

# RegTech Council

EMIR Refit DRR project overview

November 2019

# RRDS 19: EMIR Refit – DRR launch plan

**Date:** 26 November 16:00-17:30

**Host:** GAM London office – details to be provided upon confirmation

**Virtual protocol:** Dial in for out of towners

## Agenda:

- ▶ 16:00 Introductions
- ▶ 16:10 Using CDM in a firm for reg reporting
- ▶ 16:30 Project roles: regulated, regulator, RTC secretariat
- ▶ 16:45 Scope and phasing
- ▶ 17:00 Pricing, RTC launch status and thresholds for launch
- ▶ 17:15 Next steps
- ▶ 17:30 End

## EMIR Refit DRR project

Allow firms to produce high-quality EMIR Refit data at a lower price point for the industry, based on “digitising” Best Practices.

Through working with industry SMEs, the RegTech Council has identified the opportunity to build digital Best Practices artefacts as open-source software, under a collaborative project including regulators, financial firms, industry bodies and RegTech firms.

### Why are we doing this project:

- ▶ **Mutualise the interpretation, implementation and testing framework** at a fraction of the cost each firm currently spends
- ▶ **Decrease time to market and lower operational risk** thanks to an end-to-end testing framework providing test scenarios and machine executable reporting logic
- ▶ **Set quality expectations with regulators** by getting started with Trade Associations during the rules' consultation period
- ▶ **Freely licensable, technology-ready** but technology-agnostic output
- ▶ **Flexibility of adoption**, with components of the framework that can be adopted independently

### What the project will achieve:

By early Q2, firms will have **deployable artefacts and a working prototype** that prove the value and scalability of the approach. Firms will have the opportunity to participate in the follow-on scaling phase.

### Why participate:

**Project participants will set the agenda and shape artefacts** to demonstrate that EMIR standards are met. By being early positioned you will be able to directly deploy those artefacts in your EMIR Refit implementation and testing programmes.

INCREASING BENEFIT

ORDER OF DEVELOPMENT

Artefact	Benefit	Current	Value Est.
<b>Best Practices</b>	<ul style="list-style-type: none"> <li>✓ Mutualise cost of interpretation</li> <li>✓ Consolidated and version-controlled output = usable – e.g. can directly feed into firms' documentations</li> </ul>	<ul style="list-style-type: none"> <li>❖ Duplicate internal &amp; external spend on SME services</li> <li>❖ Disparate artefacts in non-digital formats</li> </ul>	<b>\$200K-500K</b>
<b>Test Scenarios</b>	<ul style="list-style-type: none"> <li>✓ Enable accurate implementations</li> <li>✓ Directly usable as part of firms' QAT / TDD processes</li> </ul>	<ul style="list-style-type: none"> <li>❖ No homogeneous testing framework across the industry</li> <li>❖ High risk of operational mistakes</li> </ul>	<b>\$1M-3M</b>
<b>Machine-Executable Rules</b>	<ul style="list-style-type: none"> <li>✓ Suppress need for firms' duplicate build</li> <li>✓ Full implementation traceability back to rule-book</li> </ul>	<ul style="list-style-type: none"> <li>❖ Each firm maintains non-differentiating tech stack</li> <li>❖ No ability to evidence compliance</li> </ul>	<b>\$5M-10M</b>



# RTC business model – balancing supply and demand

## RTC Governance Committee: Oversight and steering

- Oversee operation of secretariat
- Monitors the development and performance of the Council
- Manages the finances of the council



## The Reg Tech Council Plenary Forum: Vision and direction

- The public / private 'safe space'
- Directs collaborations and priorities to deliver the vision
- Helps mobilise resources, including non-council members
- Assesses the quality and value of work for the industry
- Drives communication and engagement across the financial firms

## Proactive outreach, adoption and evaluation

- Engage with whole industry
- Web and social media presence
- Events / conferences / training / CPD credits
- Measure communication and adoption / survey the industry
- Use feedback to assess performance of council



- Metrics
- Feedback

- Problem statements
- Results & qualification



Paid-for secretariat supporting all activities



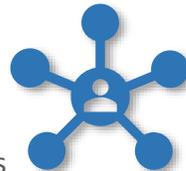
## Valued collaboration: tangible output

- Clear terms of reference agreed by council
- Funded by participants (cash and resources)
- Results qualified by council
- Outputs are assets for the council, open source
- Other firms can augment outputs to add more value

## EMIR DRR project

- Package & curate assets
- Drive communication

- Environments, data and resources to support collaborations



## RegTech test environment: reusable assets

- Reusable technology to support collaborations
- Reusable data sets to support tests and validate results
- Resources to maintain environment and support collaborations

Members will set the agenda starting in Q419

## RTC governance council:

- Membership includes
  - Chairman (paid)
  - Secretariat, including treasury (paid) Non-voting
- Elected members from plenary members will include:
  - Regulators - 3
  - Financial firms – 4 covering banks, asset managers, insurance and pensions
  - RegTech Firms – 3
  - Professional Services – 2
- Members will be elected from the plenary forum
- Accountable for the direction, oversight and financial management of the council, including appointing the secretariat
- Three general meetings each year
- Minutes of meetings published to plenary forum and update provided at each meeting.
- Extra-ordinary meetings can be called if needed

## RTC plenary forum:

- No limit on membership
- Chairman and secretariat attend and lead meetings
- Includes representation from all sectors
- Responsible for project identification and, pending approval from governance council initiates and monitors progress
- ‘Chatham House’ rules apply to discussions
- Agenda for the meeting prepared by secretariat
- Workstreams submit papers and provide updates
- Members of forum can be used for support, reference and peer reviews
- Forum reviews and qualifies output of workstreams as ‘product of the council’
- Actions and decisions published
- Three general meetings a year
- Sub-committees can be created by agreement of the forum

## Workstream governance:

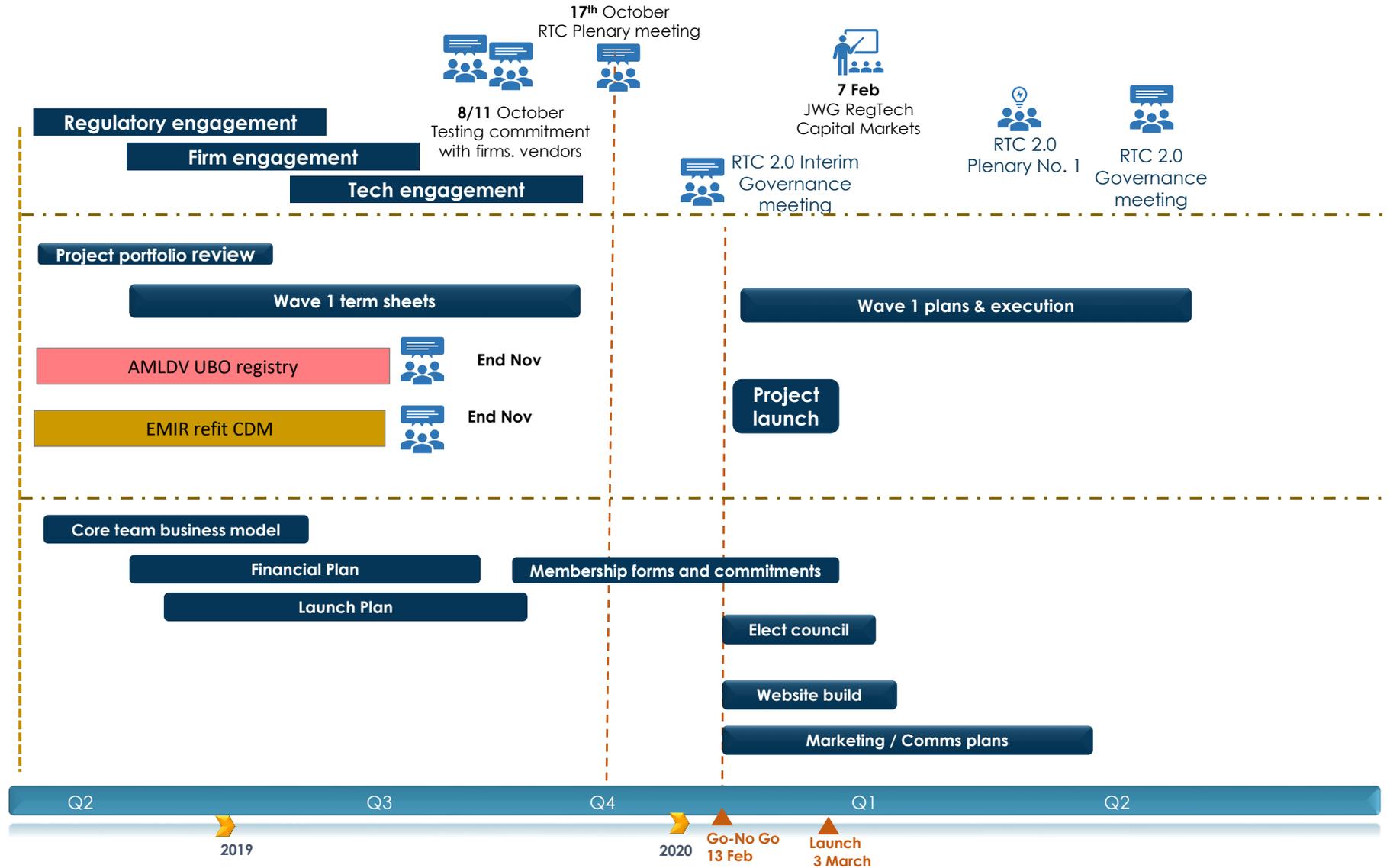
- Each workstream is self-managed but oversight from plenary forum
- Each workstream to have a lead and core members
- Additional members can be included, at anytime, at the discretion of the core members
- The definition of outputs or products of the workstream are decided by the members, but minimum requirements set by the council to ensure the value of the work supports the overall direction and development of the council
- Each workstream provides an update at plenary forum meetings
- Minimum of three plenary members needed to initiate and sustain a workstream

**Membership terms to be approved in the detailed agreement by 17 January**

	Annual RTC plenary membership	Annual Associate membership
<b>Summary</b>	Sets work priorities, reviews and qualifies output of workstreams	In order to participate in the projects and access more detailed information than is made available publically, there is a nominal fee
<b>Value</b>	<ul style="list-style-type: none"> <li>• Ability to shape priorities</li> <li>• Ability to participate in projects at individual or firm level</li> <li>• Share cost of projects with others</li> <li>• Access to all RTC work</li> <li>• Networking</li> </ul>	<ul style="list-style-type: none"> <li>• Access to work of RTC</li> </ul>
<b>Large</b> 1,000 employees +	£25,000	An annual 'readership fee' that provides access to the website and resources of the RegTech Council. This would include summary papers, detailed papers and other work £1,500 for corporate access £200 for individual access
<b>Medium</b> 250-999 employees	£10,000	
<b>Small</b> Less than 250 employees	£2,500	

**Regulators and academics will not be asked to pay any fees, but will contribute value through their active participation and review of papers developed by the Council**

# Mobilization plan - revised



# Key dates and next steps

- ✓ **9 October** – Firm only project ‘Citadel’ meeting @ Citigroup London
- ✓ **10 October** – JWG EMIR Refit Scope of work and path forward @ Standard Chartered
- ✓ **11 October** - Vendor Vision, Mission & plan input @ FCA
- ✓ **17 October** – Final RTC 1.0 plenary @ FCA
- ✓ **1 November** – RTC Core team weekly meeting kick-off
- ▶ **26 November** – EMIR Refit DRR SoW – managed by JWG
- ▶ **28 November** – Citadel + other AML – managed by JWG
- ▶ **November/ December** – expressions of intent and membership applications
- ▶ **13 January** – deadline for membership commitment
- ▶ **7 February** – JWG RegTech conference
- ▶ **13 February** – go/no go
- ▶ **3rd March** – 2020 launch

# Thank you

