

CDM for repo and bonds

ICMA completed phase 2 of its Common Domain Model (CDM) project for repo and bonds in the first quarter of 2023 as planned. The CDM is now available under the FINOS open-source framework. The objective of ICMA's CDM project is to support market efficiency, promote interoperability and foster innovation.

Repo and collateral markets are critically important for the functioning of capital markets. They are characterised by interconnectedness, complexity and high volumes. The total value, at close of business on 8 December 2022, of repos and reverse repos outstanding on the books of the 61 institutions who participated in ICMA's latest [European repo market survey](#) exceeded EUR10.3 trillion.

ICMA and its CDM Steering Committee have extended the CDM in phase 2 to facilitate automation of the more complex spectrum of repo transactions, including open and floating-rate repos. The CDM now enables firms to automate trade execution, clearing, settlement and associated lifecycle events and processes of a wide array of repo transactions and features:

- fixed-rate and floating-rate repos;
- fixed-term and open repos, repos with an extended notice period (known as “evergreens”), extendibles;
- lifecycle events and processes, including re-rate, repricing, interest payments, opening and closing of positions, collateral substitution, partial delivery, shaping, pair-offs and termination.

When translating the features of a repo into code, for example, the notion of price (including margin), changes of a repo (interest) rate or terminating a trade, each market stakeholder and their developers and IT specialists will inevitably have a slightly different interpretation. This increases operational costs and risks, hampers interoperability and may give rise to disputes.

By using the CDM, market participants, market infrastructures, and technology providers are able to automate repo trading, post-trade processes and reporting based on a common, unambiguous understanding of repo structures and associated lifecycle events. Importantly, all the above features are expressed in code, accelerating design and build of software solutions.

The CDM is based on cross-industry collaboration between ICMA, ISDA and ISLA. The CDM now supports trade processing of repo and securities lending, bond and derivatives transactions. The three associations held a joint CDM showcase event in February 2023. The purpose was to illustrate how the CDM has been or is being implemented, for example, ICMA's CDM proof-of-concept presentation for automating repo transactions, as well as the revised derivatives reporting regime in the US, known as CFTC Re-write, in addition to panel discussions on the direction of travel.

As [announced](#) on 16 February 2023, the CDM is open source and publicly available in FINOS, which is part of the Linux Foundation. As a reminder, FINOS was selected by the three associations to provide a repository for the CDM following a competitive RFP process last year. FINOS provides a robust, open-source governance framework which will be critical to facilitate adoption and promote interoperability across capital markets.

Looking ahead, ICMA's focus is to promote adoption of the CDM in line with ERCC priorities, further expand CDM functionality for collateral management in collaboration with ISDA and ISLA, and explore synergies between the CDM and ICMA's Bond data taxonomy (BDT) to support issuance, trading and settlement of DLT bonds. Further information (including demos) is available on [FINOS](#) as well as [ICMA's CDM resources](#) webpage. Member firms who would like to learn more about the CDM or become involved are encouraged to get in touch.



Contact: Gabriel Callsen
gabriel.callsen@icmagroup.org
