



NEWS RELEASE
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ISDA AGM Focuses on Push for Derivatives Market Efficiency

Lisbon, May 8, 2017 – The steps that could be taken to make the derivatives market more efficient and less complex will be debated by senior regulators and market executives at ISDA’s 32nd annual general meeting (AGM) in Lisbon on May 8-10.

With the Group of 20 (G-20) derivatives reforms now in place, there have been calls in both the US and Europe to consider the various regulations implemented since the crisis to eliminate duplication and inconsistencies, and to reduce compliance challenges that add to costs without contributing to systemic-risk reduction. A key driver is a growing political impetus to ensure the regulatory framework is able to support economic growth.

“The financial system is much more resilient and transparent as a result of the G-20 reforms, but there’s a growing consensus that the regulatory framework should be assessed in an effort to improve it further. That can be done by reducing complexity and removing unnecessary compliance burdens, achieving cross-border harmonization of capital and market rules, and conducting cumulative impact studies before all the rules take effect to assess their impact on the entire derivatives ecosystem,” said Scott O’Malia, ISDA’s Chief Executive.

A number of initiatives are already under way in Europe and the US, including a review of the European Market Infrastructure Regulation, the Commodity Futures Trading Commission’s (CFTC) Project KISS and the US Treasury’s regulatory review.

“At ISDA, we strongly support safe derivatives markets, and the industry has worked alongside regulators over the past eight years to make the system more resilient. But we also support efficient derivatives markets. Both are critical to a healthy financial system and a strong economy,” said Eric Litvack, Chairman of ISDA.

The AGM will feature panel discussions that will consider how the drive for economic growth and changes such as Brexit and the 2016 US elections are shaping the public policy agenda. Delegates will also hear a regulatory perspective from J. Christopher Giancarlo, acting chair of the CFTC, Steven Maijoor, chair of the European Securities and Markets Authority, and Svein Andresen, secretary-general of the Financial Stability Board.

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As part of a push to create greater efficiency in derivatives markets, AGM speakers will debate the role of new technologies, including the potential for smart contracts. [ISDA published a white paper](#) last year on the future of derivatives market infrastructure, which identified a number of opportunities to further standardize data, processes, definitions and documentation. Putting those in place will be critical to the ability of firms to create efficiencies and lower operational costs through technology.

“Derivatives participants are looking at how they can realize efficiencies and reduce operational costs by using smart contracts to automate various post-trade processes, but that requires common standards and processes. Just as the derivatives industry was transformed by standard terms and definitions via the publication of the ISDA Master Agreement 30 years ago, so ISDA can play a role in unlocking the value of new technologies,” said Mr. O’Malia.

Other key areas of focus include the capital framework – specifically, the implications of a delay in finalization of the latest Basel measures and the prospects for global harmonization – and industry progress in meeting new margin requirements for non-cleared derivatives.

The AGM also sees the launch of the latest issue of [IQ, ISDA’s member magazine](#). The new issue features a package of articles on the future of public policy.

For Media Enquiries, Please Contact:

Nick Sawyer, ISDA London, +44 (0) 7921 870892, nsawyer@isda.org

Lauren Dobbs, ISDA New York, +1 646 639 9862, ldobbs@isda.org

Michael Milner-Watt, ISDA London, +44 (0) 7710 967027, mmilner-watt@isda.org

Amanda Leung, ISDA Hong Kong, +1 646 318 7462, aleung@isda.org

About ISDA

Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has over 850 member institutions from 68 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.

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