

**ISDA Digital Assets Forum
Washington, DC
October 6, 2026**

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

Good morning, and a very warm welcome to the ISDA Digital Assets Forum. Thanks for joining us today, and a special thank you to our sponsors – Clear Street, Haynes Boone and Moore & Van Allen.

In my 12 years at ISDA, I've stood at podiums all over the world to open our events, from the flagship annual general meetings and regional conferences to new additions to the roster like this one.

A successful event is a kind of bellwether of the biggest trends in financial markets. Take LIBOR as an example. As regulators prepared to retire the benchmark in the years leading up to 2021, ISDA launched a popular series of events that brought market participants and policymakers together to plan for the transition and make sure it happened without disruption. We've taken a similar approach to Treasury clearing – recent ISDA events have provided a forum for the industry to exchange ideas and prepare for the first clearing mandate at the end of this year. The message is clear – as markets change, there is a need for education, discussion and collaboration.

That brings me to this event. Digital assets present the derivatives markets with the opportunity to use advanced technology to deliver significant operational efficiencies, enhance risk management and reduce costs. Digital assets such as crypto, stablecoins and tokenized assets can add value in traditional financial markets. They are already being put to work on real industry use cases, and the pace of development is accelerating. It's a fascinating time, with the potential for real transformation in the way trades are processed and risk is managed.

As with any market transition, there are challenges that must be overcome. We need clear and robust legal and regulatory frameworks that set appropriate guardrails while encouraging – and not preventing – the adoption of innovative products, infrastructure and risk management tools. We also need common standards to support the consistent adoption of innovative technologies at scale, without adding complexity and fragmentation. ISDA is no stranger to these sorts of challenges and we've been applying our expertise to support the development of digital assets in the derivatives market.

In these remarks, I'll focus on two key areas where the adoption of new technologies could deliver significant economic value and operational efficiency – tokenization and 24/7 trading.

Tokenization

I'll start with tokenization.

By enabling near-instant settlement, improving intraday liquidity management and enhancing cross-border collateral mobility, tokenization has the potential to bring substantial efficiency gains to the derivatives market. It also opens the door to new types of assets being posted as collateral, with tokenized money market funds emerging as the front-runner.

With trillions of dollars held globally, money market funds have always been a promising source of collateral, but the operational workflows have prevented them from being posted directly. By tokenizing money market funds, we can overcome many of those operational challenges and enable market participants to reduce their reliance on cash and government securities for collateral. This, in turn, could improve market resilience during future episodes of stress, reducing the risk of liquidity squeezes.

This is a compelling opportunity to bring much-needed efficiency to collateral management, with greater automation and interoperability across critical market infrastructures. But tokenized collateral won't move through the system on its own – smart contracts will be needed to enable the automation of on-chain workflows, such as the calculation of collateral and the transfer of tokenized assets.

Smart contracts are very different from legal contracts. Derivatives legal contracts set out the rights and obligations of the counterparties in different scenarios, but smart contracts automate some of the payments or deliveries required by the legal contract. A derivatives transaction executed on a blockchain could involve multiple smart contracts, each automating a different step in the trade lifecycle. Together, they streamline processes that today rely on manual intervention.

Given their importance in automating certain tasks on chain, smart contracts must be built on common standards. That's where the Common Domain Model (CDM) comes in. As an open-source standard for financial products, trades and lifecycle events, it can provide a common foundation for smart contracts, supporting interoperability and unlocking the full potential of tokenization and distributed ledger technology (DLT).

Standardization is one of the foundations needed to enable growth at scale, but it's not the only one. A recent report by ISDA and Global Digital Finance highlighted some of the legal, regulatory and operational challenges that would need to be addressed to allow tokenized money market funds to move through the collateral ecosystem here in the US.

I'll briefly touch on some of those issues.

First, the segregation rules that keep customer assets separate from proprietary assets may need to be reviewed and adapted to accommodate the wallet-based structures in which tokenized collateral will be held. Rules governing eligible depositories should also be reviewed to ensure regulated digital asset custodians can hold customer assets while maintaining robust standards for custody, segregation, audit and risk management.

Second, capital and margin rules must be revisited so they support rather than hinder the use of tokenized assets as collateral. As it stands, tokenized assets and stablecoins would be hit by punitive capital charges under standards set by the Basel Committee on Banking Supervision, preventing banks from holding those assets on their balance sheets. Non-cleared

margin rules must also be updated to enable the posting of certain types of tokenized assets as collateral. The Commodity Futures Trading Commission took an important step forward in July when it removed the asset transfer restriction that had previously made most money market funds ineligible as collateral. We urge prudential regulators to make similar changes. ISDA has also called for a more streamlined process for the approval of portfolio margining and cross-margining arrangements. This would free up collateral and lower funding costs, amplifying the efficiency gains that could be delivered by tokenization.

Third, it's vital that the haircut methodologies for tokenized collateral are fully appropriate. Any adjustments should be used to account for increased risk or genuine limits on the legal and economic rights conveyed to the token holder, rather than the mere fact the asset has been tokenized. A pragmatic cross-border framework will also be needed, including equivalence determinations for foreign stablecoins and central bank digital currencies, to avoid the fragmentation that could arise from inconsistent national approaches.

Finally, just as legal certainty and netting are the foundations of a traditional derivatives market, the same is true for tokenized assets. We must ensure the legal rights over tokenized collateral are set out clearly in documentation and enforceable across relevant jurisdictions. The details of legal and tokenization structures are important here, and market participants are working to provide certainty for different assets. And of course, in the event of a counterparty default, the netting of obligations must be legally enforceable.

These are critical questions that must be resolved if we are to realize the benefits of tokenization at scale. ISDA will continue to work with policymakers to ensure momentum is maintained and the adoption of tokenization is not constrained by these issues.

24/7 Trading

I'll now turn to the growing interest in 24/7 trading and clearing, which is gaining traction as market participants look to manage their positions without the constraint of traditional market hours. In wholesale financial markets, this would be a seismic change that may not be appropriate for all asset classes. It's also vital that key operational and risk management issues are addressed.

First, if undertaken for any asset class, this must be a coordinated transition that spans the whole ecosystem to avoid a situation in which it's possible to trade for longer but the supporting infrastructure lags behind. A move to 24/7 trading would require the continuous availability of critical market infrastructure, including the middleware and service providers that fulfill vital functions across the trade lifecycle. Much of the technology underpinning the derivatives market wasn't built for continuous operation, so significant engineering investment would be needed. Greater automation and straight-through processing are prerequisites, but extended staffing would also be needed across trade support, technology, compliance and surveillance.

Second, market participants must be able to transfer cash and collateral throughout the clearing period, while clearing houses will need to manage collateral on a continuous basis. That's a big departure from today's market, in which none of the main forms of collateral and funding are reliably available on weekends or holidays. As central banks work to extend the operating hours of wholesale payment systems, tokenized collateral offers a more immediate way to achieve the continuous movement of margin.

Third, robust processes for default management must be preserved during extended trading hours. Closing out positions relies on a market that is sufficiently liquid, but this becomes more difficult overnight when liquidity is typically thinner. We also need to have a policy discussion on how some of the direct clearing models with auto-liquidation might affect the orderly close-out process.

Finally, we should maintain existing anti-money-laundering and know-your-customer standards so that all counterparties are appropriately vetted, whether trading on traditional, DLT or DeFi networks. Some networks introduce new challenges for counterparty identification, so it's more important than ever that those controls are preserved in a continuous trading environment.

ISDA's role

I want to finish by returning to where I started – the need for education, discussion and collaboration. Over the years, ISDA has worked with market participants and policymakers to navigate successive waves of regulation, technological change and market structure evolution. We've shown that with the right balance of vision, determination and partnership, no challenge is too great to overcome and no opportunity is so ambitious that it should be overlooked.

That's why we've launched today's event. Digital assets are here to stay and we need to get ahead of developments by supporting the safe and efficient adoption of tokenization and, where appropriate, the transition to 24/7 trading.

At ISDA, we're actively building the standards, documentation and infrastructure to responsibly advance digital assets and tokenization. Our work spans the contractual, technological and operational foundations on which tokenized derivatives markets will depend. With the CDM providing a standardized model for financial products, trades and lifecycle events, we can effectively support on-chain, programmable implementations of financial contracts.

We've built a suite of documentation for this market that continues to evolve. The ISDA Digital Asset Derivatives Definitions delivered a contractual framework for digital asset derivatives, setting clear provisions for execution and settlement. We've also just published a new paper examining how our documentation can support tokenized money market funds as derivatives collateral.

Meanwhile, we've been working with our members on a tokenization proof of concept to show how ISDA documentation can be used to exchange tokenized collateral, identifying the updates that are needed to credit support documentation and supporting legal opinions.

I've talked in these remarks about the most important issues that need to be addressed to bring tokenization and 24/7 trading to reality in a responsible and effective way, and about the role ISDA is playing. This event comes at an exciting time in the development of digital assets, and I've no doubt it will provide valuable insights as we chart the way forward. I'd like to thank all of our sponsors and speakers for helping to make the event happen, and I hope you enjoy the sessions.

Thank you.