ISDA. Safe, Efficient Markets
Celebrating 40 Years

ISDA Athens Derivatives Forum
March 19, 2025

Opening Remarks
Scott O'Malia
ISDA Chief Executive Officer

Good morning, everyone – welcome to ISDA's first ever Athens Derivatives Forum. First, I'd like to thank the Hellenic Capital Market Commission (HCMC) for its invaluable support in making this inaugural event possible. I'd also like to thank our sponsor, the Hellenic Bank Association – we really appreciate your support.

The genesis of this event was a conversation with HCMC chair Vassiliki Lazarakou about a year ago. She suggested it would be a good time to hold an event on derivatives in Greece given the strong growth and development of the Greek economy, increased capital markets and financing activity, and the growing need for robust risk management tools.

I'm very pleased we've been able to act on her suggestion. I'm looking forward to hearing Ms. Lazarakou's remarks shortly, and I'd like to thank her for her support and encouragement in getting this event off the ground.

There's no doubt that Greece has come a long way since the sovereign debt crisis more than a decade ago. The country is now very much an EU success story, with GDP growth of 2.1% in 2024, outperforming the euro area average and making it one of the fastest growing economies in the EU. This is projected to continue, with the European Commission forecasting growth of 2.3% in 2025 and 2.2% in 2026.

Critically, the good economic fundamentals and continued fiscal reforms have meant Greece is now rated investment grade by Fitch Ratings, Moody's Ratings and S&P Global once again. In announcing its upgrade just last week, Moody's cited stronger public finances, a reduction in the debt burden and improved health of the banking sector as among the reasons for its decision.

This has had a knock-on impact on the country's capital market and participation by both domestic and international investors. In particular, Greece is once again seen as an attractive investment opportunity for overseas institutions, increasing the depth and liquidity of local financial markets.

This comes at a time when the EU is focused on competitiveness and strategic partnerships. There were two important reports released in 2024, before the formation of the new European Commission.

One report from former Italian prime minister Enrico Letta on the future of the EU single market highlighted three broad themes:

1. Accelerated integration of key sectors, including telecoms, energy and finance.
2. Investment in knowledge, including digital innovation and sustainability.
3. Regulatory simplification to encourage economic competitiveness.

The other, from another former Italian prime minister and former president of the European Central Bank, Mario Draghi, covered the future of European competitiveness and highlighted similar topics:

1. Annual investment of over €700 billion to support energy, defense and digitization to ensure EU greater self-sufficiency.
2. Improved industrial coordination to enable greater autonomy.
3. Regulatory reforms to help EU competitiveness internationally.
4. Advancement in skills to support the innovation economy.

These strategic plans will require massive coordination and long-term commitment. But they will also require hundreds of billions of euros in annual investment. The demands for funding have only become larger with geopolitical changes that are prompting a rethink of Europe's defense strategy.

European capital markets, including those in Greece, will play a critical part in supporting and enabling the massive investment needed by governments and the private sector, and derivatives will play an equally important role.

Derivatives are an essential component of any robust, vibrant and competitive economy, because they allow companies to transfer risk, manage liquidity needs and enhance returns. They help create certainty by enabling firms to lock in financing terms, reduce costs, dampen the impact of market volatility and enhance financial performance. This allows companies to plan confidently and make strategic investments, contributing to business expansion and economic growth.

Earlier this week, we published a new report to mark our 40th anniversary, which shows that 87% of nearly 1,200 companies across seven major stock indices use derivatives for a variety of purposes. That includes blue-chip multinational corporations, agricultural companies, asset managers, pension funds and banks.

This vast universe of companies all over the world use derivatives because they find them useful, and because they create value by enhancing predictability and protecting against losses.

To give a couple of examples, an academic study of almost 7,000 firms in 47 countries found that companies using derivatives had lower cashflow volatility, reduced financing costs, higher returns, and greater investment capacity.

Another study of over 14,000 companies by the Bank for International Settlements showed those using derivatives to manage interest rate risk on their debt faced smaller declines in equity value after rate hikes.

From manufacturers that use interest rate swaps to lock in predictable debt costs, to exporters that use derivatives to secure stable conversion rates when receiving overseas revenues, to energy producers and distributors that hedge oil, gas or electricity prices to help protect consumers against sudden price rises, derivatives play a critical role in creating certainty and stability, which gives companies the confidence to borrow, invest and hire.

ISDA has played a key role in derivatives markets since our inception 40 years ago. A fundamental part of our mission has been to develop robust legal standards and documentation, starting with the publication of the ISDA Master Agreement, which sets out the terms for a derivatives trading relationship and allows two counterparties to net their various obligations into a single payment in the event of a default.

This has continued to be a priority for ISDA, and our suite of standard industry documents and best practices now runs into the hundreds – with one of the most recent additions being the ISDA Global Financial Power Purchase Agreement Confirmation Template.

Consistent with the Letta and Draghi reports is the underlying theme of improving EU competitiveness and cost-efficiency. When it comes to addressing efficiency in derivatives markets, ISDA has a plan. For years, we have been working to develop mutualized industry solutions to solve common industry challenges.

This includes the ISDA Standard Initial Margin Model (ISDA SIMM), which provides a common methodology for the calculation of regulatory initial margin requirements, cutting costs for market participants and mitigating the potential for disputes. The ISDA SIMM is widely used around the world to support the efficient exchange of initial margin and has strong support from the official sector.

Another example is the ISDA Digital Regulatory Reporting initiative, which uses the open-source Common Domain Model to transform an industry-agreed interpretation of new or amended regulatory reporting rules into unambiguous, machine-executable code. This makes implementation of reporting requirements more efficient and cost effective and reduces the potential for regulatory penalties for misreported data.

Our newest solution is the ISDA Notices Hub, which enables the instant delivery and receipt of critical termination notices through an online platform, reducing the risk and potential losses associated with a delay in terminating a derivatives trade. We'll be rolling out this solution in June, so please do look out for that.

ISDA is a global association with over 1,000 member firms from 76 countries, and our focus is to foster safe, efficient derivatives markets around the world. Several of the large Greek banks are already members, so if you're interested in learning more about the benefits of membership, please do reach out to me or one of my colleagues or visit the ISDA website.

In my remarks, I've briefly sketched out the positive outlook for the Greek economy and outlined the vital role that derivatives play in fostering healthy, competitive and liquid financial markets. Our event today will provide important insights on key issues affecting the Greek derivatives market, including how Greek companies leverage derivatives for competitiveness, the evolving power trading market and the development of voluntary carbon trading. We'll also run an educational session on best practices and key aspects of core ISDA documentation and their benefits. I'm looking forward to hearing the panels and presentations, as well as taking the opportunity to speak with all of you over the course of the day.

Thank you.