ISDA CDM 2.0 FAQ – March 2019

What is the ISDA CDM 2.0?

The ISDA CDM 2.0 is the full version of the ISDA Common Domain Model for interest rate and credit derivatives, made available to market participants and technology providers to adopt, implement and deploy in their own production projects.

Can non-ISDA members use the ISDA CDM 2.0?

Yes. This version of the CDM is open to all market participants.

Is there a cost to access and use the ISDA CDM 2.0?

The ISDA CDM 2.0 is available under an open license, allowing firms to use the model without charge. A copy of the license for ISDA CDM 2.0 can be found here.

How can I access ISDA CDM 2.0?

Register for access to version 2.0 of the ISDA CDM via the portal here. Access is open to all ISDA members and non-members. It can be downloaded as executable code for ease of deployment.

What does the ISDA CDM 2.0 cover?

- A complete representation of interest rate and credit derivatives products and an initial representation of equity swap products.
- A complete representation of the most commonly used ISDA-defined day-count fractions, and the fixed amount and floating amount calculations, represented as machine-executable ISDA definitions.
- An initial representation of the ISDA Credit Support Annex for initial margin.
- A representation of a comprehensive set of 20+ lifecycle events on derivatives products, such as allocation and clearing, with associated lineage features for traceability purposes.
- A comprehensive mapping syntax with external data representations, which allows integration with the DTCC Trade Warehouse submission and cash notification protocols for credit default swaps, and with the CME clearing submission and clearing notification protocols for interest rate swaps.
• An enhanced validation syntax, which currently supports 200+ data validation rules. These are available as part of the generated code and are automatically called upon when consuming data into the ISDA CDM.
• A comprehensive set of examples, default implementation components (including apps to convert external data to CDM form, calculate interest amounts and establish lineage between sets of events), and documentation. These all facilitate CDM on-boarding by market participants, service providers and technology firms.

Why is ISDA opening access to the ISDA CDM 2.0?

With the publication of the full version of the ISDA CDM for interest rate and credit derivatives, the model is ready for use by market participants and technology providers. Providing open access to the ISDA CDM will help extend the user community, which will increase the opportunities for new applications using the ISDA CDM and result in additional input and feedback. This, in turn, will help further improve the model.

Further enhancements to the ISDA CDM – for example, the addition of new products, asset classes and business processes – will be driven by the needs of the user community. Users are encouraged to implement the CDM and submit suggestions for extensions, enhancements and revised specifications.

How can users provide feedback on the ISDA CDM?

All registered users are encouraged to provide feedback on the ISDA CDM 2.0 via the ‘provide feedback’ link on the portal.

All feedback is welcome, but ISDA is particularly keen to hear about the experiences of implementing firms in deploying the model. Other key areas include:
• The ease of integration with users’ systems;
• Languages in which other executable code versions of the ISDA CDM should be provided;
• Asset classes and products for which users have applications not included in the ISDA CDM to date; and
• Business use cases users would like to see the ISDA CDM solve for and standardize.

ISDA will contact registered users regularly to share common questions and topics raised via this portal. ISDA may host open conference calls for users to discuss questions and topics from time to time.

Who will decide what changes to make to the ISDA CDM?

A new ISDA CDM governance framework, due to be set up later this year, will oversee industry feedback and technical input, and will set priorities for further development. The governance framework will consist of an executive committee and two forums of technical and product/domain experts. Only ISDA members can participate in the governance framework, but ISDA will coordinate with non-members via open calls and working groups.
What can the ISDA CDM do?

The ISDA CDM provides a machine-readable and machine-executable data model for derivatives products, processes and calculations. It is provided in a number of languages to aid deployment on many platforms.

Benefits of the ISDA CDM include:

- Use of the ISDA CDM will speed up the development of new technology solutions for the derivatives market by allowing providers to focus on what they specialize in – the technology – rather than requiring them to interpret and represent derivatives market events and processes individually. The resulting technology solution will also be interoperable with other offerings.
- The ISDA CDM promotes transparency and alignment between regulators and market participants. For example, regulatory obligations, such as reporting or stress testing, could be met by specifying via code that certain CDM components or transaction data should be collected and presented in a certain way. This will drastically improve fidelity and integrity of regulatory data, removing regulatory and interpretation risk.
- The ISDA CDM is a key enabler for interoperability between systems and services, removing the burden of setting up connections to different systems and entities. For example, an ISDA Credit Support Annex might be shared with two collateral management systems, each responsible for different parts of the collateral process. If the data and processes are defined in the ISDA CDM, it allows for portability and frictionless interchange of information. This would be extremely costly and complex if every entity has its own bespoke and opaque formats and processes. There are also applications for clearing. Entities could transfer trades from one central counterparty to another using a transparent, uniform process set out in the ISDA CDM. This would allow all stakeholders to implement the transfer identically, mitigating the need for multiple post-transfer reconciliations.
- The ISDA CDM provides the basis for successful cloud and artificial intelligence applications. Financial institutions implementing the ISDA CDM across businesses would be able to ensure frictionless analytics across asset classes for risk, capital and margin purposes.
- Using the ISDA CDM, ISDA can communicate best practices, definitions and standards in a more complete and formal manner to ISDA members and others. For example, updates to ISDA legal definitions could be accompanied by a CDM-coded version of the changes, removing risk of misinterpretation by developers reading legal text.

What next?
Already planned additional enhancements include:

- A full model for data and processes within collateral agreements, which will integrate the ISDA CDM with ISDA Create and other collateral services. ISDA Create is a new platform that allows users to negotiate and execute ISDA documentation online.
- An expansion in product scope to cover forwards and the foreign exchange asset class.
- Further integration with technology providers working on solutions for financial markets.