

DSB Product Committee : Digital Asset Strategy Sub-Committee Meeting Minutes

Date: 11-Oct-2022

Time: 15.00 – 16.30 UTC

Location: Teleconference

Name	Organisation
Joseph Berado	ICE / NYSE
Stephan Dreyer	ANNA
Que Phuong Dufournet	Soc Gen
Lisa Iagatta	ISITC
Harry McAllister	BNPP
Jean O Bray	FCA
Lisa Taikitsadaporn	FIX
Simon Wiltshire	DSB
Adam Grace	DSB

No Topics

1 Introduction & Agenda

2 Competition Law Reminder

Presented.

3 Open Actions

- 005** The DSB will work with the ISDA to access available details of the relevant ISDA definitions for digital assets. DSB **OPEN**
Note: No update.

4 Meeting Details

Terms of Reference & Previous Meeting

- The meeting reiterated the primary deliverables of the DAS-SC – highlighting the need to agree an approach for the assignment of OTC ISINs under the current (ISO 10962:2015) CFI standard.
- The DSB summarized the conclusions from the previous meeting:**
 - Taxonomy:** The members agreed to the use of a high-level taxonomy that consisted of Native Digital Tokens (BTC etc.); Stable Coins; Security Tokens; Utility Tokens.
 - Tokenized Securities / Security Tokens :** The members agreed that Security Tokens could be handled within the existing CFI / UPI / OTC ISIN hierarchy using current Product Definitions (Equity, Debt, Credit).

Tokenized Securities / Security Tokens

The meeting continued to discuss the issue of Security Tokens and Tokenized Securities and agreed the following:

- **Tokenized Securities:** The ISIN represents the Asset in both its traditional and digital forms and a DTI (or DTIs if on more than one DLT) would provide specific technical identification for the on-chain instance(s) of the token.
- **Security Token:** It is assumed that there would be no instance of a Security Token existing both on DLT and in a traditional form since the two instruments are fundamentally different and cannot be considered fungible – even though you could imagine them exhibiting the same characteristics. For this reason the DLT (smart contract) instrument would be identified by an ISIN (if it had been subject to the standard issuance process for a security) and a DTI. The “traditional” version of the instrument – if it existed – would have a separate ISIN (and no DTI).

Native Digital Tokens

The meeting discussed the way in which Native Digital Tokens (such BTC, ETH, SOL) would be support in the current CFI / UPI / OTC ISIN hierarchy – where no amendments were possible.

The meeting agreed that it would be possible to support OTC Derivative with Native Digital Token underliers using the existing Commodity product definitions – Swaps, Options and Forwards – without amendment.

It was noted that the resultant identifiers would be based on some non-specific attributes:

- **Underlying Asset:** This CFI attribute supports a number of Commodity Classifications (eg: Agriculture, Energy etc.). In order to support Native Digital Tokens in the short-term, the CFI Code would require a setting of Other (M).
- **Underlier ID** At present, there is no entry in the Commodity Reference Price codeset to cover Native Digital Tokens and so the UPI and OTC ISIN would need to be created with an Underlier ID of “OTHER”.

The meeting noted that additional discussions would be required to define a longer term solution – including the possibility of introducing a new CFI Asset Class to cover digital assets.

Next Meeting

It was agreed that the next meeting of the DAS-SC would be held on Tuesday 8th November 2022.

AOB

N/A

Respectfully submitted,

DSB Secretariat

Summary of Open Actions	Owner	Target Date
005 The DSB will work with the ISDA to access available details of the relevant ISDA definitions for digital assets.	DSB	30-Aug-22
