

EMBARGOED UNTIL 9:30AM NY TIME SEPTEMBER 16, 2010

Opening Remarks of Robert Pickel,
ISDA EXECUTIVE VICE CHAIRMAN,
At 2010 ISDA Regional Conference, New York
September 16, 2010

Good morning and welcome to ISDA's New York Regional Update.

We are delighted by the incredibly strong turn-out. I am sure that reflects the quality of our agenda and speakers. I suspect it also reflects a thirst for information –perhaps even a tinge of anxiety—about what the future holds for the OTC derivatives business. Over the course of the day we hope to give you a strong sense of what ISDA is doing to address the many changes affecting the OTC derivatives industry. By the end of our sessions, we hope you will have a sense not just of the changes we face, but also the evolution of the industry and of ISDA.

Much of our focus today will be on the regulatory changes and their implications for the business and for ISDA. Connie Voldstad, our CEO, is going to speak shortly about the significant progress that has been made in reducing outstanding notionals through clearing and compression. I would like to speak briefly about how we are organizing our efforts to respond to this new world of regulation.

Broadly speaking, our efforts will build on what has always worked most effectively for ISDA and its members: guidance from our Board of Directors, a talented staff working with our many knowledgeable and committed members and the targeted use of consultants, lawyers and subject matter experts.

In addition to expanding our Board to include major buy-side expertise, we have retooled the ISDA Board and industry governance structures to help address global regulatory developments more rapidly and more dynamically.

A new Public Policy and Communications Committee, chaired by Diane Genova of J.P. Morgan, provides direction on global regulatory initiatives. Dedicated subgroups are in place to address regional issues and enable us to respond quickly and effectively.

The ISDA Industry Governance Committee or IIGC, chaired by Steve O'Connor of Morgan Stanley, spans a range of ISDA Board members as well as non-Board buy-side and sell side participants. As you no doubt know, the IIGC plays a central role in organizing and informing the dialogue between industry and the regulatory community. We will draw on that wealth of experience and expertise as we address the shift in regulatory focus, especially here in the United States.

From the staff perspective, we continue to turn to our many experienced staff members while adding to staff capabilities to address the changes the industry faces. We have added resources in

Washington and my own efforts have been significantly redirected to the rule writing process in DC. We have made some recent hires in Europe who will be starting over the course of the coming weeks. We regularly assess our staffing needs to ensure that we can support the membership in the most cost effective way.

Much of the recent focus has been on hiring on the public policy front, but we continue to benefit from the expertise of our staff across many different regions and subject matter areas. We have always prided ourselves on having individuals who can engage in the substance of the discussions and debates and not just manage the process. This staff expertise is one of the many strengths of ISDA that we believe distinguishes us from other organizations.

Our staff expertise is augmented, of course, by the support and involvement of our many members. In addition to their diverse perspectives, they bring the expertise and energy to our initiatives that produce the best work product. Their input is a major reason why ISDA's efforts are regularly recognized as comprehensive, well argued and, most importantly, persuasive.

We know it is ultimately incumbent upon staff at ISDA to represent the views of our diverse membership. It is that very diversity that we believe puts a special responsibility on each of the members of our staff. We can't have all 800-plus of our members on every phone call or reviewing and signing off on every letter or policy statement. Well, we could, but I fear chaos would reign. We have to serve as your mouthpiece at times, and we greatly value your trust in allowing us to do so. Our effectiveness at doing this is determined by how actively we reach out to you—and how actively you reach out to us—to ensure that we have the widest possible perspective on the issues. If at any time you want to share your views with us or want to tell us how we could be doing things better, by all means let us know.

Your input will be especially important as we face the onslaught of rule making here in the United States and the political process in the European Parliament. There are many moving parts, and different segments of our membership have very different priorities in what they hope to achieve. Throughout these processes, we will be guided by a desire to build off the extensive work that ISDA and the industry have done to create safer and more efficient markets and the goal of ensuring that these essential risk management tools, known collectively as derivatives, continue to be available to the full range of users in a cost effective manner.

I mentioned the many strengths of our global staff. That is particularly true in the interactions at the top of the organization where Connie Voldstad joined us almost a year ago to work with me to lead this organization. We have worked extremely closely and have brought to every issue our different perspectives and backgrounds. Analyzing the economics of a thirty year swap does not come naturally to a lawyer like me. And, likewise, I don't think that Connie is clamoring to dig into the definition of Close-Out Amount. Our complementary skill sets have, we believe, made for a stronger organization, one that is well-equipped to face the many changes and challenges that you will hear about today.

So let me now turn the podium over to Connie to talk about the significant progress that has been made and how that positions us—and each of our member institutions—well for the future.