

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

Date: 17-Jan-2023

Time: 15.00 – 16.30 UTC

Location: Teleconference

Name	Organisation
Stéphane Blémus	SG
Alex Chow	IA
Stephan Dreyer	ANNA
Que Phuong Dufournet	Soc Gen
Lisa Iagatta	ISITC
Alexander MacDonald	EVIA
Harry McAllister	BNPP
Dianne O'Boyle	ISITC
Jean Obray	FCA
Gregg Rapaport	DTCC
Tom Soden	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**

4 Meeting Details

The meeting restated the amendment of DAS-SC deliverables to be based on timeframes:

1. Agree definitions for the main classifications of digital asset underlier (ie: Security Token, Referential Token).
2. Recommendation for the identification and classification of Security Tokens.
3. Recommendation for the short-term identification and classification of Referential Tokens.
4. Recommendation for the long-term identification and classification of Referential Tokens.

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- **Deliverable 1** : Agree definitions for the main classifications of digital asset underlier (ie: Security Token, Referential Token).

The meeting **APPROVED** the following text without amendment:

The recommendations of the DAS-SC are based on the following delineation of the Digital Assets that act as underliers to OTC Derivatives products:

- **Security Tokens:** A digital asset token that represents an instrument or exhibits the characteristics of an instrument that is classified within the ISO 10962 (CFI) categories of Equity (E), Debt Instrument (D), Collective Investment Vehicle (C), Entitlement (R), Listed Option (O) or Future (F).
 - **Referential Tokens:** A fungible digital asset token that is not classified within the above definition of a Security Token (including Utility Tokens, Stable Coins, Governance Tokens and others).
- **Deliverable 2** : Recommendation for the identification and classification of Security Tokens.

The meeting **APPROVED** the following text without amendment:

The DAS-SC recommends that...

- Security Tokens should be classified using the ISO 10962 (CFI) category appropriate to the characteristics of the instrument.
- OTC Derivatives with a Security Token underlier should use the OTC ISIN/UPI asset class / product definition related to its ISO 10962 (CFI) code.

For example:

- An on-chain Digital Asset that has the characteristics of a Bond would be classified under ISO 10962 (CFI) as D.B.*.*.*.
- An OTC Option on that Bond would use the Debt Option product definition for the generation of a UPI and/or OTC ISIN and the underlier would be identified using an ISIN (as its primary identifier).

Note: *In the longer term, it is expected that the reference data for each Security Token's ISIN will include a link to one or more associated DTIs*

- **Deliverable 3** : Recommendation for the short-term identification and classification of Referential Tokens.

The meeting **APPROVED** the following text:

- OTC Derivatives with a Referential Token underlier should use the appropriate product definition within the Commodity asset class (swap, option etc).
- The underlier for these products should be input using "OTHER" as a Commodity Reference Price and in associated attributes.
- A Swap on Bitcoin should use the Commodity Swap product definition for the generation of a UPI and/or OTC ISIN and the underlier would be identified using Commodity Reference Price of "OTHER".
- A Swap on Bitcoin should use the Commodity Swap product definition for the generation of a UPI and/or OTC ISIN and the underlier would be identified using Commodity Reference Price of "OTHER".

In addition:

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- The DAS-SC proposes extending the Commodity Reference Price enumerated list to include (a subset of) specific digital assets and to include the DTI of the asset against each item, eg: “4H95J0R2X”.
 - Each entry should be displayed in the DSB GUI dropdown with its name/code – e.g.: “4H95J0R2X (BTC)” - in order to assist manual entry.

However, the meeting asked for the following question to be presented to the members of the DAS-SC:

Q1 : Please indicate which of the following recommendations should be included in the agreed text for the short-term classification of Referential Tokens:

1. *The DAS-SC recommends that Referential Tokens might be classified using the ISO 10962 (CFI) for Referential Instrument/Commodities/Other : T.T.M.X.X.X.*
 2. *The DAS-SC recommends that Referential Tokens might be classified using the ISO 10962 (CFI) for Referential Instrument/Other: T.M.X.X.X.X.*
 3. *The DAS-SC recommends that the ISO 10962 (CFI) codes of either T.T.M.X.X.X (Group=Commodities) or T.M.X.X.X.X (Group=Other) should be considered for the classification of Referential Tokens.*
- **Deliverable 4** : : Recommendation for the long-term identification and classification of Referential Tokens.

The meeting **APPROVED** the following text:

- Extending the Swaps (S), Non-Listed and Complex Listed Options (H) and Forwards (J) categories of ISO 10962 (CFI) to include a separate Asset Class for Referential Tokens.
- Using the Digital Token Identifier (DTI) for identifying Referential Tokens – based on the inclusion of the DLT in the attributes of the identifier.

However, the meeting asked for the following question to be presented to the members of the DAS-SC:

Q2 : Please indicate which of the following recommendations should be included in the agreed text for the long-term classification of Referential Tokens.

1. *The DAS-SC recommends extending the Referential Instruments (T) Category of ISO 10962 (CFI) to include a separate Group for Digital Assets (e.g.: T.V.*.*.*.)*
2. *The DAS-SC recommends introducing a new Category within the ISO 10962 (CFI) standard for the classification of Referential Tokens (e.g.: V.*.*.*.*.)*

Action: DSB to email DAS-SC members with Q1 and Q2 above.>**Action 009**

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
009 DSB to email DAS-SC members with Q1 and Q2 concerning the short-term and long-term classification of Referential Tokens.	DSB	31-Jan-23