

Remarks of Jonathan Moulds,  
ISDA Chairman,  
At 23<sup>rd</sup> Annual General Meeting,  
Vienna, Austria  
April 17, 2008

Thank you Bob and good morning to all. It's great to be here with you in Vienna and I'm glad all of you could join us for ISDA's 23<sup>rd</sup> Annual General Meeting.

As I speak in front of you this morning, I must say that it is a bitter sweet moment for me. Bitter in the sense that this is my last time I will address all of you as Chairman of ISDA. As of tomorrow, I leave my role at ISDA in the knowledge that the Association has a forceful leadership in its new Chairman Eraj Shirvani, Managing Director and Head of European and Pacific Credit Sales and Trading at Credit Suisse.

Eraj, if you can just stand up and give the crowd a little wave. (Lead applause)

It's been my privilege to serve as ISDA's chair for four years and I have immensely enjoyed working with Bob, the ISDA staff and my colleagues on the Board. I would like to thank them for all of their support and dedication throughout my reign as Chairman. I think we can all be proud of the work that the Association has done to effectively serve our industry...so please join me in congratulating the ISDA team on a job well done. (Lead applause)

In meeting and speaking with all of you...in participating in a diverse set of activities...I can truly say that I am going to miss the time I spent at ISDA.

However, in turn, it is also a sweet departing. Sweet in the sense that after being on the Board for ten years and Chairman for four, ISDA continues to become a broader and stronger organization. With the support of Eraj Shirvani as the new Chairman, and the strength of the ISDA Board, its membership and its staff, I know that ISDA is in good hands to move forward and address the opportunities and challenges ahead.

The Board has made an excellent choice in electing Eraj as Chairman. Eraj will bring a fresh perspective on the goals and needs of the industry and will be able to call on his extensive expertise and experience in the derivatives industry and his four years as an ISDA Board member. But Eraj, I must say...you've got some big hands to fill.

Since I spoke to you last April in Boston, we've had another year of growth and innovation in our business...another year of increased demand by a growing number of firms to improve how they manage risk.

When I joined the ISDA Board in March 1998, there were only a little over 350 member institutions from 35 countries on five continents. Then when I was elected Chairman in November 2004, membership increased to more than 600 firms from 46 countries on six continents.

Now with approximately 820 members, spanning 55 countries across six continents, ISDA is larger than ever and is among the largest financial trade associations by number of member firms. ISDA welcomed 101 new members in 2007 alone. ISDA is the only financial trade association with a truly global mandate.

According to ISDA's latest market survey, which we are releasing this morning, our business continues to grow and innovate. The notional amount of privately negotiated derivatives outstanding exceeded \$400 trillion at year-end 2007. The credit derivatives market is the fastest-growing segment of the privately negotiated derivatives business, growing 75% year-over-year to \$50 trillion.

ISDA's role in helping the development of the credit default swap markets and its transition to a major industry has been critical. From developing standardized documentation (the ISDA Master Agreement and product-specific Definitions) to putting in place pivotal mechanisms that facilitate smooth transaction, settlement and resolution of credit events, ISDA has helped take the market from its infancy to its current sophisticated status.

ISDA's work on Standards, Templates, Novations, Operations and on Settlement have all been critical to the market's success. ISDA settlement protocols have enabled successful industry-wide cash settlement in 9 credit events, starting with Collins & Aikman in 2005 and recently with the Quebecor Protocol. ISDA is also helping the industry ease the process in the event a monoline entity defaults.

Counterparty credit risk management is one of ISDA's core strengths. While ISDA's work on netting and collateral is key, its successful efforts in gaining more risk-sensitivity in the Basel framework by working closely with supervisors on the revised capital requirements have been a major step forward for the industry.

In addition, ISDA continues to work through its active committees, working groups and educational efforts to address ongoing industry needs. Testament to its relevance and its effectiveness across the derivatives industry, ISDA has its most extensive conference program ever, with close to 100 conferences annually, across the major centers and now also available online via ISDA ONDEMAND.

With our growth and success, however, come challenges. Continued market volatility and problems with counterparty exposures have increased the scrutiny of derivatives from many sources and raised the most serious threat of increased regulation of derivatives in the past 15 years.

In response to this threat, ISDA will continue to provide a steady, concerted, comprehensive advocacy effort to respond to regulatory proposals. ISDA will:

- Enhance education efforts with various constituencies in all forums and regions
- Be fully engaged in an industry response to regulatory concerns in operations, encouraging greater use of automation across the board

- Collect information on exposures and review extent of information available on pricing and valuation to determine opportunities to provide more market information
- Create specialist group of risk managers to consider implications of current environment for capital levels
- Counter exchange incursions through action and advocacy with regulators and the media
- Continue efforts to include other perspectives and expertise on the ISDA Board

In our outreach to date we have conveyed several key messages and will continue to do so throughout this challenging time. ISDA believes:

- Derivatives deliver incredible value to the global economy
- Derivatives markets have remained open throughout the recent volatility
- OTC derivatives are distinct in important ways from other products (e.g., securitization and CDOs) that have been the center of much attention
- Consideration of new regulation must proceed with caution. Otherwise, liquidity and innovation could be hampered
- The legal certainty of the contracts, netting and collateral arrangements is critical to the proper functioning of these markets

Amidst these challenges, ISDA continues to be an extremely effective voice for our industry. Privately negotiated derivatives enable firms to isolate and manage the risks they choose to manage, and to transfer the risks they don't want. And they do it better than any alternative. That's the reason the industry continues to grow.

As I mentioned before, the credit derivatives market is one of the fastest growing, most dynamic sectors of the financial industry. It has been my goal...and the goal of the board and the ISDA team...that ISDA continues and strengthens the important role it plays on its members' behalf.

I thank you for your continued support and involvement... and I am confident that the Association is well-positioned to successfully address the demands of our rapidly evolving industry.

And now I would like to introduce Mr. Paul Calello, Chief Executive Officer of Investment Bank at Credit Suisse who will address his remarks on the credit derivatives industry.