



**ISDA Annual General Meeting  
April 30, 2026**

**Welcoming Remarks  
Scott O'Malia, ISDA CEO**

Good morning and welcome back to day two.

I hope you're ready for another packed day of conversation, debate and analysis. Thanks to all our speakers and panelists for giving us such a strong start yesterday, and huge thanks to ICE for sponsoring a great evening at the Museum of Science last night.

I spoke yesterday about the changes that are underway in the financial sector and ISDA's role in ensuring we maintain safe and efficient derivatives markets. It's incredibly exciting to be a part of this transformation, and to know that the decisions we make now could have big consequences for the shape of our industry in the decades to come.

There's no doubt we have a lot of work to do – from developing a sound legal and regulatory framework for tokenized collateral to automating key market processes and pursuing a well-calibrated capital framework.

But as we begin day two, I want to briefly take a step back and think about the bigger picture. To talk about why derivatives markets exist, rather than how they function.

It's important to remember that our markets have a massive impact on the world around us. From the moment you switched on the light by your hotel bed and had your first coffee, your day has been profoundly shaped by derivatives. By enabling electricity providers, agricultural companies and countless others to lock in their costs, derivatives provide certainty and deliver valuable signals on supply and demand. They reduce risks across the real economy, even as markets rise and fall due to economic fundamentals and geopolitical developments.

Events in the past few months have given us a stark reminder of that. Just look at the rollercoaster ride oil prices have had since the end of February, when the Strait of Hormuz effectively closed.

Meanwhile, US Treasuries saw an initial flight to safety at the start of the conflict, before yields started rising in the middle and longer end of the curve, reflecting revised inflation and interest rate expectations.

Equity markets have also been volatile, with the S&P 500 selling off as the conflict began, before rallying on news of the ceasefire. This volatility has been reflected in the VIX index, which has had a bumpy couple of months.

Imagine being a corporation or financial institution left completely exposed to these price swings. Unable to hedge energy or commodity prices. Struggling to raise financing for fear of future interest rate hikes or worries over inflation. For these entities, growth could be stunted by an inability to effectively manage risk.

The derivatives market serves to smooth over these rapid pricing shifts, but the availability of these products is not always a given. Derivatives trading is still dominated by developed markets and is mostly executed in a handful of traditional financial centers – London, New York, Hong Kong, Singapore, Tokyo.

However, growth and capital are likely to come from elsewhere, with emerging markets set to drive around 65% of global economic growth by 2035, according to estimates by S&P Global. China is already an economic superpower, while India is expected to be the world's third largest economy within 10 years.

Despite these shifts, China and India each account for less than 1% of global OTC interest rate derivatives turnover. Enabling firms in these economies to fully access the benefits of a robust, local derivatives market is a key strategic priority for ISDA. A critical starting point is having reliable legal foundations based on the enforceability of close-out netting. ISDA has published netting opinions for 90 jurisdictions and close-out netting is now legally recognized in all G-20 jurisdictions. This is a significant milestone in ISDA's long-running law reform efforts.

But we need to go further than that. Earlier this month, I was in India speaking with market participants and regulators about further developing the local derivatives market. There are three key areas where changes could be made that would strengthen risk management and benefit the Indian economy.

The first is the pensions sector. India's vast workforce is a source of significant strength, but there will be almost 250 million retirees by 2050 who will need a reliable source of income. As it stands, pension funds are barred from using OTC derivatives to hedge against shifts in interest rates, inflation and other market moves. Linked to this, liquidity in India's interest rate derivatives market is largely concentrated at the short end of the curve, making it difficult to hedge long-dated exposures. Complementing the available tool set with over-the-counter (OTC) derivatives and expanding liquidity in longer-tenor derivatives would give pension funds the ability to prudently manage long-dated liabilities.

Second, India has seen significant growth in its bond market, but credit derivatives are not available outside of a handful of AAA-rated credits. Given India's economic outlook, growing the debt market beyond state-backed firms and other highly rated names is essential. Having a risk management instrument like credit derivatives could help.

Third, I met with several large companies with massive exposures to commodities, but India does not have an onshore OTC commodity derivatives market, limiting the ability of many domestic firms to hedge these risks efficiently and precisely. Expanding the suite of onshore OTC derivatives to include energy and metals and changing legislation to allow banks to act as market-makers in these products would give these companies a vital risk management tool.

In the 18 years since the global financial crisis, we've focused on building a comprehensive global regulatory regime that has made the derivatives markets safer and more efficient. We need to spend the next decade building deep and liquid derivatives markets around the world to enable local companies to manage risk and diversify portfolios, and to support economic development.

Thank you.