

CDM for repo and bonds: phase 2

F Following a period of consultation with members, ICMA launched phase 2 of the Common Domain Model (CDM) for repo and bonds in Q2 2022. Repo and collateral markets play a vital role in supporting market functioning. The overall objective of phase 2 is to promote market efficiency and innovation, with a focus on open repos, floating rate repos and repos with an extended notice period, known as “evergreens”.

To this end, ICMA established a CDM Steering Committee to provide guidance on modelling priorities and technical input. As in phase 1, the “SteerCo” brings together banks, investors, market infrastructure providers including trading venues, CCPs and ICSDs, law firms as well as vendor firms.

Common standards are key to help automate workflows and reduce friction between trading, risk management, and settlement systems, amongst others. The initial focus of the group has been to draw up and agree on workflow models of lifecycle events and processes such as changes to a repo rate or re-rates, floating rate resets, and partial deliveries, amongst others, and is due to be completed by end of July.

As a next step, ICMA will be working with REGnosys, a technology firm currently hosting the CDM for ISDA, ISLA and ICMA on their modelling platform, Rosetta, to translate the repo workflow models into code. Using the CDM’s unambiguous and codified representation of repo transactions will enable market participants to save costs, automate manual processes, but also explore novel technologies such as DLT that rely on a standardised representation of transactions.

To address common questions on how to implement the CDM, ICMA hosted a virtual workshop on 6 July 2022 (available as a recording). The workshop was aimed at operations, data modelling and IT integration experts and covered, amongst other topics, where the CDM fits into the application stack, delivery mechanisms (eg dynamic service or library), interaction with third party services, for example, in relation to calculations or reporting, software languages and messaging standards.

In parallel, ICMA, ISDA and ISLA [launched](#) on 10 May 2022 a request for proposal (RFP) for a third-party organisation to provide an open-source repository for the CDM. The RFP marks an important step following the MoU signed between the three associations in July 2021. The intention of the RFP is to make the CDM more accessible to a wider community for use and making contributions, facilitate the growth and maintenance of a community and promote uptake of the CDM.

Phase 2 is due to be completed by the end of 2022. ICMA’s CDM for repo and bonds is subsequently due to be combined with ISDA’s derivatives CDM, which also covers stock loans contributed by ISLA. Further information on ICMA’s phase 2 roadmap, recordings and further documentation can be found on ICMA’s dedicated [CDM webpage](#). Members who would like to shape this cross-industry initiative or to learn more about its potential benefits are welcome to get in touch.



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