

RegTech Beacon

Guiding your way through global regulatory storms

2023 Yearbook



Issue 29

REG TECH

JWGW
Global regulatory intelligence through collaboration



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JWG Overview

In the wake of the pandemic, FinTech and digital assets have become real, the next big round of post-crisis derivatives reforms is in here, trading rules are being rewritten and the regulatory framework has been extended to include 'how' operations are conducted.

Large firms are creating common, DLT-enabled models of their compliance obligations to power model-driven controls. It has also upped the ante for regulators to realign their innovation programmes with the fast-moving requirements of global rule book rewrites.

In effect, both public and private sectors are finding a path through the jungle of compliance to safe code. It is no easy task as the code will not maintain itself and to be fit for purpose it must be governed properly. The public/private structures in place today will require new ways of working.

Compliance is now operating in a less siloed world, with more fragmented and interconnected rules. Checking rulesets is now a part of the fabric of an institution as rules have been written for culture, diversity, environmental and social issues.

As JWG enters its 17th year of providing a safe space for collaboration we see that now more than ever the 'Technology', 'Data' and 'Controls' tribes need to join forces with 'Risk and Compliance'.

In this yearbook we provide a recap of 2022 and our 2023 outlook on RegTech for Financial services:

- ▶ [2023 Hot take](#). As we lean in our second decade of RegTech we see front, middle and back office regulatory demands aligning to demand a more holistic risk framework
- ▶ [Community update](#). JWG's digital pivot has netted a bumper crop of industry awards as we have expanded the breadth and depth of our global RegDelta and RegRadar services and grown our global audience
- ▶ [Research plans](#). We will focus our 2023 plans on the interconnections and dependencies between global efforts to enhance market integrity and protection, improve systemic transparency and remediate digital non-financial risks which threaten its safety.

Consolidating this much change and providing the framework for safety is not easy but that is where we come in. Let us know if you need a connection to others in the community who are on this path!

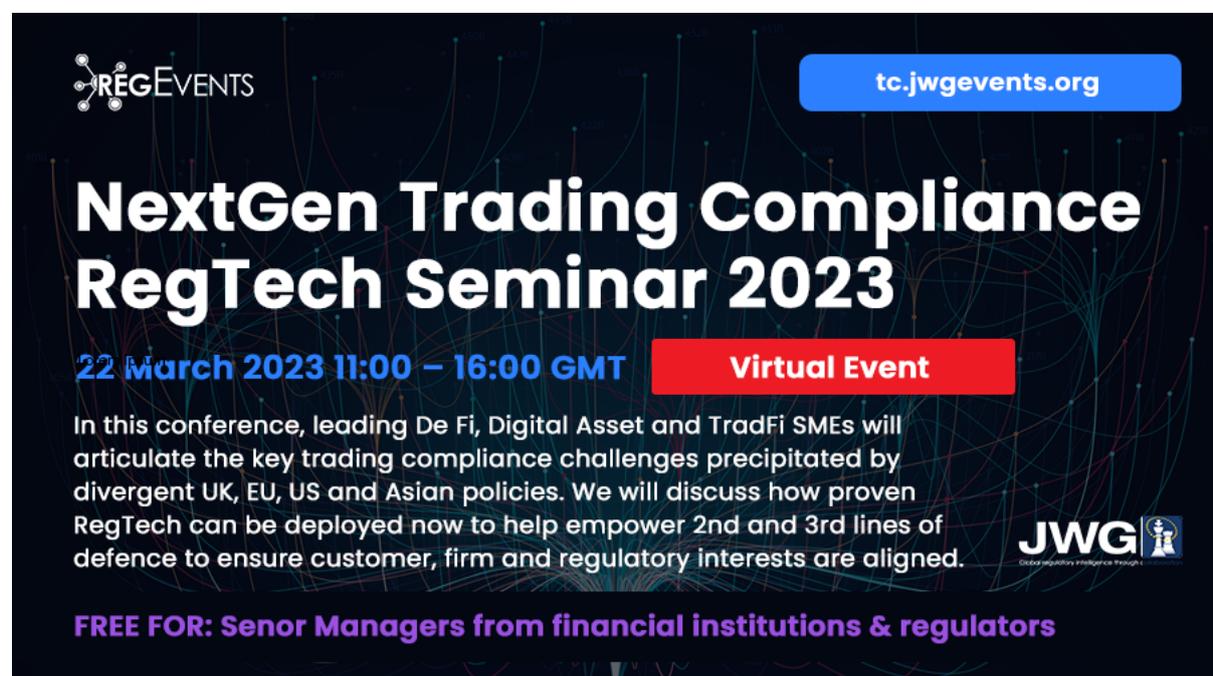
2023 RegTech Hot take

Our RegTech outlook is one of collaboration between the front office and its supporting tribes - Technology, Data, Risk and Compliance. New board-level demands require more integrated tooling, digital standards and better ways of working.

Market integrity and protection

We start the new year with open consultations on [trading rule changes](#) in the EU, US, UK and Asia. However, this is just a part of the regulatory book of work for 2023.

The trading floor is facing detailed a new wave of technical change as the industry strives to make much needed improvements in transparency, best execution, market abuse and AML/CFT detection.



REGEVENTS tc.jwgevents.org

NextGen Trading Compliance RegTech Seminar 2023

22 March 2023 11:00 – 16:00 GMT **Virtual Event**

In this conference, leading De Fi, Digital Asset and TradFi SMEs will articulate the key trading compliance challenges precipitated by divergent UK, EU, US and Asian policies. We will discuss how proven RegTech can be deployed now to help empower 2nd and 3rd lines of defence to ensure customer, firm and regulatory interests are aligned.

FREE FOR: Senior Managers from financial institutions & regulators

JWG Global regulatory intelligence through

Billions of dollars of [WhatsApp fines](#) pale in comparison to the potential impact of market structure changes that give the upper hand to data-hungry competition. [Changes](#) to volume caps, systematic internalisation (SI) regimes, the way data is priced, and the regulation of digital assets could create big winners and losers in the next 24 months.

As [digital asset regulation](#) comes into focus, we see public/ private opportunities to define what good looks like, but not much of a collaboration plan. [RegTech is key to stability](#) for these asset classes and it is our hope that cross-sector coordinating bodies can bring the many actors to the same table and change that in key jurisdictions this year.

Many interconnected policy choices in this space are tinkering with fundamental market principles like: retail investor access to wholesale

markets; 24/7 operations; custodial liability; and data valuation. Even small tweaks could have a large impact on markets like benchmarks, insurance and taxes.

“Unaligned regulation in the US, Europe and Asia is not helpful. The digital assets Code of Conduct needs to be global and like the FX Code of Conduct, it can be led by the industry.”

Stephane Malrait, Head of Market Structures and Innovation, Financial Markets, **ING**

“Over the next year, I wish the industry would develop appropriate infrastructure that allows for interoperability between systems. That will give us a centre of gravity to start working with to improve our systems and processes. Engagement is important, but we should always be engaging each other. What I want is infrastructure.”

Brian Yeoh, Head of Data Governance and Strategy, Financial Technology & Innovation, **ADGM**

Trading and Digital Asset RegTech 2023 **on-demand** [here](#) LinkedIn [here](#) RegTech Hub [here](#)

With [market abuse](#) and [AML/CFT](#) expectations expanding to address digital assets and new channels, more integrated ‘compliance by design’ is a key business theme this year.

We have risk taxonomies and standards on our list this year as we explore collaborative opportunities. For more on our Compliance RegTech agenda see [here](#).

“Using a common domain model for market surveillance should be explored as this could would create two things – the detailed risk taxonomy and the risk standards. it means that we are speaking the same language and getting the right data throughout the investigation system right up to the point of decision about submitting a suspicious transaction order report.”

John Graham, Director of Regulation, **FIA**

Upgrading market abuse 2023 **on-demand** [here](#) LinkedIn [here](#) RegTech Hub [here](#)

While the UK is finally moving forward with a second Economic Crime Plan, the industry continues to call for better common RegTech policy to deal with increasing restrictions on sharing data while at the same time enabling the banking system to harness the power of collaborative technologies like PET.

“In order to focus on what really matters in managing financial crime risk, the compliance framework needs to be moving away from data management into a risk management space. Anything that can help us reduce the time and cost of gathering, interrogating and sharing the data so we can spend time on the risk decisions about is of paramount importance.”

Peter Drake, Director, EMEA Head, AML Compliance Risk Management, **Citigroup**

Upgrading AML/CFT 2023 **on-demand** [here](#) LinkedIn [here](#) RegTech Hub [here](#)

Digital non-financial risk

As Forbes reported [here](#) in Q4 2022, the notion of a comprehensive risk management framework which crosses back-office silos is needed for this fast growing class of regulation on '[the how](#).'

In 2023 we picked up well over 10,000 documents detailing Operational Resilience, Cyber and new technology risks which we covered on in our [managing digital infrastructure risk](#) report.

A fundamental rethink of what good FS infrastructure looks like, who delivers it, where it is based and how to control the risks. Boards will be forced to ask many more difficult questions about their cloud providers, the use of AI by their applications and how safe the supply chain is from cyberattacks.

Despite technology being global, these rules are increasingly influenced by political drivers for ringfencing and '[digital sovereignty](#)'. Divergent approaches to AI, Cloud, PET will require individual risk 'tribes' to be joined-up.

New [accountability](#) regimes will be used to impose painful sanctions which could include losing the right to work in the industry and jailtime.

We look forward to collaborating with regulators, regulated and their suppliers on new practices, tooling and standards which help senior management sleep at night.

"The boards traditionally may have had a very high-level view. That's not necessarily what we want to see. We need people to understand what's going on. These are real issues that need real consideration. It might mean you need to even question your own governance structures and go, am I getting the right information? Just because someone says something or it's shown on a PowerPoint doesn't mean it's happening?"

Jonathan Hatch, Senior Advisor, Australian Securities & Investment Commission

Regulatory infrastructure controls **on-demand** [here](#) LinkedIn [here](#) RegTech Hub [here](#)

Regulators require businesses to demonstrate that their risk management and [control frameworks](#) are effective. To do this, non-financial risk management capabilities need to move to the digital age.

By this we mean employment of tooling which houses their intelligence and standards to benchmark their frameworks. Experts discussed the state of the art at our annual conference [here](#).

A culture shift away from analogue practices using Microsoft tools is required to work to a common library with quickly downloadable intelligence.

As we have seen through the implementation of RegDelta, it is critical to harness the intelligence of the enterprise in agreeing the audit trail between texts and policies.

Systemic transparency & financial risk

Since 2017 JWG has been out in front with leading firms and regulators on Digital Regulatory Reporting (DRR).

DRR music across the globe is upping pace as we learnt at our annual conference [here](#), Europe has thrown down the gauntlet to global regulators and opened the doors to true industry collaboration.

The big bet we took with Derivatives has resulted in firms asking their trade associations to help drive the programme forwards. While committees are great for governance, this leaves many questions unresolved.

"The overall objective here is of course to modernise and simplify ESAs' reporting and ensure that we have the reporting system that delivers the necessary data that authorities actually need to fulfil the supervisory obligation, while at the same time minimising the aggregate reporting burden on all parties."

Paulina Dejmek Hack, Director DG FISMA, **European Commission**

As we explain in our research [here](#), JWG's regulatory reporting Task Force concluded that the time for experimentation is over.

Business cases and plans for new collaborative models, standards, infrastructure and plumbing is required now. Ask us how we can help you chart a successful path through this complicated landscape.

"The current regulatory reporting systems will not scale to meet the needs of a digital, agile, data-driven economy in a cost-effective manner without public/private sector collaboration."

JWG, Digital Reporting Task force problem statement

Ask us if you would like more information on how RegDelta's approach beat out a top flight field for [Euromoney](#)'s Regulatory Solution provider of the year award for its audit trail for field-level interpretation.

Last year we also investigated how the dream of ESG transparency can avoid data quality nightmares. Experts at our [conference](#) argued for connecting public and private sector data sources via open metadata and data licensing frameworks.

"Impactful ESG data at scale has been too hard up until now...There's a real opportunity for exponential change if we get the wiring for data sharing right."

Gavin Starks, Founder, **Icebreaker One**

ESG Digitizing regulatory reporting **on-demand** [here](#) LinkedIn [here](#) RegTech Hub [here](#)

As regulators define templates and clarify data expectations, we see a massive opportunity reduce regulatory risk with RegTech tooling.



FINDOUT MORE
regdelta.jwg-it.eu/regradar-reports

Bespoke regular Radar Reports, based on real-time data from RegDelta helps you understand regulatory changes, impacted controls & overall control risks

THE PROBLEM

Email alerts from professional services firms offer broad brush overviews, but miss much of the important detail. **Business opportunities** are being missed and **risks** are introduced, resulting in **expensive remediation** programmes.

THE SOLUTION

JWG' **experienced regulatory analysts** work with your team to understand your business' regulatory heatmap derived from our **comprehensive, global taxonomy** of regulatory themes. Our team produces **bespoke radar reports** and takes you through the updates on a timetable to suit your needs. If you would like, we can take on **ad hoc analysis** between **scheduled reports**.

Our RegDelta radar analysts leveraged our NLP to analyse 242,626 pages from 12,917 regulatory documents to produce 31 bespoke client reports against 11 regulatory themes in 2022.

Why JWG?



JWG is uniquely positioned to offer bespoke regular Radar Reports, based on our global network, regular collaboration with the industry and real-time horizon scanning data.

No other service provider occupies this niche.

JWG 2022 Community update

JWG has been privileged to work with a truly global network of leading technologists as strategic partners to educate, inform and collaborate with the regulators, the regulated and those that serve them since 2006.

JWG Awards 2022/23

Together, we have helped the sector regain control of regulatory change by adopting a technology-enabled, standardised and collaborative approach.

Exhibit 1: JWG's 2023 global offerings and awards



Exhibit 1 shows how we take a data-driven approach to aligning the global regulatory agenda, collecting tens of thousands of daily updates, and creating actionable intelligence from them. Users of RegDelta and Radar reports can easily spot trends, know what they mean get ahead and be in position to win.

Armed with this insight, we offer a safe space for the community to understand interdependencies, shape future responses and action collaborative programmes.

JWG is thrilled to announce that it has received multiple awards for [RegDelta](#), which provides the broadest regulatory intelligence with the deepest enrichment, but also for the JWG website which showcases the latest RegTech analysis, products and events, allowing users to create a [bespoke library](#) of intelligence.

We are truly honoured to have received recognition from top publications like Euromoney and cfi.co for nearly two decades of work being educators, informers and enablers, promoting both collaboration and regulatory understanding for the global financial services community.

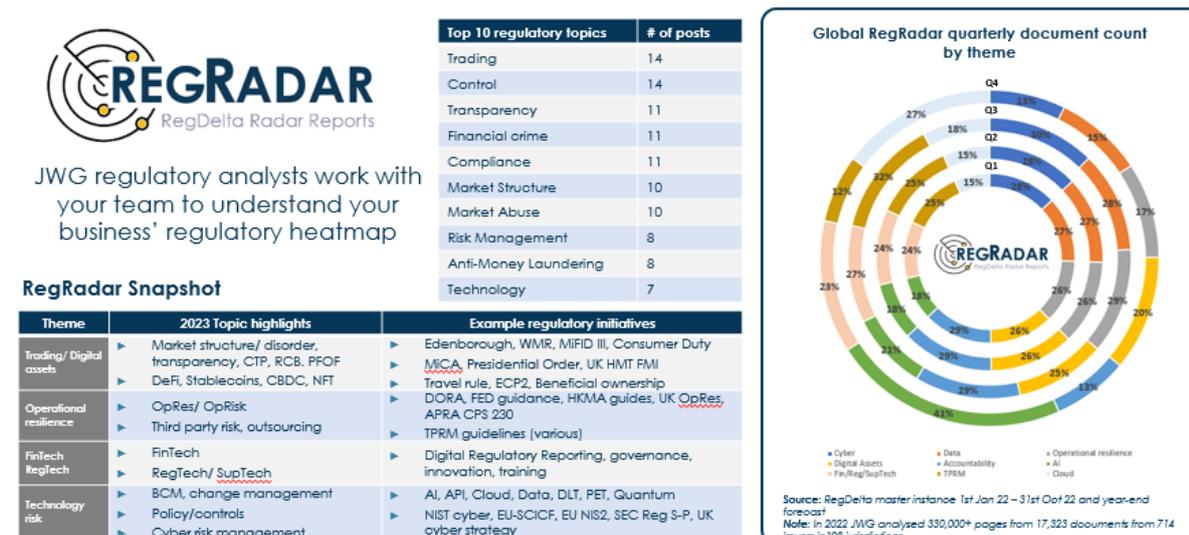
See 'JWG scoops 5 industry awards for 2022/23' [here](#) for more information.

RegDelta and Radar coverage

Our radar analysts leveraged RegDelta's NLP to analyse 242,626 pages from 12,917 regulatory documents to produce 31 bespoke client reports against 11 regulatory themes in 2022. The list of hot themes is illustrated in Exhibit 2 below

Our clients do not run the risk of missing important documents as we use NLP to determine relevance from millions of alerts using a deep, proprietary model for FS obligations as global policy develops.

Exhibit 2: JWG's RegRadar overview



This highly skilled human element takes the best from the automated model and enhances its accuracy. The result – a fast, more efficient, and reliable service which delivers high quality at a budget-friendly cost.

JWG's Digital Footprint

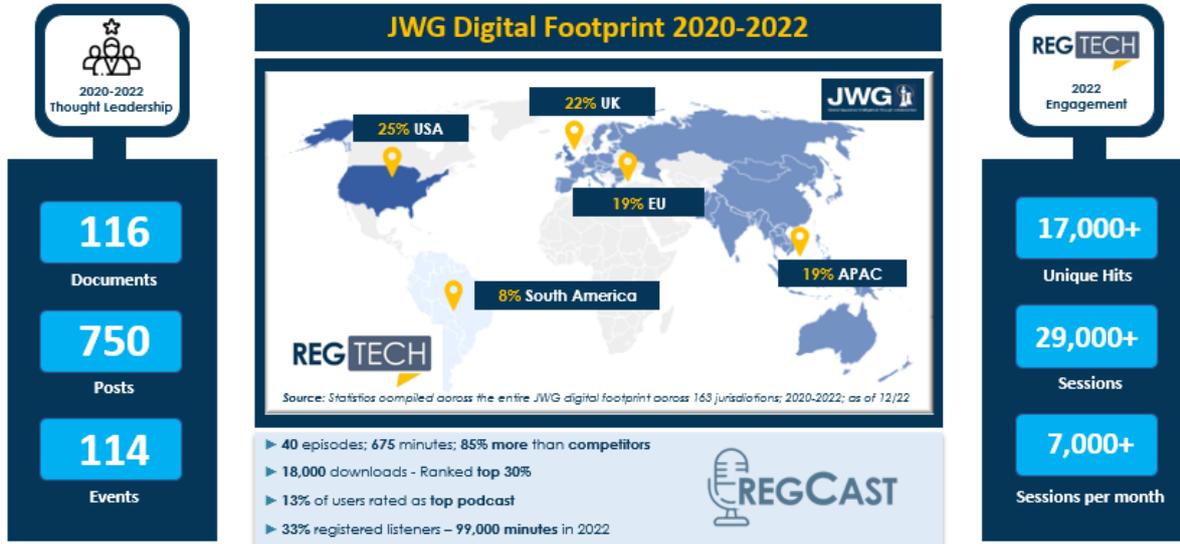
JWG's fully digitalized platform enables our Members to access highly curated content from 163 jurisdictions. The US grabbed the top market spot for a 2nd year in a row from the UK with Asia and Europe vying for 3rd place.

In addition to all the great content in our RegTech hubs and [LinkedIn](#), we ramped up virtual production last year following feedback from firms which felt that physical events did not always meet their needs.

In 2022 we doubled our RegCast episodes. Financial institutions, regulators and technology suppliers have downloaded 40 episodes 18,000 times to hear no-nonsense discussions on how to resolve the pain points of digital compliance. You can filter the full list of RegCasts [here](#) as well as find them on your favourite player.

For a full update on 2022 activity see 2022 unwrapped [here](#).

Exhibit 3: JWG's 2020-2022 Digital Footprint



Across our platform, JWG had 99,000+ listening minutes across our RegCast and events channels in 2022.

Exhibit 4 shows how popular our annual RegTech [conference](#), digital asset [seminar](#) and [AML/CFT and surveillance](#) seminars were last year.

Exhibit 4: JWG 2022 digital events

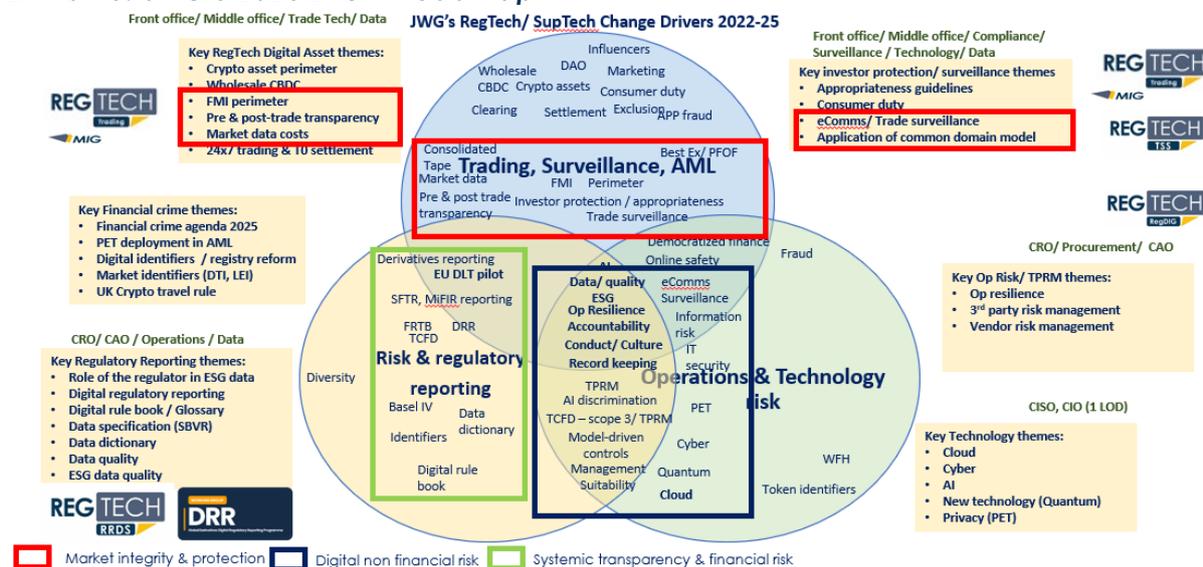


In total, we hosted 82 speakers, 35 sponsors, 1,000+ attendees and 3,200 event page visits which netted 9,000 article impressions.

JWG 2023 research plans

2023 regulatory efforts will amplify and accelerate many of the changes we have seen blossom in 2022.

Exhibit 5: JWG's 2023 Event Roadmap



The good news is that the topics are now well known, the bad news is that they are intersecting and proliferating across the globe with often big differences in political drivers.

We will focus our 2023 plans on the interconnections and dependencies between global efforts to protect the system and the digital operations which underpin its safety. Exhibit 6 presents a high-level overview of how we are organising our research agenda.

Our 2023 RegTech research agenda is centred around better understanding and harnessing the lessons from the first decade of implementation.

This will include exploring public/private sector collaborations to improve trust in RegTech tooling, as well as evaluating more effective ways to manage compliance obligations through dynamic risk management frameworks.

Further research is planned to assess data management solutions, taking into account not just current public/private infrastructure but what will be required in the future.

We will bring together a wide range of relevant stakeholders across both the public and private spheres to revolutionise how RegTech is implemented in the future.

The aim is to create a comprehensive body of knowledge that can be used by organisations across different sectors to streamline their compliance processes and make them more efficient and cost-effective in the years ahead.

Exhibit 6: JWG's 2023 Research Themes

JWG 2023 Research Themes

| | Example Regulatory Drivers | JWG RegTech research |
|---|--|--|
| Market integrity & protection | <p>Edinburgh reforms, MiFID III, US crypto asset banking risks, SEC trading reforms for PFOF, best execution, investor protection, Consumer duty, SICO, ECB NBF1</p> <p>Dodd Frank 2, MiFID III, MiCA, MAR, UK FSM Bill, DE Digital fund services, DE e-securities act, US Digital Assets Order, UK BoE future of post trade, FATF, UK MLR, ECP2, ALMA</p> | <ul style="list-style-type: none"> ▶ What impact will new market structure and risk management controls have on compliance? ▶ How will emerging Digital Asset industry practices deliver to TradFi safety specifications? ▶ Can domain modelling like CDM provide integrated external and internal risk management standards (e.g., AML & Market surveillance)? ▶ Will regulatory strategies shift to enable network collaboration on shared data and AI typologies? |
| Digital Non Financial Risk | <p>AI Act, API, Cloud, Cyber, Data Act, Data Governance Act, Digital Markets Act, Digital services, DORA, NIS2, Outsourcing, TPRM; SM&CR, SEAR; DE MA Risk; APRA CPS 230</p> | <ul style="list-style-type: none"> ▶ Will emerging OpRisk standards provide a pathway for compliance benchmarks for firms and their supply chain? ▶ How do firms reconcile OpRes and technology risk management obligations for AI, Cloud, Cyber and Data 'digital sovereignty' deltas? ▶ Will global accountability rule expansion drive further adoption of horizon scanning and obligation management? |
| Systemic transparency & financial risk | <p>BIS info gov, ESG disclosures (e.g., SFDR, CSRD, SDR, EET,) and climate risk (e.g.,TCFD)</p> <p>MiFIR/SFTR, Derivatives rewrites: US, Canada, Japan, Europe, UK, Singapore, Hong Kong, Australia; FSB reporting 2023, EC MRER, BoE TDC, EBA 430C</p> | <ul style="list-style-type: none"> ▶ How will firms and regulators ensure common interpretation of ESG data standards? ▶ Will new FSB market transparency demands, Basel IV and FRTB drive regulatory demand for the adoption of DRR? ▶ Are public sector Digital Regulatory Reporting (DRR) commitments robust enough to incentivise firms' business cases for change? |

Let us know if you see an opportunity to raise awareness to your challenges and the solutions required. For more information contact Corrina.Stokes@jwg-it.eu.

We look forward to having you on board in 2023!



Uncovering the transformative power of RegTech for businesses

18,000 listens since 2021

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RegCast stimulates holistic debate about how technology provides a better, faster, cheaper and safer approach to Financial Services sector oversight.

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675 minutes of content over 40 episodes

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