ISDA® Safe, Efficient Markets

CDM for Collateral Initiatives

What is the CDM?

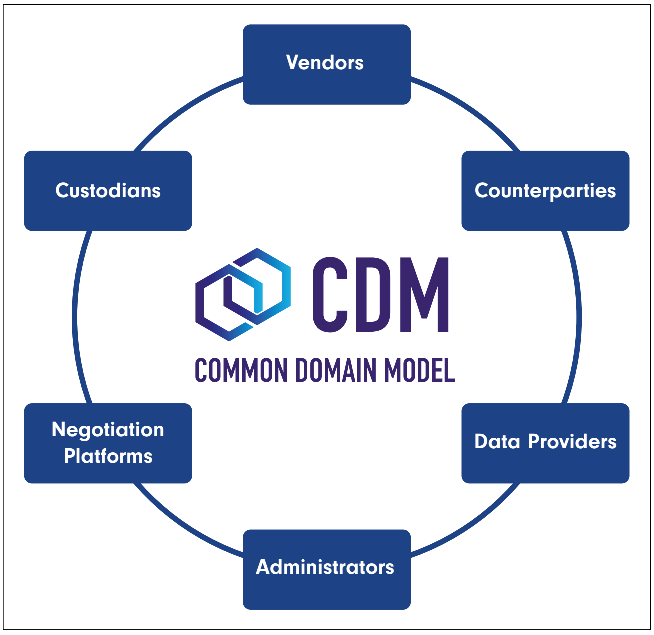
The Common Domain Model (CDM) is a standard for financial *products, trades* in those *products* and the lifecycle *events* of those *trades*.

It is a free-to-use model that aligns data, systems and processes and is available as code in multiple languages for easy implementation across technologies. Developed by industry leaders, the CDM is live and can be used by firms to implement requirements consistently, reducing the need for reconciliations and providing the foundation for automation.

For collateral management, ISDA is working with its members, the International Securities Lending Association and the International Capital Market Association to develop workflow and data standards that will reduce operational, liquidity and counterparty risks.

Why is the CDM for Collateral Initiatives Needed?

Collateral management involves coordination between multiple parties, but these interactions have sometimes come under strain, with the introduction of clearing mandates and margin requirements for non-cleared trades significantly increasing margin call settlement volumes and demand for high-quality liquid assets. Data standardization and automation is critical to drive operational efficiencies and interoperability.



Benefits of the CDM for Collateral Initiatives

- Streamlines onboarding and enhances interoperability
- Decreases post-trade operational risks, settlement fails and Treasury Market Practices Group (TMPG) fees
- Automates cash collateral calculations and payment processes
- Improves margin call and collateral inventory data, liquidity management and collateral optimization
- Reduces eligible collateral schedule (ECS) negotiation time and resources
- Refines automated portfolio reconciliation and dispute resolution via interoperability of reconciliation data

Structure of the CDM

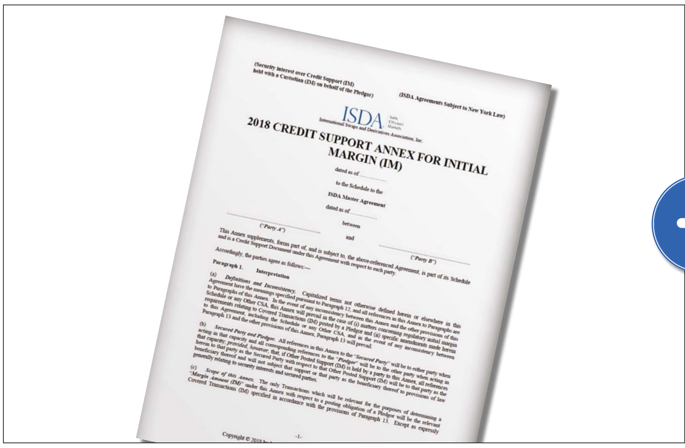
The CDM is an open-access model distributed in multiple machine languages for easy and consistent implementation, with data and functions presented in a human- and machine-readable form.

For more Information email: **collateralinitiatives@isda.org**

Current Use Cases

Document digitization: Includes the ISDA Master Agreement and credit support annexes (CSAs) for initial and variation margin (legacy CSAs are in development). This streamlines collateral management onboarding and interoperability, and decreases operational risks.

ISDA CSA for Initial Margin


ISDA
2018 CREDIT SUPPORT ANNEX FOR INITIAL MARGIN (IM)

CDM Digital Data Representation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Collateral representation: Streamlines ECS data onboarding and collateral settlement, improves business-as-usual data processing across collateralized products, and optimizes collateral.

Eligible Collateral (IM) Schedule

	Items of Eligible Collateral (IM) and Eligible Currencies	[In respect of Party A's obligation]	[In respect of Party B's posting obligation]	[Valuation Percentage]
(A)	USD - cash	YES	YES	100%
(B)	Treasury Bills – negotiable debt obligation issues by the U.S. Treasury Department having a remaining maturity not more than 1 year.	YES	YES	98%

CDM Digital Data Representation


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Margin call, collateral positions and balance structure: Streamlines margin call and collateral inventory data, improves liquidity management and collateral optimization, and decreases settlement fails and TMPG fees.

Cash collateral interest calculation and processing: Automates cash collateral calculations and payment processes, and decrease settlement fails

ECS input: Reduces ECS negotiation time and resources and streamlines onboarding and interoperability