



ISDA, ICMA and ISLA Sign MoU on the Common Domain Model

LONDON, August 2, 2021 – The International Swaps and Derivatives Association, Inc. (ISDA), the International Capital Market Association (ICMA) and the International Securities Lending Association (ISLA) have signed a memorandum of understanding (MoU) to strengthen collaboration on the future development of the Common Domain Model (CDM), which establishes a single, common digital representation of trade events and actions across the lifecycle of financial products. This cross-industry initiative marks an important step in the Associations’ commitment to define and promote the development of a digital future for financial markets, as set out in a [joint letter](#) a year ago.

The MoU establishes a framework for closer collaboration between the three Associations, providing a path for joint governance and setting out arrangements in relation to the open-source components of the CDM and associated intellectual property for market-specific components. The MoU is intended to unlock further synergies in the development of the CDM across financial markets, creating efficiencies for market participants and setting digital standards that will enable the use of innovative technologies in future.

ICMA, together with its CDM Steering Committee, has recently concluded the initial phase of its CDM project for repo and bonds, which provides a single, unambiguous representation of the execution, clearing and settlement of a fixed-term repo transaction, as well as a bond transaction. For more information please see [the virtual showcase event held on July 21](#).

ISDA is accelerating the pace of adoption of the CDM via a digital regulatory reporting initiative, specifically for new rules required by the Commodity Futures Trading Commission (CFTC) and the European Securities and Markets Authority. Industry participants are coding reporting rules into machine-readable and executable models for these regimes in the CDM for implementation as early as 2022 in the case of the CFTC requirements. In the area of collateral processes and legal documentation, CDM development will be implemented into ISDA Create, facilitating output of executed representations of the various credit support annexes and other documentation in CDM format for consumption on collateral infrastructure platforms. In terms of risk management, ISDA has pointed to the potential for the CDM to automate and streamline the preparation and collection of risk, capital and margin data in a recent [whitepaper](#) and imminent pilot project.

[At the beginning of July](#), ISLA’s CDM Working Group, comprising some 35 member firms, made major contributions and enhancements to the extensive foundations laid by ISDA, including enhancements to the allocation function, the ability to associate more than one legal agreement with a transaction, updates to the transfer function critical for physical settlement, and the very first concept of a bill within the CDM.

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“ISDA is committed to building out the CDM to promote a consistent and scalable taxonomy to develop a more automated and cost-effective financial services infrastructure. We will work to align our product definitions, digital legal agreements and operations with the CDM, and we are excited to be working closely with ICMA and ISLA to develop this digital infrastructure,” said Scott O’Malia, ISDA’s Chief Executive.

“The CDM contributes directly to digitizing common standards and best practice, practically assisting our members in their journey towards digitization. It has the potential not only to facilitate interoperability and cross-industry efficiencies but to facilitate regulatory reporting and create the foundation for innovation in years to come. We look forward to continuing our collaboration with our members and counterparts at ISDA and ISLA,” said Martin Scheck, Chief Executive of ICMA.

“The completion of this MoU marks an important milestone on the journey to deliver digital standards to our collective members and other stakeholders including the regulatory community. The basis of this collaboration will now allow us to set an ambitious forward-looking agenda over the coming months that will progressively deliver real benefits to our joint communities,” said Andrew Dyson, Chief Executive of ISLA.

Further information on the CDM can be found via the below links:

[ICMA resources on the CDM for repo and bonds](#)

[ISDA resources on the CDM](#)

[ISLA resources on the CDM](#)

About ISDA

Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has over 960 member institutions from 76 countries. These members comprise a broad range of derivatives market participants, including corporations, investment managers, government and supranational entities, insurance companies, energy and commodities firms, and international and regional banks. In addition to market participants, members also include key components of the derivatives market infrastructure, such as exchanges, intermediaries, clearing houses and repositories, as well as law firms, accounting firms and other service providers. Information about ISDA and its activities is available on the Association’s website: www.isda.org. Follow us on [Twitter](#), [LinkedIn](#), [Facebook](#) and [YouTube](#).

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About ICMA

ICMA promotes well-functioning cross-border capital markets, which are essential to fund sustainable economic growth. It is a not-for-profit membership association with offices in Zurich, London, Paris, Brussels and Hong Kong, serving around 600 member firms in more than 60 jurisdictions. Among its members are private and official sector issuers, banks, broker-dealers, asset managers, pension funds, insurance companies, market infrastructure providers, central banks and law firms. It provides industry-driven standards and recommendations, prioritizing four core fixed income market areas: primary, secondary, repo and collateral and sustainable finance. ICMA works with regulatory and governmental authorities, helping to

ensure that financial regulation supports stable and efficient capital markets.

www.icmagroup.org

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About ISLA

The International Securities Lending Association (ISLA) is a leading industry association, representing the common interests of securities lending and financing market participants globally. Its diverse membership of over 155 members includes institutional investors, asset managers, custodial banks, prime brokers and service providers.

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