

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

Date: 31-Jan-2023

Time: 15.00 – 16.30 UTC

Location: Teleconference

Name	Organisation
Que Phuong Dufournet	Soc Gen
Alexander MacDonald	EVIA
Jean O Bray	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**

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

4 Meeting Details

The meeting reviewed responses to the questions sent to members on 20th Jan 2023 concerning details of Deliverables 3 and 4.

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

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 Inst./Commods/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 Inst./Other: T.M.X.X.X.X.*

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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.*

The meeting agreed that it was not necessary for the DAS-SC to provide an opinion on the short-term classification of Referential Tokens. Instead, the meeting concluded that the final text should include an indication (perhaps as a footnote) that this question had been discussed but that the DAS-SC considered it to be out of scope of the remit of the group.

- **Deliverable 4** : Recommendation for the long-term identification and classification of Referential Tokens.

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.*.*.*.*)*

The DAS-SC recognised the regulators' and wider industry's requirement for the separate treatment of Referential Tokens and that, as Financial Instrument, they fall within the scope of ISO 10962 (CFI).

Following discussion, the meeting approved the second option – that the DAS-SC should recommend the introduction of a new Category within the ISO 10962 (CFI) standard for the classification of Referential Tokens.

It was noted that the final text should record that while the introduction of a new Category does not oblige regulators to mandate the reporting of “spot” trades within this classification, it does provide them with that option. Conversely, the group agreed that the alternative approach would place “spot” trades in Referential Tokens in a classification that is would not typically fall within the scope of regulatory reporting – as is seen with Currencies and Commodities where only the related derivatives are reportable.

The group agreed that the final text should emphasise the need for the regulators to be made aware of the above recommendation at the earliest opportunity in order for them to be able to assess the wider regulatory implication and to be able to contribute to the industry discussions. To that end, the DSB explained that the finalised text would be shared with the CDIDE for feedback following final sign-off by the DAS-SC as part of the governance process (see below).

- **DAS-SC Governance Process**

The DSB confirmed the governance process for the finalised DAS-SC.

1. DAS-SC text is finalised and a formal paper is published.
2. The text is shared with the CDIDE – asking for feedback (parallel task).
3. The text is referred to the DSB Product Committee who will be asked to review and approve (or possibly return) the text (parallel task).

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4. If approved, the text would be referred to the CFI Discussion Group.
 5. Additionally, the short- and medium-term proposals of the DAS-SC would be used by the DSB as a basis for client guidance and changes to the Commodity product definitions.

At this point, the recommendations would be taken forward by the CFI Discussion Group as input to their deliberations and may be amended or rejected. The DAS-SC is not in a position to determine the subsequent steps but any changes to the CFI code would need to be incorporated into the DSB product definitions (in coordination with other industry players).

AOB

The DSB reminded the group that ISDA had recently published the Standard Definitions for Digital Asset Derivatives.

Respectfully submitted,

DSB Secretariat

Minutes Approved on: 14/02/2023

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
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