

ISDA and Digital Asset Launch CDM Clearing Pilot Using DAML

NEW YORK, October 6, 2020 – The International Swaps and Derivatives Association, Inc. (ISDA) today announced a pilot implementation of the Common Domain Model (CDM) for the clearing of interest rate derivatives using [DAML](#), an open-source smart contract language created by [Digital Asset](#). ASX and UBS have been providing input to validate additional functionality of the CDM alongside ISDA and Digital Asset.

Using the CDM for clearing and deploying it on a distributed ledger with DAML will remove the burden of setting up connections to incongruous systems and services, facilitating interoperability, automation and straight-through processing.

This pilot takes the CDM model for clearing and adds new features for the signing of state transitions, data ownership and privacy elements, which are necessary to put the CDM clearing model into production. Those elements are inherent within DAML as features with native support. The resulting new models will initially exist as complementary artefacts on the CDM portal and may eventually be integrated into the core CDM with those new features included.

“Clearing is an essential part of the derivatives landscape, so it’s extremely important the operational processes are consistent to ensure seamless automation. Use of the CDM for clearing using DAML will increase standardization and operational efficiency across the entire clearing lifecycle,” said Ian Sloyan, Director in Market Infrastructure and Technology at ISDA.

“We are thrilled to continue and expand upon the work we have been doing with ISDA over the past couple of years,” said Kelly Mathieson, Chief Client Experience Officer at Digital Asset. “Defining CDM artefacts for derivatives clearing directly in DAML will help market participants leverage and implement the CDM more effectively while providing interoperability and driving adoption.”

ISDA has been working with Digital Asset since early 2018, when the two firms jointly developed an open-source reference code library in DAML to help with the adoption of the CDM. The event specification module was built to simplify and standardize the process of generating lifecycle events defined in the CDM. The concepts found in the event specification module have since been built into the core CDM as native functions.

Developed in response to regulatory changes, high costs associated with current manual processes and a demand for greater automation across the industry, the CDM establishes a common blueprint for events that occur throughout the derivatives lifecycle, paving the way for greater automation. More information on the CDM is [available here](#).

“ASX supports ISDA’s ongoing efforts to lead the industry wide adoption of the CDM, which can achieve significant operational efficiencies for the industry. ASX has been working with ISDA and Digital Asset to explore a number of derivatives central clearing use cases and good progress has been made illustrating how complex, multi-party workflows could be standardized and automated leveraging the CDM in DAML, with the potential to achieve benefits and cost savings for users,” said Allan McGregor, Senior Manager, Rates, at ASX.

“ISDA is driving an important industry wide initiative that will help alleviate some of the standardization challenges in the derivatives markets. I am confident that the initiative will provide clarity on to what extent the CDM in DAML can be leveraged for cleared derivatives,” said Vinay Srinivas, Managing Director, APAC Head of Quant Analytics and Digital Transformation, Global Markets, at UBS.

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About ISDA

Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has over 925 member institutions from 75 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](#).

About Digital Asset

Digital Asset helps companies of all sizes and across industries get distributed applications to market faster, and stay there longer. At the core of our service offering is DAML, an open source and platform-independent smart contract language that enables developers to write an application once and deploy it anywhere.

To learn more about Digital Asset, please visit www.digitalasset.com. To learn more about DAML, please visit www.daml.com

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