

Definitions and Token Categories

1.1. What is the clearest way to define ICOs and different categories of tokens?

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Drivers of the ICO Market

2.1. What is the effect and importance of secondary trading in the ICO market?

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2.2. What will be the key drivers of the ICO market going forward?

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Opportunities and Risks

3.1. How can ICOs contribute to innovation that is socially and economically valuable?

- When run as a crowd-finding model, it can rekindle genuine connections to the people behind initiatives. In the case of projects wanting to affect positive change through decentralised (or at least less-centralised) entities/products, this could kickstart more resilient businesses that serve the people more than some traditional investors's businesses. Furthermore, by allowing people to readily engage with those behind projects, buyers are better able to keep projects accountable and report bad actors.

3.2. What do ICOs offer that existing funding mechanisms do not?

- Novelty. Putting money in shares or investing in an IPO does not have the same accessibility when compared to those holding crypto.

- Convention of direct connection to founders, eg via Telegram

- Accessibility (if already owning Crypto).

- Codified protection (if understood and independently verified).

3.3. Are there other opportunities for consumers, industry or the economy that ICOs offer?

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3.4. How important are ICOs to Australia's capability to being a global leader in FinTech?

- Reasonably important when considering generating a large project runway.
Very important when considering crowd funding for initiatives that benefit community.

3.5. Are there other risks associated with ICOs that policymakers and regulators should be aware of?

- People who do an ICO to get rich quick, but in the meantime present as a regular funded company, and not paying staff/contractors correctly.

Regulatory Frameworks in Australia

4.1. Is there ICO activity that may be outside the current regulatory framework for financial products and services that should be brought inside?

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4.2. Do current regulatory frameworks enable ICOs and the creation of a legitimate ICO market? If not, why and how could the regulatory framework be changed to support the ICO market?

- No, but not for lack of regulation. ICO smart-contracts function without boundaries or delayed processing, so will always be more attractive for speculative investors. The regulation for crowd-funding (2017), albeit belated (Kickstarter launched 2009) would have addressed some concerns. But another shortcoming often spoken about is the lack of clarity.

4.3. What, if any, adjustments to the existing regulatory frameworks would better address the risks posed by ICOs?

- Resources to inform people of potential risks. Resources for people to readily report bad actors with little friction.

4.4. What role could a code of conduct play in building confidence in the ICO industry? Should any such code of conduct be subject to regulator approval?

- A code of conduct would serve as a good reference, and a joint community/regulator approach could be helpful.

4.5. Are there other measures that could be taken to promote a well-functioning ICO market in Australia?

- Grants for community groups running informative workshops in this space.

Tax Treatment of ICOs

5.1. Does the current tax treatment pose any impediments for issuers in undertaking capital raising activities through ICOs? If so, how?

- Yes. A focus group reported difficulties and uncertainty when needing to declare tax.

5.2. Is the tax treatment of tokens appropriate for token holders?

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5.3. Is there a need for changes to be made to the current tax treatment? If yes, what is the justification for these changes?

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