

Common Domain Model (CDM) for repo and bonds Factsheet

What is it?

The Common Domain Model (CDM) is a standardised, machine-readable and machine-executable blueprint for how financial products are traded and managed across the transaction lifecycle. The ICMA [CDM](#) project will provide an unambiguous, digital representation of repo and bond transactions in the form of code. It builds on legal definitions from the Global Master Repurchase Agreement (GMRA) and the ERCC Guide to Best Practice in the European Repo Market.

What are the benefits of the CDM for repo and bonds?

Implementation of the CDM is expected to:

- Create greater internal efficiencies for firms' various processes and IT applications: eg trade execution and confirmation, risk management, regulatory reporting, reconciliations and settlement.
- Facilitate onboarding and improve interoperability between market infrastructures, including trading venues, order/execution management systems, CSDs, CCPs, and trade repositories;
- Enhance consistency of regulatory transaction and trade reporting (MiFIR / SFTR).
- Lay a common foundation for developing new technologies such as distributed ledger and cloud services.

What is the scope of the CDM for repo and bonds?

- Standard fixed-term repos, with a single ISIN as collateral, which is the most commonly transacted repo structure.
- Bonds, both as the underlying collateral of a repo and as a standalone transaction.
- Key lifecycle events: trade execution, clearing and settlement.

Who can use the CDM for repo and bonds?

The CDM is designed to be used by:

- Repo market participants transacting in various repo structures and currencies, using different execution venues, protocols, and vendor solutions;
- Market infrastructures and vendor firms in repo and collateral markets
- Firms seeking to enter the repo market by using a standardised industry model

Timelines:

The first phase of ICMA's project is to develop the CDM for repo and bonds by July 2021.

CDM event – Save the date

ICMA will be holding an industry event to showcase the implementation of the CDM and its benefits on 21 July 2021.

Cross-industry collaboration

The CDM is intended to be developed as a cross-industry model, building on work undertaken by ISDA for derivatives and ISLA for securities lending.

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