Common Domain Model (CDM™)
CDM Collateral Working Group
18th September 2024

1. **ISLA- Eligible Collateral data samples update**

2. **CDM Collateral VM CSA use case in production overview – DRS/Ark51**

3. **ICMA - Repo Substitutions business events and workflows demo**

- **Schedules received**

- 6 in total, predominantly bi-lateral with some general tri-party criteria

- Bespoke formats

- Based upon Schedule from the GMSLA

- Good enough cross section of general requirements

- **Process**

- Manually go through the schedule and map out general provisions

- Locate the data points in the CDM

- Use Object Builder (https://cdm-object-builder.finos.org) to build JSON based upon criteria

- Document and build examples

- **Gaps identified**

- Ability to group or specify eligibility by custodian, depository e.g. Euroclear, BNPP, DTCC

- Ability to group or specify eligibility by market e.g. Italian domestic market (this may be possible)

- Stripped/unstripped bonds

- Indexes listed in schedules but no enumeration in CDM, not an issue

- Rating priority needs to be multi-dimensional e.g. use highest rating and asset rating above issuer rating

- Concentration limits missing option of expressing as a percentage of outstanding balance

- Ability to define a Convertible Preferred Stock

- **Deliverable**: Document describing the representation of a dummy securities lending schedule in the CDM

Paul Hands

Chief Technology Officer

Paul is the Chief Technology Officer at Parallel 51. He has created web applications for years using the most recent technology libraries, and is tasked with driving the growth and progress of the development team as they continue to improve Ark 51.

Paul holds a PhD in Neuroscience from Newcastle University. Following his academic experience, Paul worked for Scott Logic, rising up to senior developer / line manager, consulting for various financial clients to build solutions to meet internal and client facing software challenges.

With years of coding and technology experience, Paul is focussed on building and evolving digital solutions to support efficient and effective documentation and contract management

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About Ark 51

- **Document ingestion**: High-speed, high-accuracy documentation ingestion engine unlocks unstructured data from contract portfolios using the power of AI.
- **Data maps** already exist for a large number of widely used contract types.
- **Amendments:** Ability to manage amendments – track the evolution of contractual data over time.
- **Insights:** data analysis, searching, reporting and visualisation renders content instantly accessible, providing new insight into existing data sets and supporting good decision-making.
- **Attestation module:** assists users in monitoring in-house compliance with contractual obligations.
- **Interactive playbook module:** wraps robust processes around the production of negotiation guidelines and streamlines the process of playbook updating.
- **Opinions module:** assists firms to perform netting and collateral enforceability opinion reviews, as required by EMIR and CRR.
- **Coming soon:** DORA module

Paul Hands to follow with a live demo on how the platform coverts agreement information into standard CDM code

Where can CDM assist in data standards and functions for the Collateral substitution workflow, where inefficiencies and manual process currently exist?

- Many market participants are interconnected with solutions which have collateral substitution workflows, could standard data improve efficiency and STP

- Substitution processes can be initiated under varied circumstances including but not limited to:
  - A vendor could notify a client of a pending coupon/corp action or maturity of a collateral asset for recommended substitution in a specific time/day window
  - A client could request a substitution for any reason such as their front office wish to sell the asset, or they want to terminate use of collateral

- Each of these would require specific labels to identify the nature of the substitution and type etc, including the asset information, value, recall / return/ proposal etc. Therefore, there are many data points where CDM could be used.

- Some data points are already available in the CDM within the margin call structure and eligible collateral,but may require some additional fields such as identify of different sub types. CDM has a basic structure available to build upon.

Members to discuss Collateral substitution pain points to determine where CDM can be used to solve issues and improve efficiency and processing timeframes

Tom Healey (ICMA) will follow with Repo Substitutions business events and workflows demo