

## **ISDA Future Leaders in Derivatives Publishes Whitepaper on Collateral and Liquidity Efficiency**

**Amsterdam, May 15, 2025** – 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, *Collateral and Liquidity Efficiency in the Derivatives Market: Navigating Risk in a Fragile Ecosystem*, was developed by the fourth cohort of IFLD participants, who began working together in October 2024.

The 31 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 considering the policy and operational aspects of collateral management, and what market participants and infrastructure providers need to do to ensure the timely and efficient flow of collateral through the system. 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 research, the whitepaper examines the growing challenges of collateral efficiency and liquidity resilience in the global derivatives market. It addresses issues driven by regulatory complexity, market fragmentation and systemic vulnerabilities, and outlines practical strategies to address these issues, balancing the costs of collateral, risk management, regulatory compliance and technological innovation. The group’s recommendations include optimizing the use of collateral, expanding and diversifying the pool of eligible collateral and modernizing the infrastructure through technology.

“Recent market shocks and liquidity stresses have highlighted the need to explore new opportunities to bring greater efficiency, standardization and automation to collateral management. We set this talented group of derivatives market professionals the challenge of exploring the topic of collateral efficiency. This is an excellent paper in which the group has addressed the key policy, operational and technology issues that need to be overcome to streamline and automate the collateral ecosystem,” said Scott O’Malia, ISDA’s Chief Executive.

“The topic of collateral and liquidity efficiency in the derivatives market has been particularly pertinent over the past few months, with increasing volatility in financial markets. By bringing together a broad range of expertise from around the world, the IFLD program has enabled us to harness a diversity of views to develop a paper that examines the growing challenges to collateral efficiency and liquidity resilience. The paper outlines actionable strategies to address the issues identified, and we hope it will provoke further discussion among market participants, policymakers and other stakeholders,” said IFLD participant Claire Warren, Special Counsel at King & Wood Mallets in Sydney.

“Collaborating with a cohort of industry professionals who shared extensive knowledge and expertise – from legal to trading and all points in between – has allowed us to develop a forward-thinking, detailed and actionable paper that we believe adds real value to the discussion on how to approach collateral in the era of crypto and generative artificial intelligence. With the access we were given to ISDA experts and best-in-class training, this paper combines diverse perspectives, technical expertise and wide-ranging experience. We hope it will encourage stakeholders to challenge legacy practices and unlock the potential for productivity gains, while also reducing operational risk and costs,” said IFLD participant Jakir Alam, Program Manager, New Product Development, Markets & Securities Services at HSBC.

“In its first four years, the IFLD has become a highly prestigious program that offers emerging leaders in the derivatives market the opportunity to make their mark. This year’s cohort has made a timely and prescient contribution to the topic of collateral efficiency, adding another paper to the growing body of IFLD literature that has been developed by nearly 150 participants on the program so far,” said Joel Clark, Senior Director, Communications at ISDA and Chair of the IFLD.

Participants from the IFLD will discuss the paper’s findings and recommendations during a panel discussion at ISDA’s 39<sup>th</sup> Annual General Meeting, which is taking place in Amsterdam this week. Nominations for a fifth group of IFLD participants will open later this year.

Read the IFLD paper, *Collateral and Liquidity Efficiency in the Derivatives Market: Navigating Risk in a Fragile Ecosystem*, [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 76 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](#), [LinkedIn](#), [Facebook](#) and [YouTube](#).

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