



THE NEW INITIATIVES WORKING GROUP (NIWG)

**AUTOMATING REGULATORY CHANGE
THE ART OF THE POSSIBLE**

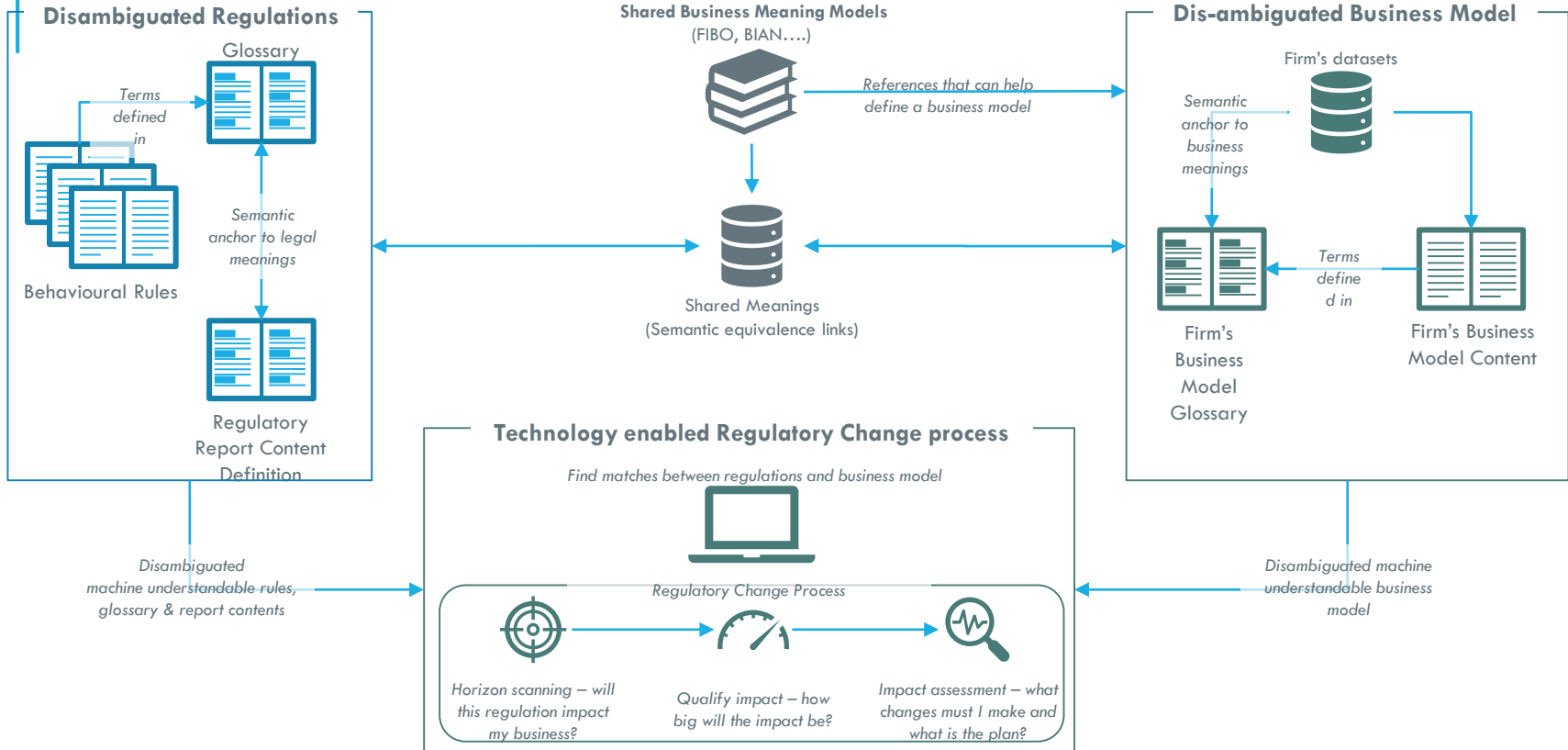


INTRODUCTION

The New Initiatives Working Group

- A working group of the RegTech Council focused on how new regulations can be drafted by regulators and then interpreted and implemented by financial firms
- Its members are representatives from regulators, financial firms, fintechs, consultancies and academia
- It published its first paper in March 2018 – ‘A new paradigm for regulatory change’
- In 2018 the NIWG agreed a new phase of work to seek to build a demonstration of the art of the possible that would explore how regulatory change could best be given automated support
- The project delivered:
 - a demonstration of the art of the possible
 - a whitepaper on the details of the work including a business case for implementing solutions
 - a definition of the changes or components needed to support automated regulatory change.

THE COMPONENTS OF AUTOMATED REGULATORY CHANGE



RE-LAUNCHING THE REGTECH COUNCIL

The RegTech Council was formed in May 2017

- It provides a safe-space where stakeholders in the regulation of financial services explore the 'art of the possible' for solving RegTech challenges.
- Its not for profit model is based upon other similar industry bodies such as the EDM Council
- It has over 200 members from academia, regulators, financial firms, technology companies and services providers.
- It has established a unique operating model where public/private stakeholders can think big about RegTech and foster collaborations to address both practical, immediate, challenges and much broader, longer term opportunities that can deliver a paradigm shift in how regulations are written, implemented and monitored.
- It has demonstrated the ability to innovate and collaborate on real work, delivering 3 papers and 2 proofs of concepts from cross industry teams that have taken their direction from the council but driven their own work.
- Its members now believe it has got to a point where it must develop to deliver much more, if its work is to have any material impact and benefit.

We are proposing a new mission, vision and model for the RegTech Council and are testing the level of interest and commitment, across the industry ahead of a public launch in 2020

THE REGTECH COUNCIL MISSION STATEMENT

To facilitate the digitisation of regulations across Financial Services

Industry Challenges:

- The volume, complexity and cost of regulation materially increased, for all participant, since the financial crisis of 2008. This trend will continue driven by:
 - The need to evolve existing regulations
 - Innovation in financial services
 - The fact that some firms are 'too big to fail'
 - External considerations such as data protection
 - Policy changes by governments.
- This has created a new domain for innovation, RegTech, with hundreds of new firms
- If these innovations are directed, shared and adopted all stakeholders will benefit including the customers of financial firms.

The RegTech Council will:

- Provide the forum where the active collaboration and engagement of all stakeholders will drive the direction, pace and adoption of new technologies for the benefit of all
- Be run as a not-for-profit organisation governed and directed by its members and operated by a small staff
- Initially be funded through membership fees but over time will grow into a self-funding organisation
- Use its resources to deliver and disseminate innovations, experience and knowledge capital back to stakeholders
- Be transparent in its work to stakeholders.

RegTech - the use of emerging technologies by both financial institutions and regulators to make the writing, communications, interpretation, implementation and monitoring of regulations both more effective and efficient

HOW WILL THE RTC DELIVER ON ITS MISSION?

How	Description	Output
Formal representation	A <u>safe space</u> where all participants in the financial services value chain can explore and define the challenges, priorities and innovations for RegTech	<ul style="list-style-type: none"> • Formal membership agreement • Committee governance
Work	A broad <u>portfolio</u> of work and working groups will explore, test and evaluate the application of new technologies to the <u>drafting, implementing, executing and monitoring</u> of regulations	<ul style="list-style-type: none"> • Exploring solutions to real business problems • Defining what 'good looks like' • Working with standards bodies
Collaboration	All work of the council will be done as <u>collaborative efforts</u> to bring together the experience and resources of the industry and to share the costs and expertise	<ul style="list-style-type: none"> • Networking • Best practices • Sharing costs
Open access	Work from the RegTech council will be <u>made available</u> to all	<ul style="list-style-type: none"> • Open access to information • License artefacts to solution providers
Communicating	Communications across a range of <u>practical, immediate</u> issues, through to identifying <u>new ideas</u> and opportunities	<ul style="list-style-type: none"> • Publishing • Sharing experience • Training/ education