



**ISDA Annual Legal Forum
February 12, 2025**

**Opening Remarks
Katherine Tew Darras
ISDA General Counsel**

Good morning and welcome to the Annual Legal Forum in London. Thanks for joining us today, and thank you to Cleary Gottlieb for sponsoring the event.

As you may have noticed, 2025 is an important year for ISDA as we mark our 40th anniversary. In 1985, a small group of dealers established ISDA, then called the International Swap Dealers Association, to develop standards for the nascent interest rate swaps market, which had become bogged down by a lack of standard terms and a growing documentation backlog.

Forty years on, much has changed. We started out with 10 dealers, mainly based in New York. Today, we have more than 1,000 members in 76 countries, with end users making up the largest part of the membership. ISDA's very first document, published in 1985, was the Code of Standard Wording, Assumptions and Provisions for Swaps, which essentially provided a dictionary of common terms that parties could use in their contracts. Today, ISDA's suite of industry documentation reaches far and wide, with more than 160 documents and document versions now available in digital form on ISDA MyLibrary.

But some things have remained unchanged. What was groundbreaking in 1985 was the willingness of market participants to sit around a table and work together to address shared challenges. With a growing backlog of bespoke documentation, standardization was desperately needed to bring greater efficiency and enable the market to scale. Forty years later, ISDA is many times bigger and the challenges are different, but collaboration, standardization and the development of industry solutions remain at the heart of everything we do.

In these remarks, I'll talk about several areas where we're currently collaborating with our membership to bring greater efficiency and standardization to derivatives documentation and vital processes.

I'll start with document digitization.

I mentioned ISDA MyLibrary a moment ago, which is an online hub that houses core ISDA documentation in digital form. But ISDA's commitment to digitization doesn't just apply to the documents themselves. ISDA Create, which is available through S&P Global Market Intelligence's Counterparty Manager platform, enables firms to digitally generate and execute documentation and then seamlessly capture, process and store the data from those negotiations.

This improves speed and efficiency, enabling firms to accelerate the onboarding of new counterparties. More than 500 buy- and sell-side entities around the world are now experiencing the benefits of ISDA Create.

But we're not standing still. Following extensive development and testing, we're now working with Linklaters to introduce artificial intelligence (AI) to ISDA Create, unlocking powerful new efficiencies for those users that feel ready for it.

The first new feature is CiQ Extract, which allows agreements to be negotiated offline and then seamlessly re-uploaded and mapped back onto the platform. This is a big step forward because it supports those counterparties that might prefer to negotiate their contracts in the traditional way, while still enabling those documents, and the data within them, to be captured on ISDA Create. Using AI, we can bridge the gap between offline negotiations and digital continuity, mapping the extracted data back to the original digital template and maintaining a single repository for contract negotiations.

We're also introducing AI to summarize the lengthy comment chains that can appear as documents are negotiated on ISDA Create. Firms will be encouraged to review the output themselves, but the ability to have comments summarized by a machine opens the door to even greater speed and efficiency when using ISDA Create. We are demonstrating this feature outside at the ISDA Create booth, so please do take a look.

As we continue to unlock improvements in documentation, we're also collaborating with members to address bottlenecks in other industry processes. One such area is the physical delivery and receipt of critical notices, a key step in the process of terminating a counterparty relationship.

Under the ISDA Master Agreement, termination-related notices must be delivered by certain prescribed methods using the counterparty's address as listed in the agreement. This has long been problematic if a counterparty has moved offices without updating the address details in the documentation. But more recent issues emerged during the pandemic lockdowns, making it extremely difficult to deliver or receive notices because offices were closed.

This is a serious issue with economic consequences. Delays and uncertainty over the delivery of notices can lead to losses running to millions or even hundreds of millions of dollars.

The good news is that we're moving forward at pace with the development of the ISDA Notices Hub, an online platform that will enable the instantaneous delivery and receipt of notices from anywhere in the world. It will also maintain a golden source of updated address details for those counterparty relationships where physical delivery of notices will continue.

Last year, ISDA undertook an industry outreach exercise that showed strong support for this initiative from buy- and sell-side institutions globally. Use of the Notices Hub will be free for the buy side and we're also developing a protocol that will incorporate delivery of notices in this way as an acceptable option into existing agreements. This protocol will be free of charge to everyone. Like ISDA Create, the Notices Hub will be available on Counterparty Manager, which

means firms will be able to access a wide range of functionality, including the negotiation of documents and the delivery and receipt of notices. This creates a full ecosystem for client onboarding, documentation and integral data points.

Before finishing, I'll briefly bring you up to date on the review of ISDA's 1998 FX and Currency Option Definitions.

This project got underway last year in response to industry feedback on the need to update the definitions to reflect the nature of today's FX market. This is a market that trades around the clock and across the world, and it has grown from an average daily turnover of \$1.5 trillion in 1998 to \$7.5 trillion in 2022.

While the contractual terms applicable to FX derivatives have evolved with the addition of supplemental publications over the years, we found strong industry support for a review and consolidation of the definitions. In particular, there was widespread demand to revisit the provisions relating to disruption events and fallbacks to create greater certainty in the event of future geopolitical shocks. We're also taking a close look at other aspects of the definitions, including the treatment of unexpected holidays that may be announced after the forward price has been set.

The review of the FX definitions is now well advanced and we expect to complete the drafting later this year, with implementation targeted for the end of 2027.

I've talked in these remarks about three areas where ISDA is working with members to bring improvements to vital industry documents and processes. It's a set of issues that the pioneers of ISDA would never have imagined when they first convened in the 1980s. But I think they'd recognize the same spirit of collaboration and quest for mutualized solutions that drove the development of the very first ISDA documentation. The issues change, the challenges evolve, but the process endures.

In ISDA's 40th anniversary year, it's my great pleasure to welcome you to this flagship event. We have a great set of panels and presentations lined up, and I hope you find them engaging and insightful.

Thank you.