ISLA ICMA International Capital Market Association

Working Group Minutes

Working Group: Joint ISLA Digital Steering & Digital Assets – Legal Working Group
Date: 22 January 2026
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1. Welcome & Competition/Antitrust Statement

1.1. TB opened the call on behalf of ISLA and ICMA members and advised this was a joint call as ICMA and ISLA are working jointly on the new Digital Assets annex initiative.

1.2. TB welcomed MB and then read through the Competition statement.

1.3. Participants were instructed to use chat for questions if needed due to the large number of attendees on the call.

2. Agenda/Meeting Objectives

2.1. MB started the discussion with a recap of the key objectives of the call.

2.1.1. A recap on the mandate from ICMA and ISLA and the thought process behind the recently circulated draft of the new annex.

2.1.2. Key questions and general observations on the draft.

2.1.3. Q&A and next steps.

3. Summary of discussion

3.1. <u>Mandate and scope: creation of a new annex for digital bonds</u>

3.1.1. The mandate was to cover digital bonds, which were previously absent from the original annex following feedback from members a new annex has now been created to cover them.

3.1.2. The drafting aimed to maintain consistency with the original digital assets annex, reflecting prior rounds of discussion with member firms and the desire for a stable approach.

3.2. <u>Drafting approach: clarity vs flexibility; and guidance for mixed audiences:</u>

3.2.1. MB described a recurring tension:

3.2.1.1. Being clear on mechanics and scope, while also keeping drafting flexible enough to accommodate evolving technology and use cases.

3.2.2. The draft echoes the original annex approach of flagging where parties “could otherwise agree” or “waive” provisions partly because the annex may be read by both product specialists and technology specialists at some firms.

3.3. <u>**Key questions posed by MB to the working group for feedback:**</u>

3.3.1. Whether firms agree with the "consistency with the original annex" approach (as this influences how the draft "hangs together").

3.3.2. Whether there are additional points/use cases that should be covered but are not currently captured.

3.3.3. Whether the annex should address sanctions and/or change in law as they relate to platform events:

3.3.4. MB noted that broader SFT documentation typically does not address sanctions/change in law in granular bespoke detail and thought that adding it only here could be inconsistent and could conflict with firms' existing sanctions provisions.

3.4. <u>**"How provisions work" comments and proposal to use a User Guide**</u>

3.4.1. MB reported receiving helpful feedback including:

3.4.2. Suggestions/queries about how provisions operate, some typos, and requests for more explanatory "colour" to help navigate references and mechanics.

3.4.3. Proposed approach:

3.4.3.1. Keep contract drafting consistent with the prior annex but cover explanatory points in a User Guide (e.g., explaining how references or changes should be interpreted).

4. Q&A

4.1. A question was raised regarding the scope of the new annex and the (interaction between the "other digital asset annex" and "digital bond" definitions.

4.2. MB explained that there can be ambiguity due to different ways digital bonds are created. The original digital assets annex primarily contemplated natively issued digital bonds (existing only digitally, not as a traditional/dematerialised security). However, some projects tokenize bonds; the new digital bonds annex fits those assets better than the original annex because it is designed "from the ground up" for digital bonds and has closer parallels. This was the rationale for the provision, MB invited feedback if firms prefer ambiguity to default to the original annex instead.

4.3. A further question was raised on whether the original annex applies to tokenisation of an underlying security and to "cash" (e.g., stablecoins/tokenized deposits), while the new annex applies to digitally native bonds with no underlying security, and asked if that was an accurate summary.

4.3.1. MB agreed with the summary with one nuance: where a tokenised security involves the entirety of the outstanding issuance being tokenised (as on some digital bond platforms), MB thought it made more sense to place it in the new digital bonds annex and address via conversion mechanics. Firms were advised to provide feedback if they disagree with the approach.

4.3.2. In relation to stablecoins MB suggested these might arguably fall under "asset-backed" digital assets rather than "digital cash," and may require case by case analysis.

5. Next Steps:

5.1. The drafting will continue to be consistent with original annex unless member feedback indicates otherwise.

5.2. Explanatory points will be handled via an explanatory note to preserve contractual consistency.

5.3. Open issues remain on:

5.3.1. The boundary between original annex vs new digital bonds annex in ambiguous tokenisation structures.

5.3.2. Addressing sanctions/change in law for platform events within the annex (and if so, how to do so without conflicting with broader documentation).

6. Actions

6.1. <u>Actions for working group members:</u>

6.1.1. Provide any further comments on the draft directly to MB or ISLA/ICMA contact.

6.1.2. If firms have any views on the "ambiguous overlap" approach (which annex should apply), please send feedback to CC/ISLA/ICMA.

6.1.3. Members to consider and revert on the sanctions / change in law question if they have thoughts on how to address.

6.2. <u>Actions for CC/ISLA/ICMA:</u>

6.2.1. Circulate minutes of the call.

6.2.2. Issue a revised draft of the annex:

6.2.2.1. Target timing: week after next, i.e., end of the first week of February (timing dependent on volume of comments.

6.2.2.2. When circulating the next draft, MB expects to include a list of topics intended for the explanatory notes so members can see what is coming.

6.2.3. Schedule a further working group call to discuss the revised draft and collect questions.

6.2.4. Develop the Explanatory note.

6.2.4.1. When circulating the next draft, MB expects to include a list of topics intended for the explanatory notes so members can see what is coming.

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