed on conventional financial instruments.

Why this matters extends beyond Finder.com. The ruling creates legal clarity for developers and companies working in the crypto sector, which has often faced regulatory uncertainty. Imposing financial product regulations on crypto yield services would have raised the cost of compliance dramatically, potentially stifling innovation in Australia's digital economy. The court's ruling thus provides some much-needed regulatory relief and preserves space for innovation without compromising investor protections.

Importantly, Finder.com voluntarily returned over 500,000 TAUD (tokenized Australian dollars), equivalent to approximately USD 336,000, to customers after the product offering. This smooth resolution avoided common pitfalls in the crypto industry, such as frozen funds or platform insolvencies, which have eroded consumer confidence.

While this ruling does not overhaul Australia's entire crypto regulatory landscape, it serves as a legal touchstone. Courts are recognizing the unique characteristics of crypto products and are reluctant to shoehorn them into ill-fitting categories developed decades ago for traditional finance. This nuanced approach is critical as Australia seeks to balance protecting investors without choking off innovation through excessive regulation.

In an environment where regulatory agencies often take an overly cautious or heavy-handed stance, the Federal Court's ruling offers a balanced example of legal reasonableness. As

Australia's crypto industry continues to grow, clear judicial guidance like this is essential for fostering responsible innovation while ensuring legal certainty.