

Association of National Numbering Agencies scri

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European Commission
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Re: Public consultation on Financial services – EU regulatory framework for crypto-assets

FAO: European Commission

The Association of National Numbering Agencies (ANNA) appreciates the opportunity to comment on the consultation relating to the EU framework for markets in crypto assets. Our response is general in nature albeit referencing some particular aspects of the consultation related to current initiatives or practices.

By way of introduction, ANNA is a global membership organisation of National Numbering Agencies (NNAs) comprising Stock Exchanges, CSDs, Central Banks, Data Vendors and Regulatory Bodies. Under the auspices of the International Organization for Standardization (ISO), ANNA is the Registration Authority for the International Securities Identification Numbering system (ISO 6166 ISIN) and Financial Instrument Short Name (ISO 18774 FISN) standards.

ANNA is responsible for evolving and promoting the ISIN standard through its work and collaboration with members, regulators and the industry at large. As a result, today ISINs are issued in more than 200 jurisdictions worldwide enabling global cross-border trading and improved transparency. This underlines ANNA's commitment and mission to promoting the use and adoption of standards which includes the alignment of additional complimentary ISO standards such as FISN, Classification of Financial Instruments (ISO 10962 CFI) and Legal Entity Identifier (ISO 17442 LEI).

ISO standards have global recognition and a proven governance framework to ensure they evolve in line with user and market requirements. Within the financial services industry, these standards drive market efficiency, reduce operational risk and contribute to the development and proper functioning of financial markets. The increased use of these standards improves data quality and provides greater data aggregation and analysis opportunities for both public authorities and other market participants.

In the space of crypto-assets, work is being undertaken by ANNA to assess the role that ISINs may take in the harmonisation of standards for identifying crypto-assets. Financial instruments, in particular security tokens, are already eligible for ISIN assignment and ANNA aims to ensure consistency in how ISIN assignment is applied to this emerging digitalised market.

An ANNA Task Force was established in October 2019 to assess the role and scope of ISINs in respect to crypto-asset identification and provide recommendations on guidelines for the assignment of ISINs to all kinds of crypto-tokens e.g. security tokens, payment tokens, utility

tokens and hybrid tokens. Underpinning this evaluation is ANNA's core aim to support a transparent, compliant and efficient financial markets structure.

In response to question 76 of the consultation, regarding the availability of information on financial instruments required for reporting purposes, we do not see any issue or barriers in assignment practices making ISINs available to security tokens. The reasoning is that financial features remain the primary condition when considering financial instruments issued on Distributed Ledger Technologies (DLT) (native tokens); any conventional financial instrument transferred on DLT backed by real assets existing outside the DLT(tokenised securities) or, financial instruments with digital token underlying. Additionally, the expectation remains that, as today, ISIN requestors are required to provide the information necessary for ISIN assignment and to allow NNAs to apply the appropriate due diligence.

Furthermore, with respect to the questions concerning the Prospectus Regulation, its application to securities tokens and specifically question 84 asking about issues obtaining ISINs for the purpose of issuing a security token, we see no obstacles. In fact, based on a recent membership survey, NNAs are already granting ISIN requests for securities tokens, making the work of the ANNA Task Force key in harmonising ISIN assignment practices rapidly.

More generally in response to the consultation ANNA supports the need to ensure compliance in issues of vital importance to the public interest including Investor/consumer protection, Anti-Money Laundering and Counter-Terrorism Financing. ANNA suggests as a general principle, given the rapid technological developments, that it is beneficial for regulations to be technology agnostic. This sets a starting point for applying new technology that ensures that old risks and issues are not reintroduced, and that loopholes are avoided.

Given that the implementation of existing European regulations and capital market initiatives, such as MiFID II, CSDR, T2S and Prospectus Regulation, is intended to have an impact on the markets and intermediaries it is important for industry readiness to also perpetuate this regulation in the crypto-asset space. More generally, the adoption, implementation and consistency in use of international standards in the crypto asset space, such as for AML/CTF purposes can only increase the efficiencies and benefits of compliance for all stakeholders.

We trust these responses and more general comments can be taken into consideration and remain at your disposal to further discuss these.

Sincerely



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