

F Common Domain Model: Phase 2

The future of financial markets is digital and repo markets are no exception. To support the electronification of open repos, floating rate repos and evergreens, ICMA distributed a CDM roadmap for Phase 2 to ERCC members for review by March 2022.

While best practices in the European repo market are reflected in the ERCC Guide, market participants can choose between a broad range of vendor firms and internal solutions to translate workflows into their internal systems for trading, risk management, or reporting, amongst others. This leads inevitably to divergence, manual intervention and increased operational costs.

The CDM as a standardised data model removes any ambiguity and facilitates the automation of workflows and lifecycle events. The aim of Phase 2 is therefore to enable member firms to automate transaction management such as re-rate and re-price events as well as settlement-related processes of open repos, floating rate repos and evergreens.

By extending the CDM, member firms will be able to:

- reduce manual intervention and automate reconciliations in the middle and back office as the CDM enables firms to view a transaction through the “same lens” and enhances data quality;
- build and adapt internal IT systems more easily to trade open repos electronically as the CDM generates the workflows and code, freeing up software developers’ time;
- future proof operations for new technologies such as DLT as well as evolving reporting requirements, for example, under SFTR.

ICMA also intends to work more closely with ISDA and ISLA on collateral-related processes in the spirit of the Memorandum of Understanding signed last year. The aim is to build on commonalities between repo, securities lending and derivatives, but also enable firms to use the CDM to support processes that are specific to each market segment.

As regards governance and licensing, ICMA, ISDA and ISLA continue to discuss arrangements for transferring the CDM repository to a third party to host the CDM and facilitate member-driven contributions.

Next steps: Phase 2 of the CDM for repo and bonds is due to be launched in April 2022 and concluded by Q1 2023. ICMA is looking to establish a CDM Steering Committee to provide guidance and actively contribute to the modelling and testing of the CDM. Please get in touch if you would like to be involved.

Instructions on how to access the CDM, as well as a new [CDM video explainer](#) and additional materials can be found on [ICMA's website](#).



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