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ISDA Safe, Efficient Markets

Expanding Legal Agreement Coverage in the CDM: Umbrella Agreements and Contract Amendments

EXECUTIVE SUMMARY

This paper examines the recent extension of the Common Domain Model (CDM)[1] to represent two of the most significant, and previously undeveloped, areas of its legal agreement model: umbrella agreements and contract amendments.

Umbrella agreements are widely used to document multiple bilateral relationships within a single legal document, particularly where an investment manager acts for multiple funds or entities, while amendments are the mechanism through which contractual terms evolve over time, whether through bilateral amendments and restatements or market-wide ISDA protocols. Because these are not peripheral documentation issues but are central to how derivatives relationships are structured and evolve, their inclusion materially expands the practical coverage of the model and allows the CDM to serve as a more complete digital record of counterparty relationships – preserving the separate agreements beneath an umbrella structure and the amendment history from which the current 'as-amended' contractual state is derived.

The paper sets out why this structured, machine-readable representation matters, how each area is now modelled and the case for firms, vendors and infrastructure providers to adopt these standards.

WHAT IS THE CDM?

The CDM is a standardized, machine-readable and machine-executable data and process model for how financial products, lifecycle events and related contractual information are represented across the trade lifecycle. This shared language provides consistency and transparency, facilitating interoperability across firms and platforms. It creates opportunities to automate regulatory reporting and related controls, optimize resources, such as capital, liquidity and collateral, and reduce operational risk.

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At the heart of ISDA's documentation architecture is the legal agreement itself, as the source of the rights and obligations of the trading relationship. That architecture is deliberately modular, separating the framework relationship between the parties from individual transactions, which means important contractual data may sit across several documents and evolve over time. As trading volumes, regulation, data requirements and system dependencies have grown, firms have increasingly had to represent those contractual rights, obligations and elections in collateral, risk, XVA, capital, regulatory reporting, onboarding and operational systems – historically by building bespoke mappings of their own. The CDM provides a common, technology-neutral representation of the results of the negotiation and execution process, adopted in conjunction with documentation platforms and contract lifecycle management tools, so that agreement data can be consumed consistently across those systems without repeated reinterpretation or transformation.

The digitization of legal agreement data has advanced through stages that progressively enable more structured and interoperable use of that data. The ISDA Clause Library and taxonomy[2] created a structured way to identify clauses, variants and variables within ISDA documentation. From 2019,

[1] More information on the Common Domain Model is available here: www.isda.org/isda-solutions-infohub/cdm/

[2] ISDA Launches Clause Library, June 2020, www.isda.org/2020/06/23/isda-launches-clause-library/

that legal agreement data work began to be incorporated into the CDM, initially through collateral documentation and eligible collateral terms. The recent extension of the model to represent umbrella agreements and contract amendments marks the next important step in that journey.

First developed by ISDA and later expanded in collaboration with the International Securities Lending Association and the International Capital Market Association, the CDM is now hosted by the Fintech Open Source Foundation as part of its open-source community. For ISDA, a key component of the CDM strategy has been the standardization and digitization of legal documentation. This builds on the ISDA Clause Library and related data standards, complementing ISDA's broader suite of digital initiatives, including ISDA Create[3], ISDA Amend[4] and the ISDA Notices Hub[5]. The CDM provides a common representation layer through which the legal agreement data that is captured can be consumed consistently by other systems used to manage trading relationships.

EXTENDING THE MODEL: UMBRELLA AGREEMENTS AND AMENDMENTS

Umbrella agreements and contract amendments are not peripheral documentation issues. They are central to how derivatives relationships are structured and how those relationships evolve over time. That is why their inclusion in the CDM matters: representing them in the model allows firms to maintain a more reliable view of the current contractual state, while preserving the legal structure and amendment history from which that state is derived.

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UMBRELLA AGREEMENTS: MODELING MULTIPLE BILATERAL RELATIONSHIPS

Umbrella agreements represent a structural variation on the traditional ISDA Master Agreement documentation framework, designed to accommodate relationships involving multiple counterparties within an efficiently negotiated and maintained document structure. Rather than creating liability across all parties, an umbrella arrangement typically establishes separate and

[3] www.isda.org/isda-solutions-infohub/isda-create/

[4] www.isda.org/isda-solutions-infohub/isda-amend/

[5] www.isda.org/isda-solutions-infohub/isda-notices-hub/

legally independent agreements between the dealer or sometimes multiple dealer entities within the same group and each individual counterparty listed, even though these are documented within a single document for administrative efficiency. In this structure, each counterparty is liable only for its own transactions and the consolidated documentation serves primarily as a practical mechanism to streamline execution and management.

Such arrangements are commonly used when a single investment manager or advisor acts on behalf of multiple underlying funds or entities, sometimes in the thousands. This represents a significant portion of derivatives documentation across the industry.

Umbrella agreements are an important efficiency tool, but their legal effect depends on preserving separation of the underlying bilateral relationships they document. Differences in jurisdiction, entity type, regulatory status or collateral terms across participating counterparties may affect enforceability, netting analysis, risk allocation and operational processing. For example, collateral eligibility, thresholds or minimum transfer amounts may differ between underlying counterparties, even though the relevant relationships are recorded within one umbrella document.

Enhancements to the CDM allow the single legal document to be represented while preserving the separate agreement instances, parties, elections and obligations that sit beneath the umbrella structure. This is critical for firms seeking to utilize legal agreement data in collateral, risk, onboarding, netting and operational systems without losing the legal structure of the underlying relationships.

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CONTRACT AMENDMENTS: REPRESENTING THE AGREEMENT AS IT EVOLVES

Contractual relationships rarely remain static. Terms may be amended as business needs change, regulatory requirements evolve, counterparties are amended or documentation is brought into line with new market practice.

Amendments are not always drafted in a single form and, in practice, they may operate in several ways. An amendment may replace specific words in a provision – for example, to adjust the operation of a bankruptcy event of default or an automatic early termination election. It may replace an entire paragraph or section, or it may amend and restate a document, making it necessary to understand what has changed by comparing the prior and restated versions.

This is where the design of the ISDA Clause Library and taxonomy is particularly important. Because that work focuses on business outcomes, clause variants and variables, it can support different amendment techniques by mapping the operative effect of the amendment to the relevant clause outcome, while preserving the link back to the wording in the original document.

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connection between the amendment and the provisions it modifies and provides an operational representation of the current 'as-amended' contractual state. That is essential for legal, trading, risk, collateral, capital, reporting and operational systems that need to know which contractual terms are currently effective.

In practice, there is also overlap between supporting umbrella agreement structures and contractual amendments. It is common for additional funds to be added to the umbrella agreement by way of an amendment, or for individual fund legal agreement terms to be varied over time through a contractual amendment.

THE CASE FOR IMPLEMENTATION

The market has moved beyond proof-of-concepts to production-ready use cases in areas such as digital regulatory reporting and collateral management. ISDA's recent collateral implementation work has also reinforced the point that the CDM can support practical adoption by reducing the need for firms and vendors to create bespoke representations of the same underlying data.

Many critical post-trade processes depend on the contractual terms captured within legal agreements. When contractual data is represented differently across systems, automation becomes harder to scale and control. Workflows require manual checks, exception handling becomes common and disputes require legal and operational teams to manually reconcile documentation. The operational cost of managing that misalignment increases with portfolio size, counterparty complexity and the number of systems consuming the data. Where firms instead maintain a structured, machine-readable representation of their agreements, systems can consume standardized agreement data, workflows can operate in synch with current contractual states and counterparties can align on shared representations.

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The legal agreement model is an important part of this adoption path. The CDM already supports the representation of eligible collateral terms and related collateral data, and the model also includes standard representations for margin call issuance and response message structures connected to collateral exposure, portfolios and balances. As legal agreement data becomes more fully connected to those functions, firms will be better placed to automate collateral and post-trade workflows using a consistent industry standard.

A growing group of technology providers and market infrastructure participants are implementing or aligning to the CDM, including firms active in collateral, documentation, regulatory reporting and digital asset workflows.

"By implementing the CDM in COLLINE for both collateral agreements and eligibility rules, Vermeg enables clients to replace manual data translation with a single, standardized language. This significantly reduces onboarding times, eliminates interpretation errors and drives higher levels of straight-through processing across the entire collateral workflow, from agreement negotiation to settlement"

Asma Belgaied Hassine, product deputy director, Vermeg

"Being able to digitize documents and translate them into the CDM for downstream processing in a matter of minutes using artificial intelligence and the agreed standardized frameworks allows for a much more seamless continuation of data, a more competitive ecosystem of vendors and a much more collaborative environment. This ultimately provides a better experience for end users and the CDM is key and central to that"

Paul Hands, chief technology officer, Ark 51

"Our CDM implementation allows clients to standardize and structure agreement data at scale, unlocking advanced analytics, benchmarking and margining efficiency and optimization across the organization"

Imogen Philp, product director, Likezero

"The completion of ISDA collateral documentation within the CDM represents an important milestone in the digitization of financial markets. For many years, firms have digitized transactions, operational workflows and market data, while the legal agreements governing those activities remained comparatively disconnected from downstream processes. As firms continue to modernize market infrastructure, the ability to express legal agreements in a common industry standard will become increasingly important, helping to bridge the gap between legal documentation and execution, and laying the groundwork for smarter forms of automation and digital financial infrastructure"

Ciaran McGonagle, chief legal and product officer, Tokenovate

"By leveraging ISDA's Common Domain Model within Aladdin, we aim to enable a standardized and scalable representation of legal and collateral agreement data across systems. This unified model for representing agreement data can reduce ambiguity, support application programming interface driven workflows and enhance efficiency in client onboarding and integration over time"

Saskia Binks, director, Aladdin, BlackRock

Regulatory and operational pressures are continuing to intensify. Contract negotiation and client onboarding are typically a heavily manual and labor-intensive process, requiring significant back and forth within the firm and between counterparties, with numerous manual revisions and multiple rounds of version reconciliation. The growth of artificial intelligence (AI) and agentic workflows further strengthens the case for standardized legal agreement data. AI can assist with extraction, analysis and workflow automation, but its outputs are only as reliable as the data and standards on which it operates.

Regulations also continue to evolve, as global capital rules are amended, reporting requirements expand and settlement cycles shorten. Firms that can represent legal agreement data in a structured, standardized form will be better placed to respond to regulatory change, automate controls and make more effective use of emerging technologies.

The benefits of standardization compound over time. The ability for firms to represent their legal agreements, including umbrella agreements and contract amendments, within an industry-standard model like the CDM has the potential to unlock significant business value across legal, risk, margin operations, netting, capital and treasury functions. The earlier a firm implements this approach, the sooner it can begin to unlock these compounding advantages across its organization and, over time, across the wider industry.

CALL TO ACTION

Derivatives markets have long depended on robust legal documentation to provide certainty about contractual rights and obligations. ISDA's documentation architecture has been central to that success, allowing the market to document trading relationships in a consistent, flexible and legally resilient way.

Umbrella agreements and contract amendments are not peripheral documentation issues. They are central to how derivatives relationships are often structured and how those relationships evolve over time. Representing them in the CDM allows firms to maintain a more reliable view of the current contractual state, while preserving the legal structure and amendment history from which that state is derived

The next phase of that journey is to make the data within those agreements more readily available to the systems and processes that depend on it. The CDM has progressively addressed this challenge by providing a shared representation of products, lifecycle events, processes and legal agreement data. The extension of the legal agreement model to umbrella agreements and contract amendments materially expands its practical coverage. This matters because umbrella agreements and contract amendments are not peripheral documentation issues. They are central to how derivatives relationships are often structured and how those relationships evolve over time. Representing them in the CDM allows firms to maintain a more reliable view of the current contractual state, while preserving the legal structure and amendment history from which that state is derived.

The opportunity now lies in practical, coordinated adoption. As firms, vendors and infrastructure providers align with the CDM, legal agreement data can move more consistently across negotiation, onboarding, collateral, risk, capital, reporting and operational systems. This is the foundation for more scalable automation, better governance and more effective use of emerging technologies like AI.

The question is no longer whether the legal agreement model is ready to support real adoption, but rather how quickly the market can organize around the standards that ISDA has made available.

RELATED ISDA RESOURCES

For more information, see the CDM-Collateral Initiatives Fact Sheet, www.isda.org/2023/04/12/cdm-collateral-initiatives-fact-sheet/.

CDM-Collateral Developments: Now is the Time to Implement (April 2026), www.isda.org/a/sJ6iE/CDM-Collateral-Developments-0426.pdf

CDM Collateral Start-Up Guide

This resource is designed to help users learn more about the CDM for collateral management and how to implement it. This is targeted at the business user and is structured as a set of short tutorials, giving opportunity to interact with the CDM and understand its features.

- Module A: Introduction to the CDM, www.isda.org/collateral-initiative-start-up-guide-module-a/
- Module B: Accessing the CDM, www.isda.org/collateral-initiative-start-up-guide-module-b/
- Module C: How the CDM Works, www.isda.org/collateral-initiative-start-up-guide-module-c/
- Module D: How the CDM is Used, www.isda.org/collateral-initiative-start-up-guide-module-d/
- Module E: Collateral Use Cases, www.isda.org/collateral-initiative-start-up-guide-module-e/
- Module F: Advanced Features, www.isda.org/collateral-initiative-start-up-guide-module-f/

CDM Collateral Guidance Videos

This series of video clips is based on CDM collateral management use cases and provides guidance on the data structures available in the CDM, covering the various data types and attributes and how to locate them.

- CDM – ISDA CSA Overview Rosetta, www.isda.org/isda-solutions-infohub/collateral-initiatives/cdm-video-csa-overview/
- CDM – Eligible Collateral Overview Rosetta, www.isda.org/isda-solutions-infohub/collateral-initiatives/cdm-video-eligible-collateral-overview/

Webinars

- Webinar: The Common Domain Model – Likezero Transforming ISDA Documentation into Data Intelligence, www.isda.org/isda-solutions-infohub/collateral-initiatives/webinar-cdm-likezero/
- Webinar: Artificial Intelligence and CDM – Ark51's Journey to Digitize ISDA Documentation, www.isda.org/isda-solutions-infohub/collateral-initiatives/webinar-ai-and-cdm/
- Webinar: Using AI and the CDM for Digitized Documentation, www.isda.org/isda-solutions-infohub/collateral-initiatives/webinar-using-ai-and-cdm/
- Webinar: CDM – Digital Documentation Reducing Onboarding Time and Resources, www.isda.org/isda-solutions-infohub/collateral-initiatives/webinar-cdm-digital-docs/

CDM Test Sample Data

- CDM test sample data covering various ISDA credit support annex types and eligible collateral schedules can be reviewed and downloaded here: https://github.com/finos/common-domain-model/tree/master/examples/samples/legal-agreements.

ABOUT ISDA

Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has over 1,000 member institutions from 79 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 LinkedIn and YouTube.

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D2 Legal Technology (D2LT) is an award-winning legal data and technology consulting practice, empowering clients to unlock business value through legal, data and technology transformation. D2LT is an ISDA member and active contributor to the CDM.

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