

**ISDA Annual General Meeting
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**Opening Remarks: Financial Markets Revolution
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“These are the times that try men’s souls.”

Those were the words of Thomas Paine, written in 1776 to boost morale during the American Revolution.

Two hundred and fifty years on, financial markets are facing a revolution of their own. It might not be trying men’s souls, but there is plenty of uncertainty about how this will all play out. It’s up to us to seize the opportunity and shape the outcome – to maintain safe and efficient markets in a rapidly changing world.

A very warm welcome to ISDA’s 40th Annual General Meeting (AGM). Let me start by thanking London Stock Exchange Group (LSEG) and Amazon Web Services for sponsoring our terrific welcome reception last night – what an introduction to Boston.

This really is a great location for the AGM – a bustling, modern financial center and a global hub for asset management and insurance.

It’s also a city that shaped American history. Rewind to the 1770s and it was here that resistance to British rule became a unifying force, with the Boston Massacre and the Boston Tea Party serving as important turning points in the American Revolution. The Declaration of Independence was signed 250 years ago in Philadelphia, but it had its origins here.

That was a unique moment in global history, when the 13 colonies were transformed into an independent, democratic republic. After more than 150 years of British colonial rule, it was a seismic change. The revolutionaries didn’t have all the answers – far from it. There were uncertainties and challenges along the way, and success was never inevitable. But they sensed an opportunity for change and they grabbed it, figuring out the details as they went.

We now have an opportunity to revamp how markets function, reducing bottlenecks and delays – changes that would represent a financial market revolution. We’ve come a long way in our quest to bring greater efficiency through digitization and automation of key processes. Now we can take this a step further, using industry solutions and advanced technologies to chart the next phase.

Just as the Founding Fathers seized the moment to establish an independent republic, market participants must come together to shake off manual processing and embark on an exciting new chapter, fueled by the potential for greater automation.

There will be questions and challenges – as there were for the revolutionaries – but we need to embrace this change and shape the future of markets.

Of course, it's important to remind ourselves why we need our markets to be as robust and efficient as possible. Derivatives play a critical role in enabling firms to manage risk and enhance stability. That's more important than ever in a period of heightened geopolitical risk and market volatility. I'll return to this theme tomorrow.

I want to use my remarks today to talk about ISDA's vision for a future of efficiency and innovation. First, I'll explore the rapid evolution of digital assets and tokenization. Then, I'll explain how we're adding firepower to our digital solutions. I'll finish by setting the stage for the completion of Basel III.

Digital assets

I'll start with digital assets.

Markets are evolving fast, with the emergence of new types of products and participants. Stablecoins, tokenized securities and other types of digital assets could play a big part in the financial landscape of the future. A recent survey from Nasdaq and ValueExchange found that more than half of responding institutions expect to be using tokenized collateral by the end of this year, driven by the potential to reduce inefficiencies in collateral management.

In the US, a regulatory framework is taking shape, with the Genius Act passed last year and the Clarity Act now being debated. As that legislation develops, the Commodity Futures Trading Commission (CFTC) and the Securities and Exchange Commission are working together on Project Crypto, an initiative to bring a unified approach to the federal oversight of these markets. The CFTC has also launched a pilot program for certain digital assets to be used as collateral in derivatives markets and issued guidance to provide regulatory clarity on tokenized collateral. In Europe, regulators are taking a multi-issuance approach with a digital euro, tokenized deposits and stablecoins all under consideration.

These developments are important but there are still questions to be resolved. We need to fully understand the complex legal issues posed by different types of digital assets. We also need clarity on the bankruptcy and insolvency treatment, as well as robust custody and segregation rules.

The good news is that ISDA is no stranger to these challenging issues. For more than 40 years, we've been focused on the legal standards and documentation that are needed to support thriving, liquid markets. We're bringing that same expertise to digital asset markets.

It's been three years since we launched the ISDA Digital Asset Derivatives Definitions, as well as two papers to help navigate bankruptcy in digital asset markets. We've continued to press forward. ISDA is now working to bring greater clarity to the legal aspects of transferring tokenized assets as collateral, starting with money market funds.

Tokenization and digital assets have the potential to significantly improve market functioning, but this must be built on robust legal foundations. That's why we're working hard to bring the legal clarity that is needed as the regulatory framework evolves.

Mutualized solutions

I'll now turn to ISDA's mutualized digital solutions.

Back in the 1770s, support for the revolutionary movement was bolstered by a shared frustration with British rule. Founding father Patrick Henry articulated that frustration with his powerful call to arms in 1775 – “Give me liberty or give me death!”

That rallying cry was a turning point towards a new world order.

We now stand at a similar turning point.

The revolution in financial markets is also born from frustration. For far too long, firms have put up with inefficiencies, manual intervention and operational risk in key processes. In a world of digital assets and round-the-clock trading, we need to banish these bottlenecks and remain laser focused on efficiency.

We've seen increasing support for our digital solutions that help firms standardize, optimize and automate key processes. But we must never let up in the pursuit of innovation. We need to think continuously about how our solutions are working, and how advanced technologies could be used to take them to the next level.

That's exactly what we're doing with Digital Regulatory Reporting (DRR), a flagship initiative we launched in 2022 to help firms improve the accuracy and consistency of regulatory reporting. By using the Common Domain Model to convert an industry interpretation of the rules into code, the ISDA DRR improves efficiency and reduces the risk of fines for misreported data. We've seen rising adoption of this initiative, which was recently integrated into LSEG's TradeAgent platform.

So far, we've delivered the DRR to support eight sets of reporting rules around the world, but we're not stopping there. We're now using artificial intelligence (AI) to bring even greater efficiencies to the DRR coding process – which is the topic of our [latest animation](#). Bringing an AI-generated animation to the big screen is an exciting first for the AGM stage. This is just one example of how we think AI could move the needle in revolutionizing industry processes and eliminating friction.

It's an ambitious project, but ISDA's track record shows we can deliver.

Ten years ago, we launched our very first industry solution – the ISDA Standard Initial Margin Model (ISDA SIMM). It was a revolutionary idea that was ahead of its time. But without a standard calculation method, the margin rules for non-cleared derivatives would have been fraught with difficulty.

Then, as now, we sought to bring greater efficiency to shared industry challenges.

Today, the ISDA SIMM is a fundamental part of the market structure, reducing the potential for costly margin disputes. We've worked hard to keep the model up to date and make sure it responds to changing market conditions. Last year, we switched to semiannual calibration – a change coordinated with regulators to improve the responsiveness of the model.

The ISDA SIMM blazed the trail for our powerful set of industry solutions that now spans a range of industry processes across legal, data and risk. The latest addition is the ISDA Notices Hub, which enables the immediate delivery and receipt of critical notices from anywhere in the world. More than 160 parties have now adhered to the ISDA 2025 Notices Hub Protocol, highlighting the widespread demand for this solution.

These mutualized solutions are the bedrock on which the revolution will be built, showing the way towards a fully digital future. We'll never lose our focus on bringing that vital efficiency to key processes – using smart technologies where it makes sense to do so.

Basel III

I've talked about how technology is fueling the revolution in financial markets. We also can't lose sight of the critical importance of a risk-appropriate capital framework.

The completion of Basel III has taken many years, but we're progressing towards the finish line. Just think for a minute about the scale and complexity of the transition to the new trading book capital framework. A whole new way of calculating capital requirements, with new rules for both internal models and standardized approaches. For many banks, this will involve hiring, building, testing, sourcing data and securing regulatory approval. Banks will need to think about how they comply with the regulations without incurring excessive costs.

ISDA has consistently made the case for appropriate, risk-sensitive rules that don't lead to disproportionate capital requirements and market distortions. Our fact-based advocacy has highlighted the possible consequences of a poorly calibrated framework. For thousands of companies that rely on banks for intermediation services, there would be diminished access to funding, lack of hedging solutions and increased vulnerability to external shocks. This would reduce their capacity to raise financing for growth and investment, with serious economic consequences.

Policymakers have been receptive to this message – just look at the revised endgame proposal, published last month. We welcome the important changes that have been made to improve the risk sensitivity of the rules, including a more viable framework for the use of internal models. But there is still some way to go, particularly when it comes to the standardized approach for counterparty credit risk (SA-CCR). As it stands, there is only limited recognition of cross-product netting under SA-CCR and the methodology lacks risk sensitivity. This could constrain banks' capacity to provide liquidity to the US Treasury market just as clearing mandates for Treasury cash and repo transactions come into effect. This must be fixed so that banks aren't hit with punitive capital charges that don't reflect genuine risk reduction.

Meanwhile, the EU is considering targeted changes to the market risk capital framework, while the UK Prudential Regulation Authority has decided to delay implementation of market risk internal models until the start of 2028.

Now it's time to define the next stage – to ensure the rules are properly implemented in these jurisdictions, improving financial stability without compromising market functioning and liquidity. We'll continue to work towards that outcome as we develop our response to the latest endgame proposal and move forward with implementation.

Ultimately, our goal is simple – to ensure the Basel III process ends with a robust global capital framework that stands the test of time.

Conclusion

I started these remarks with the words of Thomas Paine, who warned that these times would try men's souls. He was right. The Founding Fathers faced huge uncertainty, but they had conviction, and it propelled them forward.

We now face our own version of that test, and we also need conviction.

Mutualized solutions to shared industry challenges, bolstered by advanced technologies. Strong legal foundations to support the evolution of digital assets. And a lasting commitment to risk-sensitive capital rules. The ingredients for transformation are laid out before us. The question is whether we have the conviction to run with them and set the contours of financial markets for the next generation. To create a new market ecosystem in which trading and processing are no longer constrained by bottlenecks and inefficiencies.

The ingredients alone are not enough to realize the vision. In 18th century America, there was a strong desire for change, but without the conviction of the Founding Fathers, it would have come to nothing. Now is the time to seize the opportunity, to have conviction and to shape the markets of the future.

That's the context in which ISDA is setting the agenda in 2026.

This Boston AGM is the perfect forum to double down on that agenda, and we have a stellar set of keynotes and panels lined up. Thank you to all our sponsors, speakers and delegates for making this event possible – we couldn't do it without you.

Thank you.