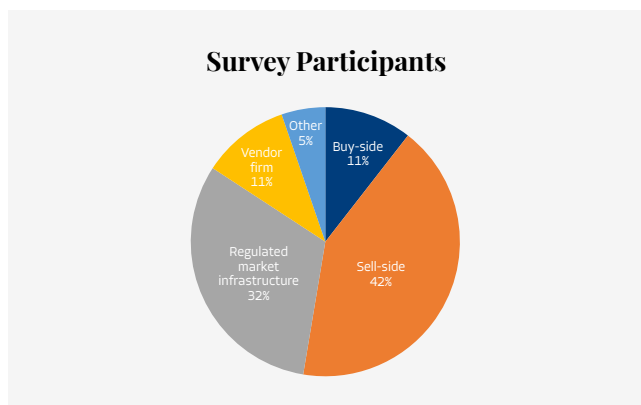


Common Domain Model for repo and bonds: ERCC survey results and next steps

Following completion of phase 1 of the [CDM for repo and bonds](#), ICMA conducted a survey amongst the ERCC community to help determine next steps, understand member firms' priorities, considerations for implementation, as well as IT budget allocation in the next five years. 19 organisations took part in the survey, including a variety of stakeholders which is reflective of the ERCC's composition.



Key take-aways

Participants unanimously agreed that they saw merit in further extending the CDM from a repo perspective. According to 75% of participants, a key priority going forward should be to support further transaction management in the CDM, including processes related to settlement, but also confirmations and affirmations. Nearly 50% indicated that processing other repo structures by the CDM, notably floating-rate and open repos, as well as “evergreens” (ie open or fixed-term repos with an extended termination notice period), should be prioritised. Collateral baskets as well as collateral-focused processes, such as income payments or margining, were of equal importance for approx. 50% of survey respondents. For more than a third of respondents, supporting regulatory reporting by the CDM is considered a priority: for example, to harmonise reporting across SFTR, EMIR and MIFD II/R, or to facilitate the translation of transaction data into ISO20022, which is a common format for regulatory reporting.

Following completion of phase 1, around 75% indicated they would raise awareness internally while roughly a third of respondents said they would conduct an internal proof of concept. In addition, 6% intend to implement the CDM in a production environment. Implementation of new IT applications such as the CDM is generally not expected to be a short-term process. Indeed, according to 95% of respondents, integration of the CDM within the existing IT infrastructure such as trading systems, position keeping, risk management and other systems would require more than one year. Finally, while the CDM as a standardised model is expected to drive down operational costs by fostering automation, there is an initial cost of implementation. It is therefore important to understand member firms' IT budget allocation. Over the next five years, regulatory reporting and compliance are key priorities in terms of IT expenditures for 71%, while developing new products and services are IT budget priorities for nearly 60% of survey respondents.

Next steps

Based on the feedback received through the survey, ICMA is preparing a roadmap for a potential future development phase of the CDM for repo and bonds, including lessons learned from the first phase, and proposed specifications for review by the ERCC. In parallel, ICMA will continue to raise awareness with a view to promoting adoption. At the same time, ICMA will continue to work closely with ISDA and ISLA in the spirit of the MoU signed in August 2021, in particular on governance arrangements and the potential involvement of a neutral third party to host the CDM going forward.

ICMA members can access the CDM for repo and bonds as well as recordings and further materials via [ICMA's website](#).



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