

Cover Letter



May 19, 2022

Object Management Group
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US Federal Reserve Systems Board of Governors
20th Street & Constitution Ave, NW
Washington DC 20551

RE: The Money and Payments: The U.S. Dollar in the Age of Digital Transformation

Greetings,

The Object Management Group® (OMG®) welcomes the opportunity to submit the attached responses to the Federal Reserve (FR) regarding the paper titled “Money and Payments: The U.S. Dollar in the Age of Digital Transformation” and has some general comments below. Specific responses to the questions posed in the discussion paper are attached.

OMG: The Object Management Group (www.omg.org) is an international, open membership, not-for-profit technology standards consortium, positioned as a Voluntary Standards Consensus Body (VSCB) aka Standards Development Organization (SDO). Founded in 1989, its mission is to develop technical standards for a wide range of industries including artificial intelligence, automotive, business, cybersecurity, defense, finance, government, healthcare, Industrial Internet of Things (“IIoT”), insurance, manufacturing, middleware, and related services, and space. OMG also oversees the Consortium for Information and Software Quality™ (CISQ™), the Data Distribution Service™ (DDS®) foundation, the Digital Twin Consortium® (DTC™), the Industry IoT Consortium® (IIC), Augmented Reality for Enterprise Alliance™ (AREATM) and Responsible Computing™ (RCTM).

OMG is representative of an important subset of US and international stakeholders, which is those building products and services, as in the FR’s objective “to give entrepreneurs a platform to create new financial products and services; support faster and cheaper payments (including cross-border payments);”. OMG’s relevance has been proven over the years with standards like UML, SysML, UAF, Financial Industry Business Ontology® (FIBO®), Financial Instrument Global Identifier® (FIGI®), Structured Metrics Metamodel (SMM™), Semantics of Business Vocabulary and Rules™ (SBVRTM).

OMG is dedicated to bringing together its international membership of end-users, vendors, government agencies, universities, and research institutions to develop and revise standards as technologies change throughout the years. OMG strongly believes to enable resilience and interoperability – consistent

identifiers, models, architectures, frameworks, and associated data should utilize voluntary consensus-based open standards. Core to the success and widespread adoption of those items are making them free of consumer licensing terms that restrict public use, access, transparency, or otherwise prevent interoperability, data mapping, and communication.

General Comments: Overall, OMG supports the FR in starting the public discussion with its stakeholders about CBDCs in general, particularly the potential benefits and risks of a U.S. CBDC. Given the U.S. Dollar is the world's reserve currency, the importance of reputation and integrity cannot be overstated in any discussion about the technical implementation of a Digital Dollar.

As most are aware, the technology quickly evolves, frequently outpacing International Standards Organization (ISO) standard consensus and finalization. OMG has more than 33 years of technology standards experience and stands ready to assist the FR with this critically important and prominent endeavor that must be resilient for at least decades, if not centuries. Should the FR desire to move to an ISO standard, OMG has a "Fast Track" Agreement with ISO which considerably expedites their average timelines of 9 plus years.

Based on OMG's work with the U.S. Department of Defense (DoD), NASA, and the U.S. National Institute of Standards and Technology (NIST) (all OMG members), OMG would like to highlight the critical importance of governance in this project and with distributed systems. For instance, current cryptology technology is forecast to become much less secure once quantum computing becomes available in the future.

Further important questions yet to be addressed are:

1. How should this endeavor anticipate such a technological change?
2. How is this technology change processed into a governance model?
3. Similarly, should allowance(s) be made for a future consensus reversing the decision whether to pay interest on CBDC or the need that CBDC with certain identifiers should be restricted or even canceled?
4. Finally, the design decisions over the governance process are perhaps even more important than any technology standards one might adopt, inviting the question of how those decisions would be made and by whom?

Should you have any questions regarding the OMG response, you may call me at (703)231-6335 or email MacLaird@omg.org, cbdc-feedback@omg.org or government-chair@omg.org.

Sincerely,

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Atch – Responses to FR 22 Questions

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