



Token Mapping Consultation Document

By

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Annexure 4. List of consultation questions All the consultation questions, posed in this paper, are listed below. Please provide your responses to the following consultation questions and include examples where relevant.

Q1) What do you think the role of Government should be in the regulation of the crypto ecosystem?

Response: All level of government needs to have clear, concise, and inclusive of minority populations (Aboriginal and Torres Strait Islander society, LGBT, women and youth) in all decision-making development and implementation of policy and/or legislation and/or Bills in the crypto ecosystem space, as we will see a repeat of the current situation happening in the crypto ecosystem space as we continuously see across all physical societies. Furthermore, Native Title needs to include virtual rights for Aboriginal and Torres Strait Islander people to protect cultural assets and IP.

Q2) What are your views on potential safeguards for consumers and investors?

Response: All policy decisions must include the voices of minority populations (Aboriginal and Torres Strait Islander society, LGBT, women and youth), as stated above, and the policy approach must have balance with consumers and investors. What this means is that the policy for investors and investors must have 'similar activity input which should then lead to a profit share output'; similar risk support, specialised regulation, and therefore allowing for a similar outcome. There should also be a duty of care applied to innovators to strive for regulatory equivalence, whereby, the responsibility of a code-of-conduct or code-of-ethical behaviours is to fall equally this will ensure that the governments are taking a stance against violence, discrimination and racism in the crypto ecosystem from get-go.

Q3) Scams can be difficult for some consumers to identify. a) Are there solutions (e.g. disclosure, code auditing or other requirements) that could be applied to safeguard consumers that choose to use crypto assets? b) What policy or regulatory levers could be used to ensure crypto token exchanges do not offer scam tokens or more broadly, prevent consumers from being exposed to scams involving crypto assets?

Response:

- a) One solution could be to have a dedicated crypto ecosystem agency (consisting of representatives from minority groups (Aboriginal and Torres Strait Islander society, LGBT, women and youth) as well) with the mandate to assist with the blockchain, web 3, metaverse etc, the portfolio should include anywhere that crypto can be accessed.
- b) A crypto ecosystem agency would contribute to timely deliverables with dynamic and sensible guidance because the crypto space is moving quickly, to legislative amendments, industry codes and interventions that grow and evolve as the blockchain and web markets (3,4,5 plus AI) continue to grow and evolve.

Q4) The concept of 'exclusive use or control' of public data is a key distinguishing feature between crypto tokens/crypto networks and other data records. a) How do you think the concepts could be used in a general definition of crypto token and crypto network for the purposes of future legislation? b) What are the benefits and disadvantages of adopting this approach to define crypto tokens and crypto networks?

Response:

a) There needs to be a safeguarding consolidative legislative package that is activities based and focused on consumers and investors. There also needs to be an inclusion of Indigenous data sovereignty and governance of crypto ecosystems because we are seeing a surge of non-Indigenous people selling Indigenous artworks, sacred sites, lands and cultural lores without any consideration of cultural safety or appropriation or accountability or profit-sharing going back to Indigenous communities. We also know that over the years there has been a surge of Indigenous data available on-line meaning that safeguards need to include Indigenous data sovereignty and governance across the crypto environment.

b) This needs to be informed by distinctive features that allow for permissionless blockchain which is blockchain that does not have any kind of restrictions for the user to join through an open network. However, this would require regulations to ensure data effective data management and requires an assumption that consumers and retail investors to engage with a negotiable ad intermediated token custody, exchange and management arrangement.

Q5) This paper sets out some reasons for why a bespoke 'crypto asset' taxonomy may have minimal regulatory value. a) What are additional supporting reasons or alternative views on the value of a bespoke taxonomy? b) What are your views on the creation of a standalone regulatory framework that relies on a bespoke taxonomy? c) In the absence of a bespoke taxonomy, what are your views on how to provide regulatory certainty to individuals and businesses using crypto networks and crypto assets in a non-financial manner?

Response:

- a) This could be a fruitless exercise considering the amount of technical challenges and government regulation that will need to be developed. To give the regulatory value it needs to include the needs and interests of minority populations (Aboriginal and Torres Strait Islander society, LGBT, women and youth) otherwise we will continue to see the exploitation of Indigenous cultural assets and sacred sites and virtual Native Title land.
- b) The key concepts identified in the Token Mapping framework include Tokens; Token systems; and Functions, however, what's not clear is how by focusing on the Token System could be considered practical because 'crypto asset' is the umbrella term and by focusing on crypto assets allows the operations of assets to perform their functions outside of traditional norms or agents. This is essential as it allows for Australia to become inclusive in the regulation.
- c) A bespoke taxonomy might have drawbacks and the most important things is to have consume protection and incentives to attract key skills (and training) that support safety and security of permissionless blockchains. Education about digital assets and crypto asset regulation language must be provided to Aboriginal and Torres Strait Islander communities otherwise we as a country risk another round of economic failure and an increase in depression and anxiety leading to suicides, and through training Indigenous people as program and/ or code developers and code security auditors, etc, will enable a network of regional networks to support the bespoke taxonomy.

Q6) Some intermediated crypto assets are 'backed' by existing items, goods, or assets. These crypto assets can be broadly described as 'wrapped' real world assets. a) Are reforms necessary to ensure a wrapped real-world asset gets the same regulatory treatment as that of the asset backing it? Why? What reforms are needed? b) Are reforms necessary to ensure issuers of wrapped real-world assets can meet their obligations to redeem the relevant crypto tokens for the underlying good, product, or asset?

Response:

“Wrapped real-world assets’ are arrangements of which a crypto token can be redeemed for another asset held by the issuer.

- a) Yes, reforms are necessary to ensure that cultural intellectual property remains with Indigenous people, and that Indigenous lands which are used in virtual lands and games landscape need to obtain permission from traditional landowners and a profit-share agreement needs to be entered into to preserve the rights of Australia’s First Nations peoples and lands, currently developers , coders etc are using images of Indigenous massacrer sites to create NFT’s and images for gaming and for web 3 assets and AI visual programming with no accountability, if nothing is regulated very soon we are going to see the exploitation, discrimination and racism transferred on a larger scale.
- b) This where the government can and should have more control making organisations accountable. Environmental, social and corporate governance (ESG) and reforms ‘wrapped real world assets’ should potentially combine the crypto asset framework with ESG to design a strategy that adds value to the crypto ecosystem in Australia.

Q7) It can be difficult to identify the arrangements that constitute an intermediated token system. a) Should crypto asset service providers be required to ensure their users are able to access information that allows them to identify arrangements underpinning crypto tokens? How might this be achieved? b) What are some other initiatives that crypto asset service providers could take to promote good consumer outcomes?

Response:

- a) In the block chain people are provided with a unique identifier number to enable consumers to track the sale of their tokens and this in turn enables artists or developers to track their tokens. Without sufficient transparency as to the underlying agreement that links a crypto token to the underlying asset makes it difficult for the holder of the crypto to exercise their rights and at the same time this makes it difficult for regulators to determine whether the crypto asset is a financial product. Insufficient transparency also links to the theft of Indigenous cultural assets as they are turned into crypto assets.
- b) The ESG framework should become the basis of which crypto asset service providers must adhere to.

Q8) In addition to the functional perimeter, the Corporations Act lists specific products that are financial products. The inclusion of specific financial products is intended to both: (i) provide guidance on the functional perimeter; (ii) add products that do not fall within the general financial functions. a) Are there any kinds of intermediated crypto assets that ought to be specifically defined as financial products? Why? b) Are there any kinds of crypto asset services that ought to be specifically defined as financial products? Why?

Response:

I don’t have a response for this question.

Q9) Some regulatory frameworks in other jurisdictions have placed restrictions on the issuance of intermediated crypto assets to specific public crypto networks. What (if any) are appropriate measures for assessing the suitability of a specific public crypto network to host wrapped real world assets?



Response:

Any appropriate measure must make the owner of the platform, the developers and the coders accountable with a code-of ethics that keeps consumers and investors safe.

Q10) Intermediated crypto assets involve crypto tokens linked to intangible property or other arrangements. Should there be limits, restrictions or frictions on the investment by consumers in relation to any arrangements not covered already by the financial services framework? Why?

Response: Yes, Indigenous cultural intellectual property of sacred sites and Native Title Land of Traditional Owners needs to be identified as the virtual rights of Aboriginal and Torres Strait Islander peoples, because we are already seeing google mapping and other mapping platforms selling lands virtually, with crypto tokens, across the globe and without the inclusion of Indigenous virtual native title the Australian government continues to set themselves up as discriminative and racist.

Q11) Some jurisdictions have implemented regulatory frameworks that address the marketing and promotion of products within the crypto ecosystem (including network tokens and public smart contracts). Would a similar solution be suitable for Australia? If so, how might this be implemented?

Response:

Yes Australia would benefit because marketing is the key to growing a crypto ecosystem and without the implementation of regulatory frameworks the imbalance will become an inequity.

Q12) Smart contracts are commonly developed as 'free open-source software'. They are often published and republished by entities other than their original authors. a) What are the regulatory and policy levers available to encourage the development of smart contracts that comply with existing regulatory frameworks? b) What are the regulatory and policy levers available to ensure smart contract applications comply with existing regulatory frameworks?

Response:

I don't have a response to this question as I have run out of time.

Q13) Some smart contract applications assist users to connect to smart contracts that implement a pawn-broker style of collateralised lending (i.e. only recourse in the event of default is the collateral). a) What are the key risk differences between smart-contract and conventional pawn-broker lending? b) Is there quantifiable data on the consumer outcomes in conventional pawn-broker lending compared with user outcomes for analogous services provided through smart contract applications?

Response:

I don't have a response to this question as I have run out of time.

Q14) Some smart contract applications assist users to connect to automated market makers (AMM). a) What are the key differences in risk between using an AMM and using the services of a crypto asset exchange? b) Is there quantifiable data on consumer outcomes in trading on conventional crypto asset exchanges compared with user outcomes in trading on AMMs?

Response:

I don't have a response to this question as I have run out of time.