COMMON DOMAIN MODEL FOR REPO AND BONDS

Initial conclusions
A successful industry collaboration

MINIMUM Viable PRODUCT OUTCOME

• Engagement from ICMA CDM Steering Committee to extend the existing model
• Extension of the CDM to support Repo and Bond Products and Transactions
• Enhancement of existing CDM functions to support Repo Clearing and Settlement

END TO END DEMONSTRATION

• Implement a use case through a front to back trade lifecycle event example
• Demonstrate ease of adoption by leveraging Rosetta API to demonstrate the lifecycle of a Repo transaction through the following business events:
  ➢ Execution (FIX message)
  ➢ Repo Clearing
  ➢ Initial and Repurchase Settlement
A model to drive processes and solutions inter-operability

WHAT IS CDM

FIX

FpML

SWIFT

TRANSLATE + VALIDATE

DATA + LOGIC
An integrated model development platform
A comprehensive proof of concept

GOALS

- Model product features
- Model a repo transaction
- Model a bond transaction
- Model the initial settlement function
- Model the repo clearing functions
- Model the repurchase function
- Demonstrate performance using sample data
- Implement and test applications of the model
A conceptual model of an end-to-end process - Repo settlement

**EXECUTION**
- Transaction Model

**INITIAL SETTLEMENT**
- Initial Settlement Function
  - Collateral/Security and Cash transfer initiation
  - Physical Movement of Security/Collateral and Cash
  - Settled Repo Transaction with TransferHistory

**REPURCHASE SETTLEMENT**
- Repurchase Settlement Function
  - Repurchase Amount Calculation Function
  - Collateral/Security and Cash transfer initiation
  - Physical Movement of Security/Collateral and Cash
  - Settled Repo Transaction with TransferHistory

Linkage to External Services (e.g. Custodian or CSD via SWIFT)
A conceptual model of an end-to-end process – Repo Clearing

EXECUTION

Transaction Model

Clearing Instructions

Termination of Original Trade

CCP vs Member

CCP vs Member

REPO CLEARING

Execution

Clearing Function

Note: The termination of the original (“Alpha”) trade only exists for Repo Clearing through Novation. For Open Offer the Execution is assumed cleared.
Conclusion

In less than four months since ICMA began development work on the CDM for Repo and Bonds there is now a model in which:

A repurchase agreement can be
- Defined transactionally;
- Executed, and settled;
- Cleared via novation, or open offer
- Repurchased in full;

A bond execution can be
- Defined transactionally
Inter-operability across participants

Workflow Platform

Order/Trade Matching

Execution Platform

Bid

Ask/Offer

Buyer

Seller

Execution Platform

CCP

 Repo Clearing Platform

Settlement

Post Trade Service

Integration service

FIX

ROSETTA

CDM

CDM

CDM
The platform in action