

DIGITAL REGULATORY REPORTING (DRR)



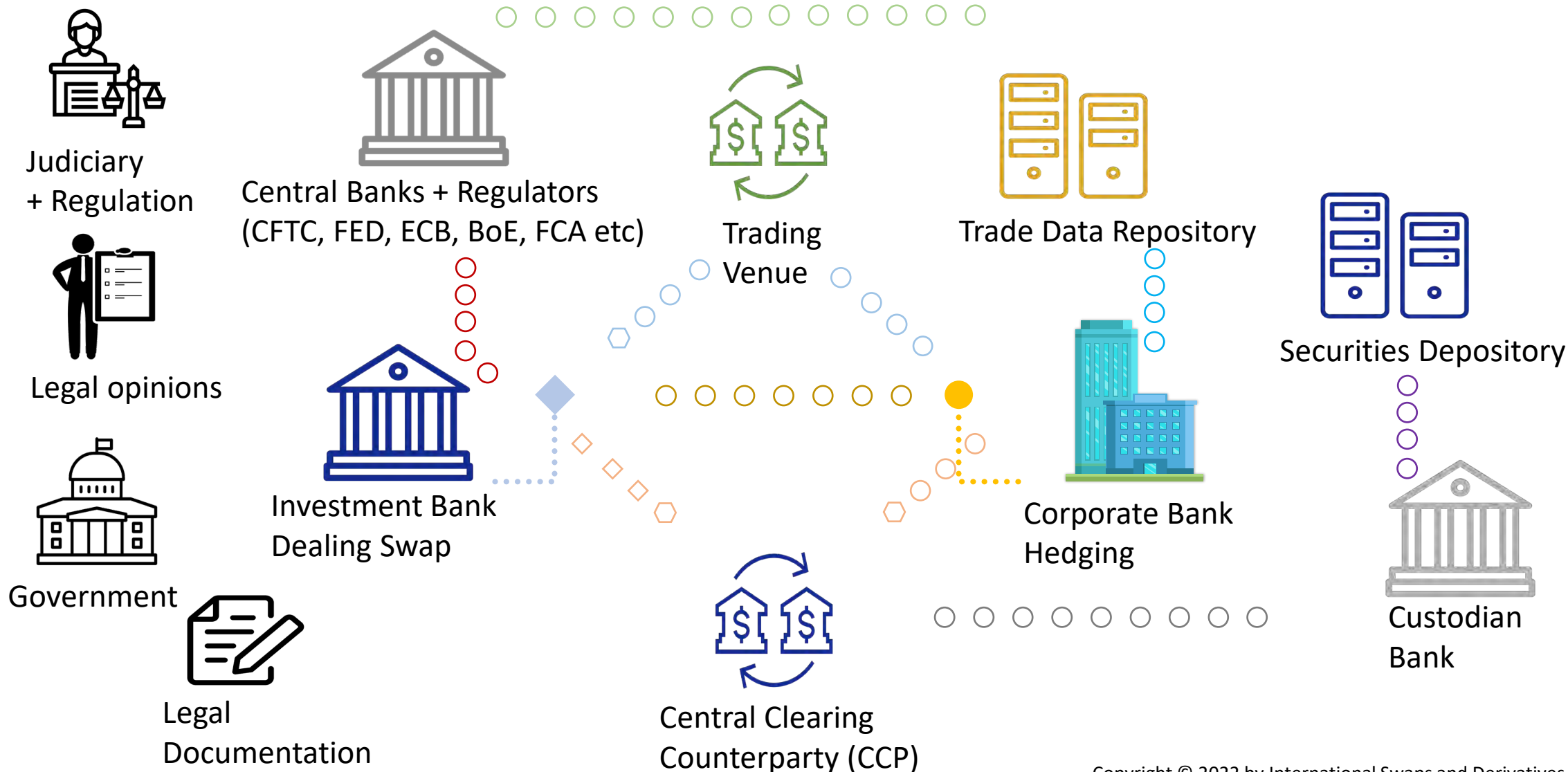
Workshop on unlocking the potential of machine readable and executable reporting (MRER)



October 18, 2022

Market infrastructure Challenge

All parties store trade data in bespoke formats
and make lifecycle changes to these records in an inconsistent manner





Regulatory Rules & Best Practices



Regulatory Text



Data Field Mappings Tables



Graphs and Spreadsheets
of Trading Scenarios

A Common Industry
Interpretation of Rules and
Best Practices is Encoded using
CDM

CDM

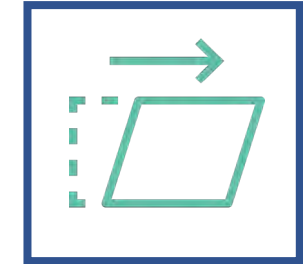
SINGLE "TRUTH"



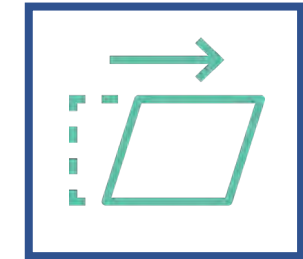
Implement the same Open
Source CDM Code in Solutions



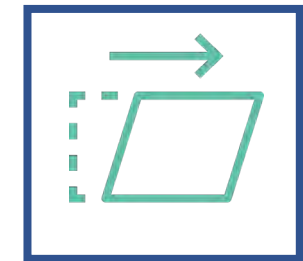
Dealer X



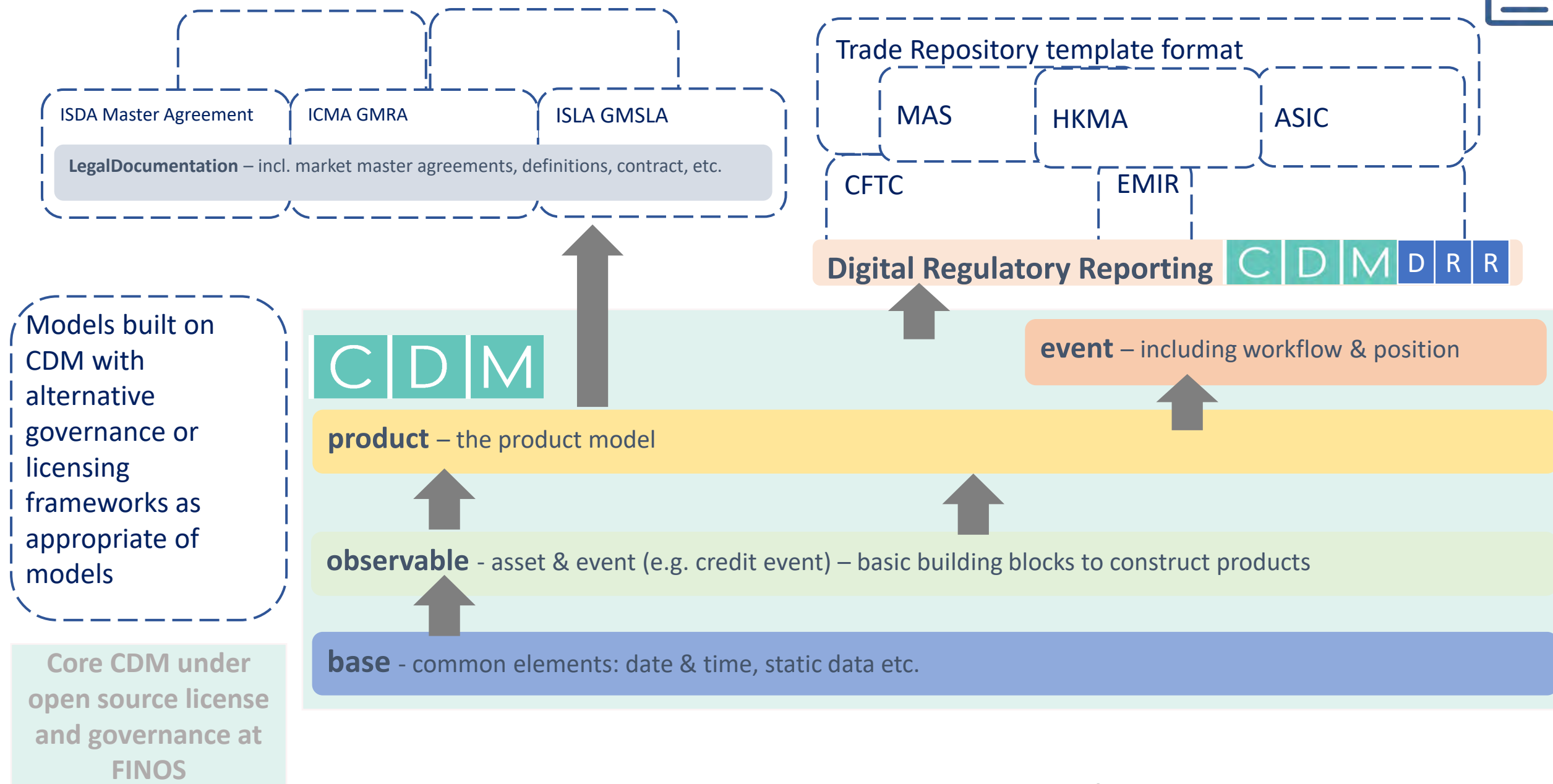
Dealer Y



Vendor Z



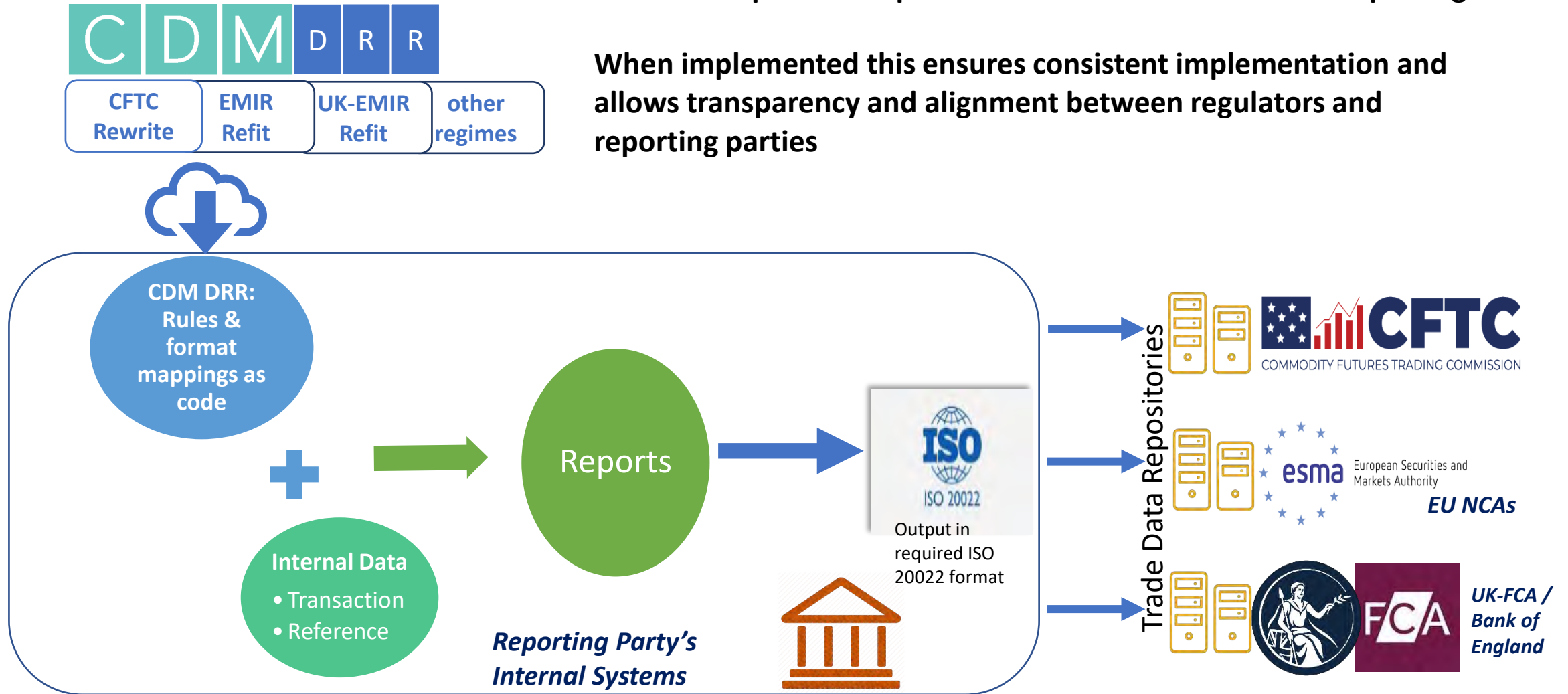
Consistent Industry Implementations





ISDA's CDM DRR project is turning regulatory reporting rules and other tech specs into open source CDM code models for reporting

When implemented this ensures consistent implementation and allows transparency and alignment between regulators and reporting parties



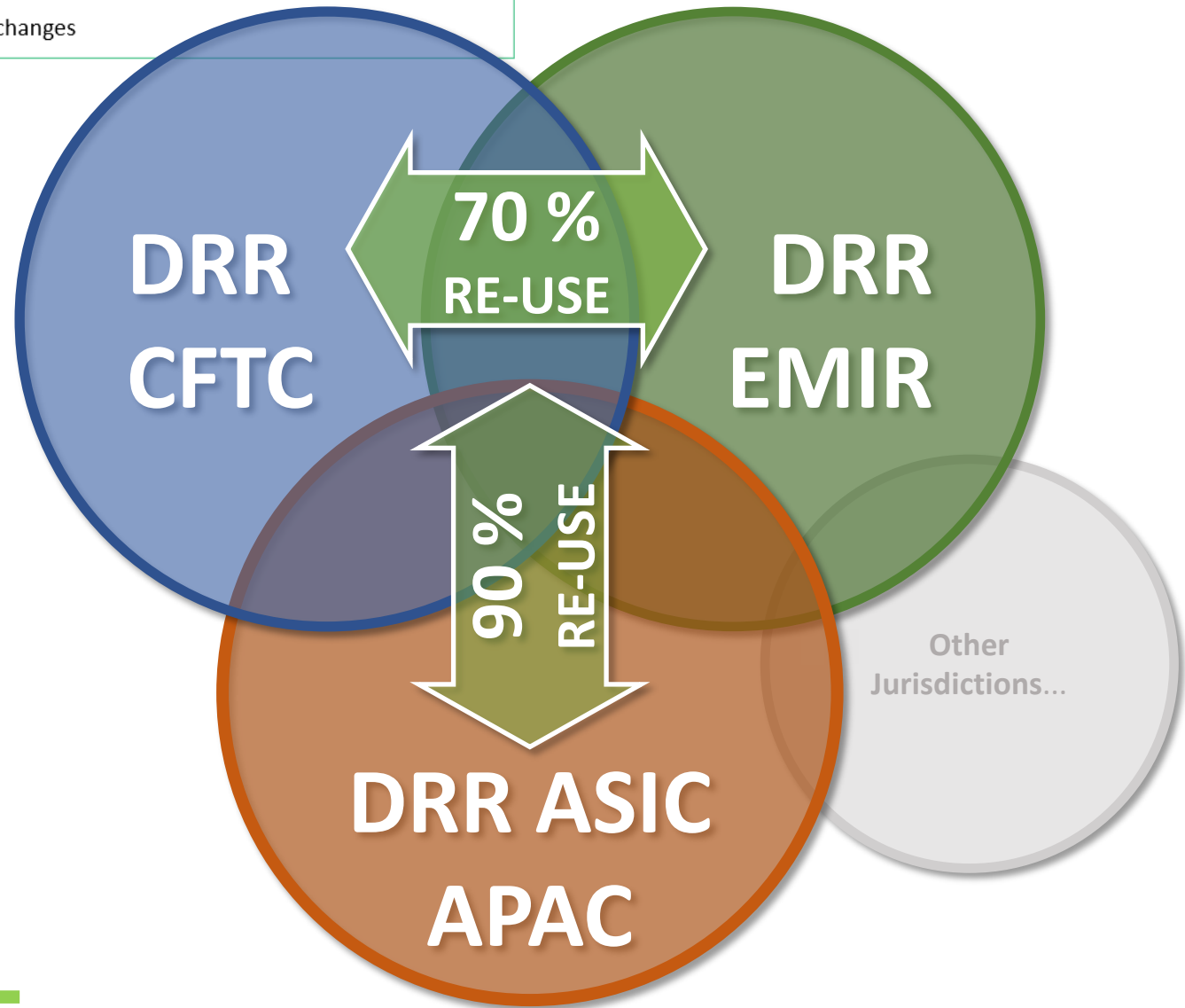


Let you define your core regulatory reporting ruleset only once

- Thereafter, only incremental efforts are required to extend the DRR model to other jurisdictions and future changes to reporting rules
- And such updates will be delivered through centralized DRR model changes



Member Benefits





Interpretation

Firms will use DRR to **validate their interpretation** of the regulation and alignment with best practices.

Stand Alone Validation

Firms will use DRR to **validate their interpretation** of the regulation and alignment with best practices

Firms will use DRR to benchmark their IT production reporting systems output against the **DRR Test pack**

Validation Adapter

Firms will use DRR to **validate their interpretation** of the regulation and alignment with best practices

Firms will use DRR to benchmark their IT production reporting systems output against the **DRR Test pack**

Firm's IT will use DRR as a component of a **parallel implementation** to control and validate production output with SDR technical support.

SDR Provided Adapter

Firms will use DRR to **validate their interpretation** of the regulation and best practice.

Firms will use DRR as a primary component of sending reporting data to the SDR via **DRR enabled automated production-based systems**

Firms will collaborate with the SDR to provide an almost **ready-to-go adapter** with some internal integration effort from their central IT dept.



Mutualize regulatory reporting compliance effort

- Rule interpretations and compliance effort is spread across the industry

Give you an unambiguous rule interpretation

- Reflects RTS, ITS, guidance and industry best practices in an unambiguous way within the DRR model

Open source and increases transparency

- The open source DRR models and accompanying test data will all be accessible to regulators and market participants for reference, scenario analysis and testing

Defines core regulatory reporting ruleset only once

- Thereafter, only incremental efforts are required to extend the DRR model to other jurisdictions and future changes to reporting rules
- And such updates will be delivered through centralized DRR model changes

Significant resource and cost savings

- Through the mutualized effort, firms leveraging CDM-DRR will reap significant compliance, reporting and implementation project savings