ISDA Future Leaders in Derivatives Publishes Generative Artificial Intelligence Whitepaper

TOKYO, April 18, 2024 – The International Swaps and Derivatives Association, Inc. (ISDA) has today published a whitepaper from ISDA Future Leaders in Derivatives (IFLD), its professional development program for emerging leaders in the derivatives market. The whitepaper, *GenAI in the Derivatives Market: a Future Perspective*, was developed by the third cohort of IFLD participants, who began working together in October 2023.

The 38 individuals in the group represent buy- and sell-side institutions, law firms and service providers from around the world. After being selected for the IFLD program, they were asked to engage with stakeholders, develop positions and produce a whitepaper on the potential use of generative artificial intelligence (genAI) in the over-the-counter derivatives market. The participants were also given access to ISDA’s training materials, resources and staff expertise to support the project and their own professional development.

Drawing on industry expertise and academic research, the whitepaper identifies a range of potential use cases for genAI in the derivatives market, including document creation, market insight and risk profiling. It also explores regulatory issues in key jurisdictions and addresses the challenges and risks associated with the use of genAI. The paper concludes with a set of recommendations for stakeholders. These include investing in talent development, fostering collaboration and knowledge sharing with technology providers, prioritizing ethical AI principles and engaging with policymakers to promote an appropriate regulatory framework.

“The rapid development of artificial intelligence has generated considerable attention, both within financial markets and across society more broadly. As the technology advances, there is a significant opportunity for genAI to support more efficient, data-driven decision making in the derivatives market, but we need to approach this carefully, making sure the implications and risks of the technology are properly addressed. Fresh perspectives will be needed as future opportunities and challenges are considered, so I commend the IFLD for completing this paper, which makes a valuable contribution to this fast-evolving topic,” said Scott O’Malia, ISDA’s Chief Executive.

“This year’s IFLD group was drawn from a diverse range of institutions and jurisdictions, and we have worked together over the past six months to explore the development of genAI in the global derivatives market. It is clear this technology has the potential to add significant value to multiple industry processes. We hope the paper will help market participants, policymakers and other stakeholders as they look to harness the technology and address the associated challenges,” said IFLD participant Takuya Otani, Director, Counterparty Portfolio Management Desk at Mizuho.
“Participating in this year’s IFLD program gave me the valuable opportunity to collaborate with a passionate, diverse and knowledgeable cohort of professionals from across the global derivatives market. With access to industry experts and best-in-class training programs, the group came together to develop a comprehensive and valuable paper that we hope will make a meaningful contribution to the future development of genAI in the derivatives market. The experience has been empowering and enriching, and I would wholeheartedly recommend the program to others,” said IFLD participant Tom Reynolds, Senior Manager, Financial Services Documentation at Factor.

“Now in its third year, the IFLD has made its mark as a highly prestigious program for talented individuals in the derivatives market. This year’s cohort has produced a thoughtful and well-researched paper that provides helpful guidance in addressing the opportunities and challenges associated with the use of genAI. We commend the group for its achievements and look forward to recruiting the next set of future leaders,” said Joel Clark, Senior Director, Communications at ISDA and Chair of the IFLD.

Participants from the IFLD will present the paper’s findings and recommendations during a panel discussion at ISDA’s 38th Annual General Meeting, which is taking place in Tokyo this week. Nominations for a fourth group of IFLD participants will open later this year.

Read the IFLD paper, *GenAI in the Derivatives Market: a Future Perspective*, [here](#).

Find out more about the IFLD program and access previous whitepapers [here](#).

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**About ISDA**
Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has over 1,000 member institutions from 77 countries. These members comprise a broad range of derivatives market participants, including corporations, investment managers, government and supranational entities, insurance companies, energy and commodities firms, and international and regional banks. In addition to market participants, members also include key components of the derivatives market infrastructure, such as exchanges, intermediaries, clearing houses and repositories, as well as law firms, accounting firms and other service providers. Information about ISDA and its activities is available on the Association’s website: [www.isda.org](http://www.isda.org). Follow us on [Twitter](http://Twitter), [LinkedIn](http://LinkedIn), [Facebook](http://Facebook) and [YouTube](http://YouTube).

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