



## Digital Token Identifier Foundation (DTIF)

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**To: Director – Crypto Policy Unit**

**Re: Consultation Paper on Regulating Digital Asset Platforms**

The [Digital Token Identifier Foundation \(DTIF\)](#)<sup>1</sup> welcomes the opportunity to respond to The Australian Treasury's consultation paper on '[Regulating Digital Asset Platforms](#)' (hereafter called the 'consultation paper') to introduce a regulatory framework to address consumer harms in the crypto ecosystem while supporting innovation.

The DTIF is the Registration Authority for the International Organization for Standardization (ISO) 24165 Digital Token Identifier (DTI) standard<sup>2</sup>, an ISO standard that enables the unique identification of all fungible digital assets which use distributed ledger technology (DLT) for token issuance, storage, exchange, a record of ownership, or transaction validation. The DTI itself comprises a code, which is a random, unique combination of nine alphanumeric characters allocated to a digital token, and a record of data relevant to that token (the reference data) which sits behind the code and is held by the DTIF. The reference data provides information about the DLT on which the token is deployed, as well as token technical attributes (such as address, name(s) and any external identifiers).

The DTIF notes that one of the regulatory outcomes of the Australian Treasury with the proposed framework is to be broadly consistent with the European Union's 'Markets in Crypto Assets' (MiCA) framework for asset-referenced tokens. In its recent consultation package for technical standards under MiCA, ESMA proposes the use of the DTI for crypto-asset identification to support the classification of white papers, trade transparency, and record-keeping purposes.<sup>3</sup>

The DTIF's mission is to provide the golden source reference data for the unique identification of digital tokens. The DTIF issues and maintains DTIs on a non-profit basis, to increase transparency in the digital

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<sup>1</sup> The DTI Foundation is a non-profit division of Etrading Software Limited: <https://etradingsoftware.com/>

<sup>2</sup> [ISO 24165-1:2021](#) and [ISO 24165-2:2021](#), Digital token identifier (DTI)

<sup>3</sup> ESMA [Consultation Paper](#) on the Technical Standards specifying certain requirements of MiCA (2nd package)

asset space by creating a core reference data set based on open data principles and made available as a public good.

The DTIF would like to highlight to the Australian Treasury the potential benefits of using the DTI to support the principles and requirements set out in the proposed framework for regulating digital asset platforms, ahead of developing future legislative design and development work.

The DTIF welcomes the objectives of the proposed framework for protecting consumers; promoting innovation through technology neutrality and regulatory clarity; aligning Australia's digital asset regulatory framework with international jurisdictions; and utilising regulatory tools that provide agility, flexibility, and adaptability. The DTI ISO standard was established to enhance efficiencies within crypto and digital asset markets and assist regulators and market participants in managing risks through greater transparency. In particular, the use of the DTI, a globally consistent identification standard for digital tokens, addresses various points raised within the consultation report. This includes:

- *Consistency with the international community:* A key objective of the proposed framework includes alignment with principles set out by international bodies and relevant jurisdictions. Internationally recognised ISO standards, such as ISO 6166, ISO 17442, and ISO 10383 for defining ISINs, LEIs, and MICs respectively, have proven effective in establishing a harmonised framework of identification for regulators, market participants and infrastructure providers across financial markets. The ISO 24165 DTI standard is recognised as the global standard for the identification of digital tokens and is increasingly adopted by market stakeholders and recognised by regulators. For instance, the European Securities and Markets Authority (ESMA) has proposed the use of the DTI to identify cryptoassets under the European Union's Markets in Crypto Assets Regulation (MiCA), in addition to recommending the use of the DTI under the EU's DLT Pilot Regime for transaction reporting which went live on 23 March 2023<sup>4</sup>.
- *Financialisation of non-financial entitlements:* The consultation paper highlights new challenges associated with the use of digital token-based systems, including a heavy 'financialisation' of non-financial entitlements that exist to trade or borrow tokens across a global marketplace. The DTI can be allocated to any fungible digital token, independent of whether the token represents a financial or non-financial entitlement. The DTI's ability to capture all forms of token representation provides a consistent standard method of identification for regulators and market participants across increasingly interconnected global marketplaces utilising token-based systems.

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<sup>4</sup> [esma70-460-111\\_report\\_on\\_the\\_dlt\\_pilot\\_regime.pdf \(europa.eu\)](#) (See page 54)

- *Distinction between financial and non-financial products:* The consultation paper notes that upholding the distinction between financial products and other products is vital to maintaining regulatory clarity and supporting innovation. The DTI establishes a link to any underlying asset identifier (such as a tokenised bond's ISO 6166 International Securities Identifier Number (ISIN)<sup>5</sup>) and any underlying asset identifier is captured within the reference data publicly available on the DTI Registry. The DTIF as part of its development work and in collaboration with the work on the CFI standard (ISO 10962), intends to add both a financial/non-financial field and a native/tokenised field to the DTI Registry.
- *Unique market surveillance and enforcement mechanisms:* The DTI is an identifier which uniquely identifies a crypto-asset and links it to the relevant distributed ledger. The DTI facilitates the tracking of bridged assets and enables the identification of price discrepancies on individual blockchains where a crypto-asset is created and/or traded on multiple blockchains. For example, the Tether USD stablecoin on the Ethereum blockchain might have a different price to the Tether USD stablecoin on the TRON blockchain. Using the DTI, regulators can track the prices of individual crypto-assets as well as grouping for price analytics.

We have confined our specific responses to questions 10 and 12 which are directly relevant to the DTIF's remit.

We are at your disposal to answer any questions you may have and would welcome the opportunity to discuss the DTI ISO standard further with the Australian Treasury. Please do not hesitate to contact us at [secretariat@dtif.org](mailto:secretariat@dtif.org).

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<sup>5</sup> International Securities Identifier Number (ISIN) is an ISO 6166 standard to uniquely identify a security

## Questions (Set 10)

The requirements for a token trading system could include rules that currently apply to ‘crossing systems’ in Australia and rules that apply to non-discretionary trading venues in other jurisdictions.

Do you agree with suggested requirements outlined above? What additional requirements should also be considered?

Are there any requirements listed above or that you are aware of that would need different settings due to the unique structure of token marketplaces?

The DTIF agrees with the proposed approach under Section 5.1 Token trading. In terms of additional requirements, the Australian Treasury could consider implementing the use of the DTI by digital asset platforms as a mechanism to support the implementation of the proposed approach to achieve the goals and objectives set out for token trading.

The DTI can support pre- and post-trade transparency requirements, and the making available of public data as set out in points (f), (g), and (h) of the proposed approach. The DTI is a globally recognised ISO standard that provides guaranteed uniqueness of digital tokens based on objective and verifiable technical data across different platforms, systems, and jurisdictions. Using the DTI as a key identifier for trade transparency will provide:

- *Unambiguous digital token identification:* Crypto-asset names are not standardised or unique across crypto exchanges, therefore, any disclosures should relate to a global standard, such as the DTI, to ensure clarity and avoid confusion. As an example, names such as “BTC” or “Bitcoin” lack clarity as numerous tokens share these designations. By uniquely identifying each token through its technical specifications, the DTI can assist market participants in verifying that they are holding and comparing the same crypto-asset. Bitcoin has been issued a DTI of 4H95J0R2X, which, with the use of fork records, uniquely distinguishes it from any historical Bitcoin forks such as Bitcoin Cash, Bitcoin Gold, Bitcoin SV, and others.
- *Link to DLT network:* The DTI uniquely identifies and links crypto-assets with their respective DLT network, allowing market participants and regulators to understand and monitor network risks for each crypto-asset. For example, the TetherUSD DTI on the Ethereum network (2QWSBDMNC) links to the Ethereum ledger identifier, and the TetherUSD DTI on the TRON network (C9N6ZVN7S) links to the TRON ledger identifier.

- *Grouping of fungible tokens:* In the case of digital tokens implemented across different DLT networks and that are deemed to be functionally fungible (equivalent), a DTI can be issued to represent the group of tokens. The DTI in this case can enhance market transparency by enabling aggregation of the order and market data across multiple chains across the functionally fungible tokens.
- *Agnostic to token use-case:* DTIs can be allocated to a wide range of crypto-assets – tokenised and native financial instruments represented as security tokens, e-money tokens and asset-based tokens, cryptocurrencies and utility tokens, in line with the broad terms of digital assets and tokens within the consultation paper.
- *On and off-chain interoperability:* DTIs can also be used to identify and disclose pre- and post-trade ‘off-chain’ transactions. Any token within the DTI scope can be allocated an identifier, independent of whether transactions occur on or off-chain. The DTI standard also allows for digital assets to be mapped to traditional financial identifiers such as ISIN. Authorities and market participants can easily cross-reference and verify token data with the DTI Registry to understand the link to the assets in the traditional markets (if applicable).

For these reasons, among others, ESMA has proposed the use of the DTI for crypto-asset issuers and service providers for trade transparency reporting under MiCA. It is expected that greater use of an internationally recognised standard for token identification will support authorities to exchange information on tokens more effectively. The DTI provides foundational reference data to support the effective monitoring of cross-border/cross-ledger token issuance and trading activities. Adoption of a harmonised identification method could also support the competitiveness of the Australian ecosystem of trading systems by (i) promoting platform interoperability to enhance liquidity, (ii) enhancing international attractiveness by a signalling commitment to international best practices, and (iii) providing effective monitoring of token activities to enhance market confidence.

## Questions (Set 12)

How can the proposed approach be improved?

Do you agree with the stated policy goals and do you think this approach will satisfy them?

The DTIF broadly agrees with the proposed approach to achieve the goals and regulatory outcomes set out under Section 5.3 on Asset Tokenisation. The Australian Treasury may also consider the use of DTIs for intermediaries involved in the creation of platform entitlements. Specifically, the use of the DTI could support the below policy goals and regulatory outcomes:

*(d) Facilitate a transparent and trustworthy framework for digital assets representing 'Australian made' products and services, which can compete with the billions of dollars of digital assets circulating globally in an unregulated manner*

As outlined in our response to question set 10, the DTI supports the unambiguous identification of fungible digital tokens. The use of a consistent identifier for the same token across different platforms and systems would support transparency across digital assets platforms in Australia and provide a common link to other systems across other jurisdictions utilising the ISO 24165 DTI standard.

*(e) Is broadly consistent with the European Union's 'Markets in Crypto Assets' (MiCA) framework for asset referenced tokens.*

As previously noted, ESMA has proposed the use of the DTI for crypto-asset identification under technical standards for the European Union's MiCA regulatory framework. The DTIF proposes the Australian Treasury consider the benefits of the DTI as an additional reporting and transparency mechanism to support market integrity and investor protection for those digital asset markets covered within the proposed framework for regulating digital asset platforms in Australia.