

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

Date: 27-Sep-2022

Time: 15.00 – 16.30 UTC

Location: Teleconference

Name	Organisation
Andrew Bayley	ISDA
Joseph Berado	ICE / NYSE
Alex Chow	IA
Que Phuong Dufournet	Soc Gen
Dawd Haque	DB
Harry McAllister	BNPP
Alex McDonald	EVIA
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

- The meeting reiterated the primary deliverables of the DAS-SC – highlighting the second of the four main aims of the group:
- Recommendation for amendments to ISO 10962 (CFI) for the classification of Digital Assets.
- **Agree an approach for the assignment of OTC ISINs under the current (ISO 10962:2015) CFI standard.**
- Recommendation for the identification of Digital Assets as underliers to the UPI / OTC ISIN.
- Industry guidance for a common approach to the classification of Digital Asset based OTC Derivatives.

Taxonomy

The members agreed to the use of a high-level taxonomy that consisted of:

- Recommendation for amendments to ISO 10962 (CFI) for the classification of Digital Assets.
- **Agree an approach for the assignment of OTC ISINs under the current (ISO 10962:2015) CFI standard.**

- Recommendation for the identification of Digital Assets as underliers to the UPI / OTC ISIN.
- Industry guidance for a common approach to the classification of Digital Asset based OTC Derivatives.

Tokenized Securities / Security Tokens

The DSB Secretariat has received a number of enquiries concerning the current handling of Security Tokens as OTC Derivative underliers and, as a result, presented the following token types (within the Investment Token category) for consideration of the meeting...

- **Tokenized Security:** Traditional securities - such as bonds, equities etc. - that have undergone the process of tokenization.
- **Security Tokens:** Implemented as a DLT smart contract and providing rights/obligations akin to traditional financial instruments.

The meeting agreed the following points:

- **How to handle Security Tokens and Tokenized Securities in the Current Environment**
 1. To be handled within the current CFI / UPI / OTC ISIN hierarchy.
 2. Digital Assets are supported by the existing Product Definitions within the Equity, Credit or Rates asset classes.
 3. No provision for an “Underlying Digital Asset Indicator” within the CFI or DSB definitions.
 4. It is assumed that all such underliers will follow standard issuance process and will be assigned an ISIN (TBC).
- **How to handle Security Tokens and Tokenized Securities in the Longer Term**
 1. Further discussion required on whether an “Underlying Digital Asset Indicator” is required within the CFI or Product definitions.
 2. Further discussion required on how the CFI / UPI / OTC ISIN hierarchy needs to be enhanced to support these tokens.

Next Meeting

The meeting agreed to examine the current and long-term treatment of Native Digital Tokens as OTC Derivative underliers at the next meeting.

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
