

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

Date: 08-Nov-2022

Time: 15.00 – 16.30 UTC

Location: Teleconference

Name	Organisation
Stephan Dreyer	ANNA
Que Phuong Dufournet	Soc Gen
Alexander MacDonald	EVIA
Harry McAllister	BNPP
Dianne O'Boyle	ISITC
Tom Soden	FCA
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

Meeting Summary

Following distribution of an email asking for input, the DAS-SC reviewed the text that would be proposed for each of the four specified deliverables.

The group expressed broad agreement with the text included in the email before reviewing each deliverable in turn.

The order in which the deliverables were reviewed was altered in order to address the immediate needs of the industry before the longer-term requirements.

Deliverables Review

1. Agree an approach for the assignment of OTC ISINs under the current (ISO 10962:2015) CFI standard

Proposed Text

- The DAS-SC recommends that OTC Derivatives with Investment Token underliers (where the token has been assigned an ISIN) should be classified within the CFI category appropriate to the underlier – ie: Equity, Rates or Credit.

-
- The DAS-SC also recommends that OTC Derivatives with any other digital underlier (inc. Native Digital Tokens, Utility Tokens and Stable Coins) should be classified within the Commodity CFI category – using OTHER as an Underlying Asset Class and Underlier ID

Discussion Points

- The meeting agreed that the reference to ISIN in the first sentence should be removed.
- The meeting agreed that a more precise definition of “Token” would be required.
- The meeting agreed that a more precise definition of “Investment Token” would be required.

Revised text

The following text is based on a short-term approach that assumes no change to the ISO 10962 (CFI) standard or to the product definitions supported by the OTC ISIN or UPI.

- The DAS-SC recommends that OTC Derivatives with Investment Token underliers should be classified using the ISO 10962 (CFI) category appropriate to the underlier.
- The DAS-SC recommends that ISINs and UPIs for OTC Derivatives with an Investment Token underlier should be input using the identifier currently specified in the ISIN and/or UPI definition for that product.
- The DAS-SC recommends that OTC Derivatives with Referential Token underliers should be classified using the ISO 10962 (CFI) category for Commodities.
- The DAS-SC recommends that ISINs and UPIs for OTC Derivatives with a Referential Token underlier should be input using a Commodity Reference Price of “OTHER”.

In order to avoid ambiguity, these recommendations are to be supplemented by definitions (as footnotes) for “Token”, “Investment Token” and “Referential Token”.

2. Recommendation for the identification of Digital Assets as underliers to the UPI / OTC ISIN.

Proposed Text

- The DAS-SC recommends the use of ISINs to identify Security Token underliers.
- The DAS-SC also recommends extending the Commodity Reference Price enumerated list to include digital assets and (in order to increase accuracy) to include the DTI of the asset against each item – eg: “BTC (4H95J0R2X)”... *see Appendix I*
- This would reduce the possibility of ambiguity and would allow the user to identify the ledger on which transactions for the specific digital asset were recorded.

Discussion Points

- The meeting agreed that the reference to ISIN in the first sentence should be removed.
- The meeting agreed that a more precise definition of “Token” would be required.
- The meeting agreed that a more precise definition of “Investment Token” would be required.

Revised text

The following text is based on a medium-term approach that assumes no change to the ISO 10962 (CFI) standard but possible minor changes to the product definitions supported by the OTC ISIN or UPI.

- The DAS-SC recommends the use of ISINs to identify Investment Token underliers.
- The DAS-SC recommends extending the Commodity Reference Price enumerated list to include specific digital assets and to include the DTI of the asset against each item.

The DAS-SC agreed that it was important for the FISN and Underlier Name to support digital assets with the UPI.

3. Industry guidance for a common approach to the classification of Digital Asset based OTC Derivatives.

Proposed Text

- No text proposed – See Deliverable 1 (above).

4. Recommendation for amendments to ISO 10962 (CFI) for the classification of Digital Assets.

The meeting agreed that this deliverable concerned longer-term changes to ISO 10962 (CFI) and would have impacts on UPI, OTC ISIN and FISN.

Proposed Text

- The DAS-SC recommends that support for Digital Assets within ISO 10962 (CFI) should be referred to the CFI Discussion Group (ISO/TC 068/SC 08/MA 05 (Discussions)) for consideration.

Discussion Points

- The group wanted to ensure that the DAS-SC made a recommendation to the CFI discussion group (ASAP).
- Although time constraint did not allow for a full discussion of longer term recommendations for the evolution of the CFI standard, the group indicated a leaning towards introducing a new category within CFI for Referential Assets. This is to be included on the agenda for the next meeting of the DAS-SC.

Revised text

- The DAS-SC recommends that support for Digital Assets within ISO 10962 (CFI) should be referred to the CFI Discussion Group (ISO/TC 068/SC 08/MA 05 (Discussions)) for consideration.
- The DAS-SC recommends...

Next Steps

The next meeting of the DAS-SC will include:

- A review of the revised text
- An initial discussion on Deliverable 4 (Recommendation for amendments to ISO 10962 (CFI) for the classification of Digital Assets).

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
