

Working Group – Terms of Reference Version 1 – May 2023

A. Formation

Name of Working Group:	CDM Collateral Working Group
Maintainer:	Vernon Alden-Smith
Co- Maintainer (if applicable):	
Meeting schedule:	Monthly
Anticipated duration of Working Group:	Ongoing until further notice

Objectives

Provide with the CDM the framework for harmonization of data and processes for collateral flows and documentation, so that efficiency in collateral management can reach the potential identified by the trade associations.

Develop the modelling components of the CDM that form the blueprint for solutions driving up efficiencies in collateral management processes inclusive for example of the following:

- Digitization of Collateral documentation per their elected operational clauses
- Negotiation and election of Eligible Collateral Schedules
- Margin Calculation
- Margin Call Issuance and Processing
- Collateral optimization
- Reconciliation and Dispute Management

Milestones

The group anticipates discussing and to model the following items in the CDM. There remains an expectation for this list to be revised on a quarterly basis depending on the use cases deemed most relevant to provide topical solutions for the industry.

MILESTONES	Status	Timeline	User Validation
Eligible Collateral			
Mapping translations between taxonomy sources/ data provider sources and eligible collateral schedules model	On Hold	TBC	N/A

Compatibility and Integration of Eligible Collateral standard with Collateral Solutions and End Users	In Progress	2021	In Progress
Review and extend Eligible Collateral Specification for ESG parameters and criteria	Not Started	2024/ 25	Not Started
Collateral Documentation			
Compatibility and Integration of ISDA CDM Initial Margin documentation standard with downstream collateral platforms	In Progress	2023	In Progress
Calculation functions for margin calculations as specified in ISDA Legal Documentations	Complete	2020	Not started
Representation of 2016 ISDA VM CSAs across various governing laws	Complete	Q3 2020	In Progress
CreateIQ 2016 VM documents available in CDM output via Create API	Not Started	TBC	N/A
2002 ISDA Master Agreement Operational clauses and outcomes	Partially Completed	2021	Not started
1994/1995 ISDA Variation Margin CSAs -extend model for full legacy document operational outcomes coverage.	Not Started	TBC	N/A
VM CSA Complex structures such as ratings-based parameters	Not Started	TBC	Not Started
Cash Collateral Interest structure for calculation and settlement processing	In Progress	Q2 2023	Not Started
Extension of Master Collateral Document GMSLA (ISLA)	Not started	TBC	Not started
Extension of Master Collateral Document GMRA (ICMA)	Not Started	TBC	Not Started
Collateral Processes			
Collateral management process workflows added to CDM data representation Phase 1 <ul style="list-style-type: none"> Margin Call Issuance and Response Collateral Positions and Balances 	Completed	Q4 2021	Not started
Collateral management process workflows CDM representation Phase 2 <ul style="list-style-type: none"> Connection of Collateral balance to DRR 	In Progress	Q2 2022	Not Started
Collateral management process workflows CDM representation Phase 3 <ul style="list-style-type: none"> Extensions to Margin Call Representation identified by members 	Not Started	TBC	Not Started
Cash Collateral Interest related operational functions to be developed in the CDM	Not Started	TBC	Not Started

Criteria for Success

Success will be measured against some of the following criteria (where relevant):

1. Digitization of collateral related documents as agreed and requested by participants.
2. Digital collateral documentation in line with the expected clause requirements and consistent with the business outcomes as defined by the trade associations.
3. Ingestion of agreements executed on CreateIQ and projection in JSON file as specified by the CDM.
4. Ability for downstream related processes to use digital collateral documents representation represented per the CDM specification, as input.
5. Compatibility of the CDM representation of eligible collateral schedules data model with various verified industry samples data.
6. Validation of CDM collateral calculation's function output with market data samples shared by participants.
7. Interoperability between a negotiation platform and downstream vendor platform by using the CDM as the underlying data model for the communication layer.
8. Adoption of eligible collateral schedules CDM data representation into collateral workflow.
9. Demonstration of use cases incorporating all elements of the CDM collateral process workflow available in CDM.
10. Adoption and use of CDM eligible collateral representation in production environment as a model-to-model translation or native data source enabling interoperability opportunities with other users.
11. Adoption and use of CDM collateral documentation representation in production environment as a model-to-model translation or native data source enabling interoperability opportunities with other users including CreateIQ.
12. Adoption and use of standard CDM data structure for Cash Collateral Interest calculation and related operational functionality into collateral workflow.
13. Adoption and use of standard CDM data structure for Collateral Margin call issuance and response messaging into collateral workflow.