2026 SIFMA Operations Conference & Exhibition

Perspectives & Key Themes from Operations Professionals

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The 2026 SIFMA Operations Conference & Exhibition highlighted an industry confronting one of the most significant periods of technological and operational change in modern financial markets. Across discussions on tokenization, 23/5 trading, treasury clearing, and market infrastructure modernization, a consistent message emerged: Financial institutions must rethink how the operations function adapts to an environment increasingly shaped by artificial intelligence, real-time information flows and rising client expectations.

Three key takeaways from the conference include:

AI adoption is rapidly shifting from experimentation to enterprise-wide operational integration. As financial systems become increasingly data-driven and digitally connected, firms will need to balance the productivity gains from innovation while still maintaining strong human oversight to manage explainability, operational risk, and regulatory accountability. AI should not be deployed through fragmented point solutions layered onto legacy infrastructure but instead should be implemented through integrated enterprise-wide operating models.

Regulatory frameworks are evolving. Amid changes to how assets are issued, traded, custodied and settled, firms will need to prepare for hybrid infrastructure models in which conventional systems coexist with tokenized assets, blockchain-based settlement rails, and digitally native workflows. Firms that are able to engage with regulators proactively and implement strong governance and controls into existing operational frameworks will be those best positioned as regulatory standards continue to mature.

Resilience will be key. Panelists emphasized that “always-on” markets and the move to T+1 Treasury and repo clearing are compressing response and recovery timeframes, forcing organizations to ensure resilience as well as fraud prevention is built into operational processes. Activities such as active monitoring, implementation of automated controls, recovery sequencing, and repeated testing were offered as examples of best practices that can help organizations become resilient by design.

Operations Conference 2026 Debriefing

Traditional workflows repeat. AI native workflows learn.

A central conference theme was the extent to which artificial intelligence ("AI") is reshaping how financial firms operate, from governing workflows to processing information, supervising risk, and engaging with clients.

Andrés Choussy, President, Capital Markets of FIS, highlighted that beyond the efficiency increases and process automation capabilities of AI, "AI is forcing us to rethink our entire business model, exit non-competitive products and really understand the source of value that is being delivered to our end clients…with… AI [set to] weed out products and businesses that do not have a true competitive advantage." DTCC CEO **Frank La Salla** echoed similar sentiments when he described AI as one of the most important long-term transformational forces facing financial market infrastructure, while repeatedly emphasizing that governance, trust, and operational integration must develop alongside adoption.

Across the sessions, AI was repeatedly described not simply as a productivity enabler, but as a new orchestration layer capable of coordinating workflows, integrating fragmented systems, surfacing operational risk, and enabling adaptive decision-making. BetaNXT CEO **Bob Santella** warned that much of the industry is still attempting to layer AI onto fragmented legacy systems rather than redesign workflows around systems that continuously learn and adapt, which he suggested risks creating additional operational complexity instead of meaningful transformation.

Even so, the race to accelerate innovation while maintaining a focus on governance is not without tension. From hallucinations, overreliance on AI-generated outputs, and the tendency for users to place excessive confidence in probabilistic systems, the race to operationalize AI at scale may also introduce new forms of systemic risk if firms fail to maintain appropriate human oversight and control frameworks. Broadridge CEO **Tim Gokey** summarized this challenge succinctly: "Not moving fast enough puts your franchise at risk, but moving too fast puts your franchise at more risk."

In a similar vein, Stifel CEO **Ron Kruszewski** emphasized the double-edged sword of AI, highlighting the challenges of complying with regulation that hasn't kept pace with technology. Pointing toward myriad processes—from client onboarding, reconciliation, to exception handling and trade allocation processes—Kruszewski noted that there's no review process for decisions that an agent makes autonomously—potentially an issue for adherence to FINRA Rule 3110, which requires supervisory oversight by member firms to ensure security law and regulatory compliance. He suggested that winning firms will be those with humans who implement AI responsibly and with accountability, with operations helmed by people who understand risk and adapt to a changing landscape.

Tokenization has the potential to fundamentally reshape market structure.

After AI, perhaps no other topic was discussed as in depth as the future of tokenization. Tokenization is now part of a growing foundational infrastructure capable of reducing friction and enabling more efficient movement of assets and capital across markets, improved capital efficiency and greater collateral mobility.

Tokenization resolves the structural limitations of global financial markets that operate on disparate timelines, particularly when trading environments run continuously but clearing pipelines do not. With geopolitical and global economic risks that operate 24/7, financial institutions historically have been unable to margin or collateralize clients over the weekend—an issue that would be resolved with around-the-clock asset movement. Moreover,

tokenization serves as a powerful proliferation mechanism to capture far-reaching pockets of global demand, regardless of where an investor is domiciled. Moving assets on-chain can also further distribute certain asset pricing information because the underlying infrastructure makes data accessible to everyone. **Arush Shegal**, Head of Crypto at Alpaca, explained that, in crypto, " oracles are publishing the price every block for free, for everybody."

Conference speakers consistently stressed that successful adoption will depend on standardized interoperability frameworks, strong governance, and the ability to integrate digital asset capabilities into existing operational frameworks rather than replacing them outright.

Despite its acceleration, several foundational hurdles currently prevent tokenization from scaling efficiently. On the technological front, many current blockchains lack the throughput to support institutional transaction volumes and fail to provide the identity management and privacy controls required by regulated entities. Operationally, asset servicing faces a major friction point regarding the "cash leg" of transactions; without fully integrated on-chain cash and interoperability among tokenized deposits, deposit tokens and stablecoins, distributions and client funding remains disrupted by off-ramps to traditional cash; moreover, because stablecoins aren't settled on a central bank's ledger, payments are not unconditionally guaranteed to be at par with fiat currency. In addition, moving assets on-chain introduces systemic risks, such as the potential for investors to bypass regulatory margin limits (like Reg T) by moving tokenized collateral off-brokerage to borrow from external lenders.

Another complication is the risk of fragmentation: Centralized frameworks remain highly fractured, leaving the U.S. "probably two or three years behind most major G10 markets," according to Jonathan Jachym, Global Head of Policy & Market Structure at Kraken. **Michael Winnike**, Managing Director, Clearing & Securities Services Strategy and Market Solutions at DTCC warned that "if we have… regulatory regression and fragmentation as you're moving across jurisdictions, it significantly undercuts the value proposition." Additionally, Mysten Labs' Managing Director-Global Head of Capital Markets, **Mustafa Al Niama** noted that current blockchain protocols are, in some cases, incapable of handling institutional volume or maintaining confidentiality, noting that "Settlement integrity at scale is still missing. A lot of the blockchains that you see out there today, they can't handle volumes... [or] identity and privacy [protections] that actually meets the institutional bar."

Echoing many of the benefits (and some of the challenges) SEC Commissioner **Hester Peirce** provided a regulator's view on a financial landscape undergoing significant structural change, with particular emphasis on digital assets and market modernization more broadly. Acknowledging that prior regulatory efforts often relied too heavily on enforcement rather than clear guidance, Peirce highlighted efforts to create clearer regulatory distinctions around when digital assets constitute securities and how existing securities laws should apply to blockchain-based systems.

Peirce also noted the challenge of integrating tokenized securities into existing market structure without fragmenting liquidity or undermining market stability. She recognized the operational and legal complexity surrounding the transition from conventional infrastructure to blockchain-enabled infrastructure and described the current moment as an "interim period" where regulators and market participants alike are determining "how do we get…[to a place] where more assets are tokenized."

The discussion repeatedly returned to the concept of "innovation exemptions," which Peirce framed as a mechanism for allowing firms to experiment with tokenized trading systems and blockchain-based infrastructure under controlled regulatory conditions. More broadly, crypto and tokenization are forcing regulators to rethink foundational concepts. She suggested that many longstanding regulatory definitions may no longer map neatly onto systems where software

automates functions historically performed by regulated intermediaries but was quick to add that she does not markets becoming entirely disintermediated. Like others, she envisions a future with a hybrid system where traditional intermediaries continue to exist while increasingly relying on blockchain-based infrastructure and automated software systems operating behind the scenes.

Listening and engaging with regulatorsis something you must do every day.

Regulators and financial firms are simultaneously confronting one of the most complex periods of operational and market structure change in recent time, with modernization efforts not only focused on evolving market products and platforms, but also cybersecurity and fraud prevention.

Susan Axelrod, Merrill & The Private Bank CRO and Compliance and Operational Risk, Business Electronic Communications, Bank of America, cautioned that firms are now operating in “a pinnacle moment” where AI, cyber threats, prediction markets, 24-hour trading, and private credit are all converging simultaneously. Reiterating a similar theme, **Bryan Smith**, Senior Vice President, Complex Investigations and Intelligence (CII), FINRA, repeatedly emphasized that cyber threats and fraud are becoming continuous operational risks necessitating coordinated industry-wide responses. Describing the increasingly sophisticated threat environment, Smith warned that adversaries are “taking advantage of a 24/7 attack landscape” and that firms are effectively operating on the “front lines and sometimes the last lines of defense.”

Much of the discussion focused on how AI is simultaneously strengthening firms’ ability to identify fraud while also enabling more sophisticated attacks, including synthetic identities, voice cloning, deep fakes, and account takeovers. **Jason Habermeyer**, Associate General Counsel, Edward Jones noted bluntly that “we simply can’t trust voice anymore,” highlighting the growing complexity firms face in authenticating client activity. Panelists repeatedly emphasized that fraud prevention increasingly depends on real-time information sharing, adaptive controls, stronger data governance, and closer coordination between regulators and firms.

Habermeyer observed that tokenization may “reduce operational costs as blockchain technology increases efficiencies,” but warned that it also creates risks around “confusion of shareholder rights, fragmentation of markets, and erosion of AML and anti-fraud safeguards.” Similarly, prediction markets were described as raising unresolved questions involving codes of ethics, employee supervision, insider trading, and suitability obligations. Throughout the panel, speakers repeatedly returned to the idea that modernization requires far more than simply updating rules. Axelrod summarized this challenge particularly well when she noted that firms can no longer engage regulators only periodically because “listening and engaging with regulators…is not something you do twice a year anymore. It’s something you have to do every day.”

As institutions attempt to integrate new requirements across fragmented global infrastructure, **Justin Pica**, Assistant Director, Division of Trading and Markets at the SEC, acknowledged the operational burden modernization places on firms: The SEC wants feedback from firms because “we want relief to be broadly applicable.”

Operations become a strategic intelligence layer.

As capital markets transition toward AI enablement and tokenization, regulators are not the only ones being challenged to consider what these changes mean for markets. Firms are being forced to rethink the operations function. Instead of being viewed as support for the reconciliation, exception management, and trade allocation processes, operations are now a "strategic intelligence layer" that connects workflows and data architecture across counterparties, regulators, and clients.

Traditional operational models built around batch processing, overnight recovery windows, and fragmented systems are rapidly becoming irrelevant in an environment that is moving to 23/5 trading. Increasingly, operational professionals will supervise intelligent systems rather than individuals, particularly as client expectations weigh on infrastructure design. As investor expectations for transparency, personalized communication, and frictionless "always-on" digital experiences grow, firms can no longer meet these expectations through traditional "people models" alone.

As FNZ's **Matthew Ferman** stated, there's still a sharp gap between legacy systems and clients' demands for "real time, clear, consistent, explainable outcomes" and warned that fragmented workflows, manual handoffs, and delayed processing will directly undermine client trust and personalization. At the same time, the rise of extended trading hours is fundamentally changing how firms operate.

While the industry has coalesced around the 23/5 model, standardizing the trading day from Sunday 9PM EST to Friday 8PM EST excluding holidays (inclusive of a one hour pause from 8-9PM EST for a systems reset and corporate actions processing),[1] the overnight recovery windows that firms have historically relied upon to reconcile trades, repair operational issues, and restore systems following disruptions will be eliminated. Panel participants acknowledged that supporting 23/5 trading will require far more than extending trading desk hours, noting that coordinated modernization across liquidity management, post-trade infrastructure, and real-time risk oversight will be key.

Data is no longer an IT issue — it is core market infrastructure.

Nearly every panel returned in some way to the idea that modernized data architecture now underpins virtually every strategic priority facing financial firms. Speakers repeatedly emphasized that fragmented and poorly governed data environments remain one of the industry's largest structural constraints.

During a panel on AI and emerging technologies in wealth, **Gloria Lio** of DTCC stressed that data must be discoverable, modeled, cleansed, and trusted before firms can scale AI responsibly across the enterprise. Importantly, conference conversations consistently framed data as far more than a technology concern. **Shawn**

[1] DTCC will have clearing and settlement up and running by late June, and the SIPs have set a December 6th, 2026 go-live date. (FINRA has indicated the TRFs will align with the SIPs' operating hours.) 24X, Nasdaq and NYSE have been approved to operate overnight (with one additional exchange requesting SEC overnight approval) and are expected to be ready to operate on December 6th as well.

Quant of Piper Sandler noted that firms unable to modernize their data infrastructure will struggle to support the flexibility, transparency, and personalization clients increasingly expect.

Data governance also emerged as a hurdle for firms attempting to scale AI, automation, and digital infrastructure across increasingly interconnected operating environments. Multiple speakers emphasized that fragmented legacy systems, inconsistent data models, and disconnected workflows will limit firms' ability to deploy AI effectively at enterprise scale.

Distributed intelligence with the "Octopus Organization"

Throughout the conference, speakers repeatedly emphasized that firms can no longer rely on incremental modernization strategies or isolated pilot programs. Instead, organizations are increasingly being forced to redesign workflows, governance structures, operational architecture, and market infrastructure simultaneously.
Such modernization must not occur within isolated business silos, participants agreed. This message was underpinned by business futurist, Jonathan Brill. Brill described AI not as a narrow automation tool, but as a force capable of fundamentally reshaping how organizations innovate and coordinate decision-making. He argued that over the next several years, firms will increasingly move toward "humans and machines working together," with AI augmenting executive judgment and enabling more advanced scenario analysis and operational simulation.

A recurring theme in Brill's presentation was the growing tension between traditional command-and-control organizational structures and the need for more adaptive, decentralized operating models. Drawing on his concept of the "Octopus Organization," Brill argued that future organizations will increasingly need to push decision-making closer to the operational edge while maintaining centralized oversight and governance. This framework closely mirrored broader conference discussions around 23/5 trading and the need for real-time infrastructure, highlighting the challenges of managing increasingly continuous and interconnected financial systems.

Brill also emphasized that successful transformation will depend as much on culture and leadership as on technology investment itself. He warned that many large-scale digital transformation efforts fail because organizations approach modernization as a top-down technology initiative rather than enabling bottom-up innovation and operational experimentation. His remarks reinforced a broader conference consensus that firms will need to rethink not only infrastructure and workflows, but also governance models, talent development, operational incentives, and organizational adaptability in order to compete effectively in a more AI-enabled financial system.

Technology is going to define the behavior of the markets.

While Brill noted that AI-driven productivity gains will more than outweigh any negative impacts from reduced headcount, other panelists were less sure about the impact on markets, particularly in the near term. As other presenters noted, AI is having a profound impact on asset prices. "The technology is going to define the behavior of the markets," according to Andres Choussy, FIS.

Conference attendees had the opportunity to hear from Charles Schwab's Chief Investment Strategist, Schwab Center for Financial Research, **Liz Ann Sonders**, who argued that market leadership had become increasingly concentrated around AI-related mega-cap technology firms. Despite the fact that "it's still all about AI," she described a market environment increasingly beyond just semiconductors and hyperscalers.

Sonders described AI adoption through a “Three Cs” framework: 1) The “Create Phase,” which represents the emergence of large language models and hyperscalers 2) The “Catalyze Phase,” or the infrastructure-buildout phase involving data centers, power generation, cooling systems, and broader capital spending and 3) The “Cascade Phase” (the phase we stand in today), where AI spreads through the wider economy, leading to productivity improvements, margin enhancement, operational efficiencies and disruption.

Sonders was notably more optimistic than others with regard to labor market disruption. She acknowledged that AI would be “incredibly disruptive,” but argued that “AI is more of a replacement of tasks than it is a replacement of full occupations” and framed her argument within the concept of “creative destruction,” suggesting that some jobs and workflows would disappear, but entirely new industries and opportunities would emerge, as in prior technological revolutions.

Her comments stood in contrast to those from Stifel Chief Economist **Lindsey Piegza.** Piegza framed AI primarily through the lens of labor displacement, noting that while “AI is no doubt driving productivity higher,” she warned that this shift could have profound labor market consequences, citing estimates that AI could lead to “a displacement of about nine million workers this year alone” and potentially automate “80% of tasks currently performed by humans by the year 2050.” Importantly, she argued that this technological cycle may differ from prior periods of automation because “this time around we’re talking about potentially permanently displacing the human component in the output or in the production equation,” concluding, “I am very concerned about the displacement factor that this is going to have.”

BMO Chief U.S. Economist, **Scott Anderson** similarly acknowledged the powerful economic potential of AI-driven productivity gains, although rather than expressing caution over AI’s impact on labor markets, he warned that much of the market’s optimism around AI may already be reflected in asset prices, cautioning that we need “this best case scenario outcome or we’re going to see a correction.” Referencing elevated valuations and historical financial bubbles, Anderson suggested that enthusiasm surrounding AI could contribute to future market instability if growth expectations fail to materialize at the pace investors currently anticipate.

He cautioned that “a lot of this good news on AI is already baked into the market,” particularly at current pricing levels. Referencing Robert Shiller’s cyclically adjusted P/E ratio, Anderson noted that the S&P 500 was trading near levels last seen during the dot-com bubble, observing that we’re currently “at around 41 on a CAPE ratio for the S&P,” compared to a historical average closer to 17.7 and 44 during the peak of the technology bubble. He warned that markets were therefore “definitely on the tail of the distributions,” suggesting that “you can certainly see a 20, 30, 40% decline without even really breaking a sweat on that sort of a metric.”

Anderson also tied these concerns to broader financial stability risks, pointing to “elevated valuations in equity markets, corporate bond market, housing market,” as well as leverage within hedge funds and other parts of the financial system that “could blow up in our faces if we get an unexpected surprise or shock.”

As with Anderson’s warning on stretched valuations, Sonders tied the AI-driven market leadership story to concentration dynamics and increasingly speculative market behavior. She argued that a narrow group of AI-related industries are driving earnings growth, capital spending, and investor attention. At the same time, she warned that rapid-fire algorithmic trading, social media-driven narratives, and AI-enabled quant flows were contributing to heightened “short termism,” “rotation and churn that’s happening under the surface,” and a market environment that

at times appeared “casino-like.” Importantly, she suggested that beneath strong index performance, the market was becoming increasingly narrow and dependent on a relatively small set of AI-linked beneficiaries.

While the S&P 500 was trading near all-time highs, Sonders said less than 10% of the stocks within the S&P are trading at 52-week highs, and less than 15% were even trading at four-week highs. She contrasted the relatively modest drawdown at the index level with much larger declines across individual stocks, observing that although the S&P 500 itself avoided a formal correction, the average member within the S&P had experienced a 20% drawdown, while the average member within the NASDAQ has had a 35% drawdown.

Ultimately, the conference framed the current moment not simply as a technology transition, but as a broader institutional transformation requiring firms to rethink how markets, operations, governance, and client engagement function together. While speakers acknowledged the risks associated with increasingly interconnected systems, the broader consensus remained constructive. Participants repeatedly emphasized that while the embrace of AI, tokenization, and real-time infrastructure will not be seamless, these developments will lay the groundwork for a more adaptive, productive, and digitally integrated financial system. As markets become more automated and increasingly data-driven, operational infrastructure will become a core source of competitive advantage. Firms capable of balancing innovation with resiliency, interoperability, governance, and trust will be the likely beneficiaries of the next era of financial market evolution.

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