

Fractional Ownership: How to bag your ultimate luxury gift

If you're wondering what to buy your loved ones for the holiday season and want to really splash out, why not own a slice of a priceless artwork, a classic sports car, or even a thoroughbred racehorse. Too far-fetched? Think again. Now there are ways that everyday people can purchase extraordinary things - only in the form of a minority stake mind you. This is called fractional ownership, and the idea is taking off especially amongst the younger generations.

The ability to tokenise previously inaccessible assets means that investors can obtain direct access to niche sectors, such as art, classic cars, luxury watches and jewelry, as well as wine and wineries, to name just a few. Fractional ownership introduces accessibility and efficiencies into previously illiquid markets. But as with any efficient market, how can these assets be properly identified when it comes to trading, settlement, valuation, risk and portfolio management? Should they be identified in the same way as other traditional referential instruments such as commodities, indices and currencies? And who should be identifying them? Further, would there be a need for identifiers to be subdivided into further classifications, for example, should an art identifier be sub-classified as either modern or classic art?

As a matter of fact, there is some regulatory scope within the Classification of Financial Instrument (CFI) standard (ISO 10962) for introducing "other" types of items that might need to be classified. The standard can already be applied to non-traditional assets, such as real estate deeds, insurance policies, escrow receipts, or carbon credits. So, where is the limit to what can be considered as either a referential instrumental or an underlying instrument compared to more traditional instruments?

ANNA's Working Group 2 (WG2) has been tasked to oversee the implementation of the recommendations of ANNA Technology Taskforce (TF-22) regarding the role that International Securities Identification Numbers (ISINs) may take in the harmonisation of standards for identifying digital assets. WG2 has also been mandated to observe the evolution of the digital asset space, including fractional ownership, especially in relation to whether ISINs have any relevance in scope to new token types. In other words, watch this space.

This year, it may not be that easy to bag a piece of the Mona Lisa, but by next holiday season, your virtual stocking could well be filled to the brim.



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