FDTF Call Notes

*14 Sept 2021*

# Attendees

* Mike Bennett
* Rob Nehmer
* Pete Rivett
* Terrance Milligan

# Agenda

* Review of the QM Schedule
* Concept stuff – plan for presentation at QM
  + Format, scope, content etc.

# Meeting Notes

## Sessions Plan

### Comments

We talked (at Blockchain PSIG) about having ADTF come in on the Smart Contracts RFI discussion.

(probably forgot to mention this on last week's Blockchain PSIG Call.

**Status:** Still to follow up with ADTF itself.

May also be worth broadening the discussion with ADTF to over distributed applications generally.

Smart Contract is a sub class of distributed application

- so some properties or features of dApps would apply to Smart Contracts

ADTF would have a bunch of stuff on that.

Counter point: Smart Contract is NOT considered as a kind of dApp – it is in at least one definition, a component of a distributed application that runs on the blockchain while the application has a whole does not.

- how universal is that?

Sounds like there are some RFI questions to be asked on this.

They all or early all have a Oracle component. But what read from or writes to the Oracle s't that a Smartt Contract?

### Definition and scoping.

Might depend on the definition of application, contract, smart contract etc.

Define the terms. May not need an RFI.

So there are 3 things in general:

* Defining concepts / achitcture etc.
* Defining terminology and mapping it to the concepts
* Understanding wht other people might call things
  + Only if we care
* Finding things we can useful ask of the industry

### QM Sessions Review

Smart Contracts RFI is more appropriate for ADTF than MARS, we think. Ask ADTF about that.

They meet Wednesday

Chair(s): Jim Logan and Jeff Smith

MB to talk to them (not done yet).

Invite ADTF to this session at BC-PSIG.

### Other Agenda Comments

None

## Knowledge Resource: Money and Currency

We got some good clarity on the concepts

FIBO DER WG have been looking at Bullion and related concept recently. There was some overlap with gold coins (which we have talked about here).

e.g. scrap value / melt value

(good example a contextual synonym)

IS there stuff from FIBO that we can add to our earlier conversation on coins and tokens?

Do we have a general term for a type of coin versus an instance of coin, and of token generally

e.g. general notion of $ bill v specific instance (a thing with a serial number) that may have status e.g. tamaed, in circulation, taken out of circulation etc.

- we need that

Because also we talked about the distinction between:

* Exchangeable?
* Fungible

Fungible things are individually identifiable, whereas other kinds of exchangeable things are not e.g. coins, many physical tokens.

Coins versus notes – these are very different and yet either may represent the same face value.

Also there would be different designs in legal circulation.

Coins could be identifiable.

More precisely: they have identity, but not identification.

Foundational ontology requirement for identifiable thing versus identity bearing thing.

Type versus instance? The ability to talk of

* The notion of a $ bill (type)
* a specific design of $ bill (type)
* and this particular $ bill (instance)

Also happens with coins.

May be similar to the OntoUML partition on on individual an universals.

UML has powertypes that work in a similar way.

Applies to many objects such as cars. Talk to Jim Logan on this.

### For our session:

* Present what we have (and I what format)?
* Discuss new possibilities like the above?

If we can get ADTF along it is a good opportunity to broaden the discussion.

Focus that be identifying what different stakeholders want to get out of this as a final deliverable?

### VCoI

See also VCoI on this: can socialize terms ad concepts across different TFs.

Bringing ADTF would be good on this – we ca identify what concept are best defined where, and what terms different TFs might have for those concepts.

Also these kind of foundational terms (like the universal / instance distinction) could be usable across those.

VCoI has committed to a simple ontology from which to define 'context' for term usage and origin, but perhaps they can also define some very basic foundational ontology material for these kinds of distinction, so t hat e.g. FDTF, ADTF, BC-PSIG would be able to share concepts I a common framework.

#### How is Context defined?

It may be any of:

* A group (e.g. Task Force)
* A process
* An actor or party e.g. government etc.
* Etc.

Context = any one or a combination of Concept

(the Who What When Why Where hoW etc.)

Prov-O Plus

Prov-O has Entity, Activity and Actor.

VCoI would build out a very basic foundational otology with these high level concepts, and using Prov-O as part of this.

PPMN (Pedigree and Provenance) extends Prov-O and adds further contextual component

So the suggestion for VCoI is to incorporate Prov-O. And maybe PPMN.

The suggestion above (to discuss on next VCoI call) to also cover this type-instance / universals and particulars (ontoUML term) as well.

Use that as a basis for tokens as used as currency / as issued as money, or not.

### Definitions

#### Security v Cryptocurrency

See announcement described at:

<https://twitter.com/attorneyjeremy1/status/1437487301601411074/photo/1>

Does the SEC have a definition of 'Security'.

Assume they do.

ISO has a definition of 'Financial Instrument'

(this is in ISO 19312 CFI and ISO 20022 FIBIM). Includes things like loans. More extensional definition (we framed it as a union of things listed).

Financial Instrument. What about 'Security'?

FIBO itself would rely on the ISIN or other security ID as a data surrogate for something being a security, but how does SEC identify when something is a security in reality (truth makers)

From a letter from the SEC: "If a crypto currency *is determined to be* a security…"

(our italics). This suggests that for all we know it might depend on future legal precedent.

#### The Howey Test

Actually there is a past legal precedent for what is a Security (the Howey Test) from the 1940s – see below.

<https://tokenist.com/key-takeaways-the-sec-says-bitcoin-is-not-a-security/>

From that link:

One criterion includes the Howey Test. According to the famous case which made it all the way to the Supreme Court in the 1940s, a transaction constitutes a security if all four of the following criteria are met:

1. There is an investment of money.
2. There is an expectation of profits.
3. The investment of money is in a common enterprise.
4. Any profit comes from the efforts of a promoter or third party.

That article also refers to this:

In addition, the SEC also referenced its previously published[framework for digital assets](https://tokenist.com/what-you-need-to-know-understanding-the-secs-new-security-token-framework/).

That is at: <https://tokenist.com/what-you-need-to-know-understanding-the-secs-new-security-token-framework/>

This articulates the Howey Test. In the US.

See also SEC Report:

<https://www.sec.gov/litigation/investreport/34-81207.pdf>

## Next Week

Hone a presentation and discussion points for presentation at the QM session:

* What we know / figured out
* What we need to figure out (discussion points)
* Discussion on the QM meeting session