

Conference Call Notes 11 October

Issues from last week's call

1. The need to bring other SMEs into this group - some confusion in that some would think FIBO is already meant to be complete, need to ensure they are aware that this is an ongoing process.

2. Conclusions:

a. Send a reminder email to the FDTF circulation list (OMG list address) inviting further participation and summarizing progress to date

b. Include the OMG FDTF list address in the calendar invite and reminder emails.

Other suggestions on this:

Involvement try and get involvement of the regulatory groups etc.

Specifically the R3 group working with US Treasury e.g. ABN AMRO and others. There was a public announcement on that.

Status: there are 14 members to date.

Have announced a PoC and are encouraging these members of R3 to go through this and see whether they would adopt it.

This is proprietary code not released by R3.

The PoC to "do a lifetime of trade for Treasury securities" including US Treasury trade. MAY or may not include allocation of bonds to the winning yield. Some entry for converting a yield to a price with associated calculation.

Not sure if it includes TIPs (Treasury . inflated ???)

Maturity, principal and closing out the trade.

Primary market and secondary market (e.g. allocations which is primary market).

using Blockchain as distributed ledger but "running a smart contract for settling the various payment flows over the life of the contract"

They do have their own distributed ledger which they are planning to make open source in November. This is the Corda system. They want Corda to be the ledger of choice for new start-ups.

Corda: no restriction for having a single ledger, can have as many separate ledgers as would be appropriate to a process. Not one overarching ledger with everything on it. So a decision point when using Corda is the strategy for who gets to see what and therefore which things should be on the same ledger. Has more flexibility than Bitcoin implementations.

The main innovation for financial services is not simply Blockchain but that the financial industry is moving to using open source software. Actually this is not so new in e.g. tooling like XML parsers,

modeling tools. Also databases in some cases. Also in the analytics areas are using open source e.g. MySQL, not so much the critical production stuff.

The documentation for this will follow when this is open sourced.

Uses KOTLIN.

Proposal:

Consider US Treasuries as our second instrument type for the PoC? - all agreed.

This would cover primary and secondary market process for those.

Caution: Drop the word "conceptual diagram"

conceptual leads to the question of what is the difference between conceptual and real?

MB: Conceptual IS real i.e. it's a model of the real things not the data about the real things.

= Ontology.

Treasury issuance is by Auction.

During the "When Issued" period they trade on a yield basis. At auction you submit a yield at which you are willing to buy x amount of the securities. The order is filled on this basis. Determine how much of the bulk of the issue is at a fractional basis.

Terminology

R3 people would like us to use the term "Distributed Ledger" rather than Blockchain.

Use the acronym DLT for Distributed Ledger Technology.

Blockchain is the specific DLT for BitCoin though it need not be used only for BitCoin. It's a methodology for putting things in the DL

Ethereum is also a Blockchain system (kind of an extension of it), whereas BC was designed specifically to support the requirements of BitCoin.

So Blockchain may refer specifically to what was in Satoshi's paper but there are similar things using the same algorithm and also things using a totally different algorithm.

Some have requirements that are sufficiently different to the BitCoin requirement, and therefore would use different algorithms.

Our mission: Show the applicability of ontology as a computationally independent view of things and its applicability to a range of DLTs.

Next Steps: Complete the ontological view of the business workflow and the commitments / contractual terms for our two PoC instruments (IR Swaps and US Treasuries).

Action: Pull out any existing FIBO or pre-FIBO process ontology for Bonds Auction Issuance Process (MB)

- hand this on to LARs to review and fine tune that. 2 weeks from now.

NEXT WEEK: IR Swap part for the PoC

WEEK AFTER: US Treasuries

Think about what the records are that need be posted to a or the DL.

Think about the process once we have articulated it, relates to the questions of one or more DLs and so on as above.

Q: Does th question of one or more DLs relate specifically to R3? Is Blockchain just one?

A: You can have one or more DLs in just about all of the DLTs.

Other actions this week?

- Do we need to start to write down what we are trying to do?

- start to think about writing down th busines case for why people should be interested in this. What's in it for them.

Reaching out to further SMEs? - circulating to the wider OMG group will help bu can we reach out to more SMEs - need to put together a business case about why they should care.

MB and Stephanie to liaise on this. Who else would like to get involved on this side of it? TC and KT review the outcome of these.

AoB?

no

Oh, there is one thing - we need to rename the Blockchain WG to the DLT WG.

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