

CDM-Collateral Developments: Now is the Time to Implement

Implementing the Common Domain Model (CDM) for collateral management can reduce counterparty onboarding process times, streamline data integration from documents to operating systems, improve operational risk mitigation and contribute to reduced disputes.

Collateral management has evolved in recent years, from a product-siloed and front-office/back-office bifurcated workflow to a holistic ecosystem that integrates multiple sources of collateral and liquidity management workflows. With this growing trend and the need to have the right collateral in the right place at the right time, industry experts have been collaborating to develop CDM-collateral use cases.

To mitigate operational, liquidity and counterparty risks, the following are now available:

- Initial margin, variation margin and legacy credit support annexes (CSAs);
- Collateral representation; and
- Common terms for representing margin-call required fields for issuance and response messaging, along with data required for collateral positions, portfolios and reporting requirements.

To support efficient implementation, CDM JavaScript Object Notation test samples are available across a variety of CSA and eligible collateral use cases, providing multiple industry examples to assist with implementation mapping and model validation.

Industry Feedback

“With input from members of ISDA, along with collaboration with the International Capital Market Association, International Securities Lending Association and FINOS, the CDM provides a standard code language to represent terms required for expressing collateral eligibility, including asset and issuer representation, maturity profiles, agency ratings and treatment rules, such as haircuts and concentration limits”

Vernon Alden-Smith, Director of Collateral Initiatives at ISDA and Chairman of the FINOS CDM-Collateral Working Group

“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 at Vermeg

Industry Feedback

“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 of Ark 51

“D2LT has supported ISDA’s development of the CDM for collateral legal agreements. The addition of umbrella agreements and contract amendments is an important enhancement, reflecting the realities of legal documentation and supporting broader adoption of the legal agreements component of the CDM. Alongside the availability of test pack samples, this strengthens the CDM’s role as key infrastructure for scalable, automated and future-ready collateral management”

Akber Dattoo, Founder and CEO, D2 Legal Technology

“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 at Likezero

Available Resources

Documentation

CDM Collateral Initiatives Fact Sheet
CDM Collateral Start-up Guide

Webinars

Artificial Intelligence and CDM- Ark51’s Journey to Digitize ISDA Documentation
Using AI and the CDM for Digitized Documentation with Ark51
CDM - Digital Documentation Reducing Onboarding Time and Resources with Vermeg

FINOS User Documentation

Legal Agreements in the CDM
Eligible Collateral Representation

Join the Working Groups

FINOS CDM Collateral WG
ISDA Legal Technology Group (ISDA members only)

Test Samples

GitHub - CDM Collateral Test Samples CSA and Eligible Collateral

To schedule an overview of CDM-collateral and how the model can be implemented in conjunction with your data model and operating systems, contact collateralinitiatives@isda.org.