FDTF Call Notes

13 July 2021

# Attendees

* Mike Bennett
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# Agenda

See email:

The Bolzano / Trento papers we were looking at are now updated to the References page on the wiki:

<https://www.omgwiki.org/OMG-FDTF/doku.php?id=references>

This week, since we won’t have had time to read those two papers in detail, we will look at the overall concepts and consider how to represent these for use by the TF and others. We should also revisit some of the other concepts we looked at 2 weeks ago in our Q3 planning session (Risk, ESG), and consider definitional questions on those. In each case, let’s determine what we regard as a suitable source for the meaning of the relevant concepts, look at other OMG document sources and their definitions and so on, so we have a clear strategy on managing meaning (definitions per concepts) in line with the VCoI ideas

# Meeting Notes

CBDC does not seem to have met this week. Last week's FDTF Minutes are in error on this point.

## These calls

We had decided to progress both RFI and general concept work in parallel.

Original idea of alt weeks was 2 things:

* Concepts needed for the DC RFI
* Broader issues (not just concepts)

2 weeks ago:

Add (for concept definition work?)

* Risk
* ESG

Initially we want to define these anyway.

## This week:

Won't have read those papers yet.

### How do we structure our knowledge gathering (for definitions)?

Definitions = Concept

- goes into some concept model e.g. concept ontology.

Map back to words / terms via context (VCOI)

(as a pilot of the VCoI approach).

We said we would: Look at existing definition in various sources.

Context: really 2 things

* The intended usage context
  + E.g. use case, business service area
  + OMG Specification
* Origin context
  + E.g. 'in the context of Finance'
  + 'In the context of Treasury operations'
  + Exchanges v how a thing was exchanged

### Clarification:

Are we sure that origin context is broader than usage context?

What if in a particular regulation a term is defined. Is that origin context. Is that Original context or usage context?

- depends on whether it was being defined for the for the 1st time or not i.e. New concept for that regulation

Versus using the concept more widely.

Is it '1st' or whether something itself sets out a definition?

In regulations, e.g. "For the purposes of this regulation, Affiliate means… "

Occurs whether it is an invented new word like Spatworzel, or a re-use of an existing word.

That kind of wording does not make this distinction eplicit. You would have to lok at the definition and see.

Distinguishes weak versus strong regulation:

* If the definitions and the usages are not crystal clear – courts would end up having to arbitrate
* If the legislation is clear, you have less litigation (on what is the meaning of the legislation or of some term in that)
  + In that sense, on the above: if there was already usage, esp if this was quite broad and varied, then the legislation had better tighten up that usage for that piece of legislation to avoid that kind of litigation that would others have been needed to determine the intent of the legislation when it was passed.

Assume: If legislation, then 'Origin Context'

(even if, the concept is define the same somewhere else, with the same wording)

Example: Reg W Affiliate.

* Implicit: only define 'Affiliate of bank' (context of the regulation)
* Explicit: extends the general meaning to include entities to which the bank gives financial advice

(may be unclear – for the sake of argument assume it applies only to banks)

Assume: that the regulation, being constrained in its scope, does not need to explicitily articulate that constraint on the terms it's defining.

(actually, FYI)

Applies to banks that a members of Fed insured state non member banks and something else.

So assume 'financial institution'.

Distinction: Affiliate applies only to bank versus regulation applies only to banks.

How we use this?

We look at some definitions and understand these contexts.

**Conclusion:** call that *Origin Context*

#### Aside: First Use?

Clarify 'first use'

Versus 'definitive use'

First {meaning of that term in that context} = 1st use

So this corresponds to 'definitive use' as outlined above.

Is that what we mean?

e.g. RN teaches some legislation from a risk perspective. Relatively strong – not a lot of loopholes.

Other Acts exists where we do see exploitation of loopholes.

Uses this to discuss what we may want to pay attention to in these.

A good legislator will be trying to keep the loopholes out. With varying levels of success.

So one of the ways exploitation by lobbysists can be done is through the semantics of the legislation.

**First Use:**

Example: if the term 'Algorithmic Regulation' is a term that may or may not have appeared in legislation yet. If we were to set out to define that concept, then if someone were to legislatively have defined what they meant by this, our task would be easier.

We didn't find any such usage.

Example: first usage of a new term (origin context) would have lower level of authority e.g. 'The OMG calls it this' or 'This OMG Standard calls it this'.

Later usage in e.g. lawmaking could add higher levels of authority e.g. NY State, the US and so on.

Might also be other first usages e.g. in other areas of science, in some published paper and so on.

So then legislation may be a first usage but in many cases there may be earlier usages in academics, interest groups, industry associations, communities of practice and so on.

Then there are 2 dimensions to this:

* Primacy (first use)
* Authority

This adds another complexity to the VCoI context stuff.

Examples: "What is considered air pollution?" and so on. What is a particulate in this or that context.

These matters lead to interpretations or whether or not a given thing in the world comes under the scope of this or that specific Act.

So…

Allow for the evolution of the meaning of terms (standard behavior with words)

So we have as contexts:

* Usage context
* Origin: primacy
* Origin: Authority

Which of these is most of interest?

Likely, the Authority.

Less interesting to capture and track what was the earliest use of something, since we are really interested in what is an authority one can appeal to for a given meaning (concept; word usage).

In academia, do we think more about prior art (so gong back to immediate precedents rather than the first usage; a kind of authority for meaning).

Like history teaching.

Might have thought double entry was only 1300s then you may find earlier usages. So the 1st use may ever be known.

Similar for our understanding of earlier cultures e.g. North American and others.

So historical authority itself has its issues that we should avoid. We can't assume that presenting we know what was the 1st use of a term or concepts finalizes it.

Pragmatic: What is good enough.

**Proposal:** We define this kind of context as 'Authoritative Context' rather than 'Original context'

As distinct from the narrower usage context.

**Usage Context:** one document, one report, one WG etc. One business service area e.g. personal lending. Automotive finance, lending as a whole and so on (these also are broader or narrower along that axis)

**Authority:** e.g. Federal Register, specific academic work.

It would be inaccurate to assume definitional congruence when it had not been thought through. That's the purpose of this analysis. Say that the bank has defined a way to use a short term in a narrower context and provided longer terms in a corporate level (so they have thought it through)

- but as PR mentions earlier, they could and should be able to simply use an ontology or a glossary, which means you would not longer rely on long qualified names. Or you could segment those.

e.g. 'X from the Y Glossary'

or even 'X as used in this document' or 'Y as defined in [that other] Policy document'

So you have a reference.

The authority is also specific to a context

e.g. US Regulation is authoritative for the US but not for the world.

(even if other places in the world may elect to refer to that)

See e.g. Minimum tax rate global alignment initiation.

Also whether this would be legislation, treaty or what? What mechanisms used in the various authorities.

See e.g. Basel for BCBS 239.

Refers to e.g. the rate of tax and where it gets paid. The intent is for this to be where they make the sale rather than where they are headquartered.

In most general terms each things has some kind of standing.

### Conclusions: Usage Context

So for our Money, Risk etc. meanings and the RFI)

Usage: the RFI

Authority e.g. Bolzano v US Fed, BoE or some other authority.

What we want to do is avoid defining things in term sof e.g. BoE of US Fed since we want to allow the responder to the RFI to define a concept as they define it.

Scoping:

* Which things do we want to set out wrt some author?
* Which things do we want to ask the responder about (make them the '1st authority'?

## Next Meeting

**Agenda:** Money / Currency

- read the Bolzano papers posted at 'References' wiki page

Review the current status of the RFI - what we need to get done for a Sept release.

Start with that on next week's call.

Also are we planning on getting any kind of review from CBDC.

- we would like to have their input early, and their review and validation as soon as we can get it.

We are doing broader context and the CDBC might find some of the responses useful in some

Also the CBDC may want to add questions of their own that may help towards their objectives.

- ask them that early on (next CBDC call?)