ISDA & ICMA: CDM for Repo
THE CURRENT WAY
Fragmented Implementations, Operational Inefficiencies

TRADE ASSOCIATION(S)

Example Artefacts:

Map of Trading Scenarios

Reporting Sample per Scenario

INDUSTRY PARTICIPANTS

Dealer X
Dealer Y
Vendor Z

- Every industry participant left to implement their own processes
- Loss of inter-operability between point solutions
- Pervasive reconciliation issues and other operational inefficiencies
THE PROPOSED (CDM) WAY  
Cohesive Industry Implementations

TRADE ASSOCIATION(S)

Example Artefacts:
- Map of Trading Scenarios
- Reporting Sample per Scenario

Common Domain Model = “Digitising the Spreadsheets”

☑ Directly operational output (software)
☑ Enable solutions inter-operability
☑ Eliminate reconciliation issues

INDUSTRY PARTICIPANTS

Dealer X
Dealer Y
Vendor Z
EXAMPLE APPLICATION: SFTR REPORTING
End-to-End Implementation Based on CDM

Subject: VCON ** FP - DEALER LENDS COLL.: DBR 6 ¼ 02/19/29 Corp **
VCON ** FP - DEALER LENDS COLL.: DBR 6 ¼ 02/19/29 Corp **
SETTLE DATE: 03/28/19; ISSUER: DM0000105465; COSTIP: AW461880
RISK: INVESTMENT; MARKET; SPREAD: 0.0000
PROFILE 107.676550 107.470000; PRICE: 107.470000; RATE (PERCENT): -0.6000
MTY YLD -0.4996321 -0.4996321; COLLECTOR: 100.00% of money
ACCREDIT: 0.0320548 0.020548; AS OF: 03/27/13 09:51
FRAC: 107.470000 107.470000
# OF NOTHS: 100000000; X; SETTLE MONEYS: 10767000.00
TENDER MONEYS: 10767000.00
TERMINATION DT: 03/28/19; 1 days; CALL OPTION: NO
MARKET AT TERMINATION: WIPED AMOUNT: 107,470,000.00;
(VCON <0>) to Automate REP INTREST: -327.16
TERMINATION MONEYS: 107,669,072.84

Normalised Trade Event

This lives in the CDM
(Open Source)

Firm's Electronic Record

Marketplace Message
(e.g. BBG VCON)

SFTR Report Extract
(ISO 20022)

EXAMPLE APPLICATION: SFTR REPORTING
End-to-End Implementation Based on CDM

Normalised Trade Event

This lives in the CDM
(Open Source)

Firm's Electronic Record

Marketplace Message
(e.g. BBG VCON)

SFTR Report Extract
(ISO 20022)
STEP 1
Firm’s Electronic Record of Transactions

Marketplace Message
(e.g. BBG VCON)

Subject: VCON * RP - DEALER LENDS COLL.: DBR 0 ¾ 02/15/29 Corp *

VCON * RP - DEALER LENDS COLL.: DBR 0 ¾ 02/15/29 Corp *

SETTLE DATE: 03/28/19
ISIN: DE0001102465
CUSIP: AW4161880

ROLL: K
SETTLEMENT: MARKET
SPREAD: 0.0000

PRICE 107.6179452 107.617945
MTY YLD -0.4996321 -0.4996321
COLLATERAL: 100.00% of money
ACCRUED 0.0520548 0.0520548 AS OF: 03/27/19 09:51

FIRM - ACC 107.6700000
PX: ACC 107.6700000

1 OF MONET: 1076695040 X SETTLE MONEY: 107670000.00
TERMINATION DT: 03/29/19 (1 days) CALL: OPTION: NO
MONEY AT TERMINATION: WIRED AMOUNT: 107,670,000.00
{VCON <GO>} to Automate REPO INTEREST: -927.16
TERMINATION MONEY: 107,669,072.84

This lives outside of the CDM

Firm’s Electronic Record

Stereotype of how transactions get captured in individual firms’ systems
STEP 2
Normalise the Trade Event Model

Complete Map of Trading Scenarios

DIGITISING THE EVENT MODEL

Most events are already in the CDM

CDM INGESTION

Firm’s Electronic Record

Inferred qualification of product and event

Economic Terms:
1 interest rate payout + 2 security legs = ”Repo”

Example: New Trade = “Inception” Event
STEP 3 – SFTR APPLICATION

Drive Reporting from the Trade Event Model

**DIGITISING THE REPORTING LOGIC**

**PROJECTION**

Reportable price(s) fetched from the model

Type of SFT uses built-in product qualification
PIECING IT ALL BACK TOGETHER
A Common Base Providing Inter-Operable Implementations

Normalised Trade Event

One CDM-based implementation (they are all inter-operable)

Firm’s Electronic Record

Marketplace Message (e.g. BBG VCON)

SFTR Report Extract (ISO 20022)

Report
report: SFTR regulation "(EU) 2015/1588" is in scope if InScopeOfEvent using standard of ISO_20022 with fields
reportType: SFTR UnitPrice
reporting rule: SFTR
from Contract = contractualProduct = economicTerms = payout = securityPayout = securityValuation = securityValuationMethod = bondValuationMethod = bondPriceAndYieldModel = cleanDirtyPrice = dirtyPrice
POTENTIAL FUTURE STATE – 1

CDM-Based Messaging and Recording Across the Marketplace

**Marketplace Message** (e.g. BBG VCON)

**Firm’s Electronic Record**

All merged into one =

**CDM representation**

**Normalised Trade Event**

**Reporting Logic**

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**Subject:** VCON * NP - DEALER LENDS COLL.: DBR 0 ¾ 02/19/29 Corp *

**VCON * NP - DEALER LENDS COLL.: DBR 0 ¾ 02/19/29 Corp * **

**SELL DATE:** 03/08/13 | **ISIN:** DE0001525465 | **CUSTIP:** AW461880

**ROLL:** N | **SETTLEMENT:** MARSFIELD | **SPREAD:** 0.0000

**PRICE:** 107.427952 | **BID:** 107.617940 | **ASK:** 107.439910 | **0.35%**

**MTF YLD:** -0.4996321 | **COLLATERAL:** 100.0% of money

**ACCREDIT:** 0.0250548 | **AS OF:** 03/27/19 09:51

**FA/AC:** 107.470000 | **0.670000**

**# OF BONDS:** 100000000 | **SETTLE MNTY:** 10767000.00

**TELEGRAPHIC:** | **WIRE:** 10767000.00 | **TELEPH:**

**TERMINATION DT:** 03/25/19 | **1 day:** | **CALL OPTION:** NO

**MONEY AT TERMINATION:** | **WIRE:** 107,470,000.00 | **TELEPH:**

(VCON <0>) to Autonome REP. INTEREST: | **-327.16** | **TELEPH:**

**TERMINATION MNTY:** | **WEIGHTING:** 107,469,072.84
POTENTIAL FUTURE STATE – 2

“Digital Regulatory Reporting” = DRR

Subject: VCON * RP - DEALER LENDS COLL: DRR 6 ¼ 02/15/29 Corp *

VCON * RP - DEALER LENDS COLL: DRR 6 ¼ 02/15/29 Corp *
SELL DATE: 03/23/23; MNC: BBG; SETTLEMENT ACCOUNT: AWA16888
SETTLE DATE: 03/28/23; AS OF: 03/23/23 03:51
FRA: 107.4770000
RATE: 107.477000
MKT YLD: 0.496321
COLLATERAL: 100.00% of money market
ACCREDITED: 0.992054
AS OF: 03/27/13 03:51

POTENTIAL FUTURE STATE

“Digital Regulatory Reporting” = DRR

Marketplace Message
(e.g. BBG VCON)

Firm’s Electronic Record

Normalised Trade Event

Reporting Logic

Reporting pulled by regulators “on-demand”
(building CDM logic)

SFTR Report Extract (ISO 20022)
What is required to initiate the project

- Focus on use-case to drive delivery of CDM extension for repo:
  - SFTR?
  - Other: Collateral Management?

- Identify some key firm(s) from your membership who will agree to:
  - Provide sample legal agreements (GMRA, trade confirmations)
  - Provide sample electronic records of trades and/or database schemas (from their trading / booking systems) – to be used as inputs to enhance the CDM event model and also as testing data
  - Commit to test the CDM extension on the selected use case