

CRTA | ACTR

CANADIAN REGULATORY TECHNOLOGY ASSOCIATION
ASSOCIATION CANADIENNE DE LA TECHNOLOGIE RÉGLEMENTAIRE



RegTech à Montréal:

Key challenges in regulatory compliance and how technology can help

Conference panelists will speak in the language of their choice; slides and answer will be in both languages

The Canadian Regulatory Technology Association (CRTA), in partnership with Finance Montreal, is proud to invite you to our first event in Montreal – **RegTech à Montréal**. RegTech à Montréal will look at the key challenges in regulatory compliance facing the financial services industry today, and examine how technology can automate and enhance operations. The event will bring together industry participants, regulators, RegTech firms, and legal and consulting practitioners to explore three topics: 1) money-laundering, 2) model risk management, and 3) derivatives.

DATE: Thursday, September 12, 2019, 7:45 am until 4:30 pm

LOCATION: Sun Life Building, 1155 Metcalfe St., Montreal, QC H3B 2V6, 7th floor

TICKET PRICES: \$125 + taxes/fees; 25% discount for CRTA Participants (\$93.75 + taxes/fees)

AGENDA:

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| 7:45 am | Registration / Continental Breakfast |
| 8:20-8:30 am | Opening Remarks |
| 8:30-9:00 am | Fireside Chat – What Regulators, RegTech Companies and Financial Institutions Need to Know |
| 9:00-10:30 am | Is RegTech the Answer to Canada’s Anti-Money Laundering (AML) Woes? |
| 10:30-11 am | Refreshment Break |
| 11:00-12:00 pm | A Fine Balance – The Use of AI for Model Risk Management |
| 12:00-1:00 pm | Lunch and networking |
| 1:00-2:30 pm | Future-Proofing the Derivatives Ecosystem Using RegTech |
| 2:30-3:00 pm | Data Privacy Blitz – The Data Journey and the Next Wave of Solutions |
| 3:00-3:10 pm | Closing Remarks – What’s Next? |
| 3:10-4:30 pm | Informal Discussion and Networking |

TOPICS AND SPEAKERS:

Opening Remarks

Speaker

- Donna Bales – Co-founder, Canadian RegTech Association

Fireside Chat – What Regulators, RegTech Companies and Financial Institutions Need to Know

Financial institutions and their regulators need RegTech solutions; tech firms want to develop products to meet these needs. It seems a no-brainer that these three key parts of the RegTech ecosystem should collaborate. But

is it possible and, if so, how? What do financial industry participants need to know about dealing with tech providers and regulators on regtech matters? And what do RegTech firms need to know about dealing with FIs and regulators?

Speakers

- **Jan Christopher Arp, Co-founder and Managing Partner, Holt Accelerator**
- **Lise Estelle Brault, Senior Director Fintech, Innovation and Derivatives, Autorité des marchés financiers (Québec)**

Topic #1: Is RegTech the Answer to Canada's Anti-Money-Laundering (AML) Woes?

The terms "snow-washing" and the "Vancouver model" of money-laundering are now synonymous with the current Canadian financial market. Additionally, the combination of the U.S. Department of State labelling Canada as a "major money-laundering country", where foreign drug-trafficking gangs are exploiting weak law enforcement and soft laws, combined with high-profile money-laundering busts and revelations published in the recent report by Maureen Maloney on the prevalence of money-laundering within the Canadian real-estate market, have shone new light on some old problems. The amount of money laundered in Canada is now estimated to have reached \$50 billion a year.

Although a lot of attention has been drawn to problems in the Canadian real-estate and financial sectors, there are other channels for moving money illegally in Canada including, but not limited to:

- Gaming (including casinos)
- Virtual currencies (crypto-currency)
- Under-ground banking (hawalas)
- Currency and wire exchanges
- Pre-paid products like gift cards or pre-paid credit cards
- Luxury goods.

In response to the problem, the federal government committed \$70 million over five years to fund a money-laundering task force, increase expertise in trade-based money-laundering, and support financial intelligence-gathering. These proposed changes to Canada's AML regime are an attempt to facilitate investigation of suspicious money-laundering activities, share information among government entities, pursue enforcement action, and publicize violations and penalties for wrongdoing. But is this enough? And how will technology be used to support oversight functions and the trend towards the name-and-shame convention being implemented?

This panel will discuss:

- The role of emerging technologies to enhance monitoring and detection
- The role of collective intelligence – how to share more information and with whom
- How to effectively address the problem in a fractured regulatory environment
- Potential RegTech solutions for common pain points

Speakers

- **Rosalind Laruccia – Assistant Vice President, Internal Audit, Laurentian Bank of Canada**
- **Daniel Leslie – Attorney, Norton Rose Fulbright**
- **Eric Brock – Chief Operating Officer, PNC Bank (Canada)**

Case Study

- **Mario Cantin – Founder and Chief Data Strategist, Prodago**

Topic #2: A Fine Balance – The Use of AI for Model Risk Management

A recent Global Risk Institute survey revealed that 19% of financial service institutions in Canada have begun to investigate the use of artificial intelligence (AI) for enterprise risk management, although very few (2%) have

started to use it. Advances in risk analytics are welcome and important, but they introduce unique risks and require new capabilities in risk management.

This panel will:

- Discuss some of the potential applications of AI to manage market and credit risk
- Explore the impact of automation and AI on model risk management (how to manage the black box, limit bias, control the scale of data)
- Examine how the perimeter of oversight and control has moved, and the potential need for new guidelines and ethical standards, and a shift in corporate culture

Speakers

- **Manuel Morales** – Chief AI Scientist at National Bank of Canada, Professor at University of Montreal
- **Carl Barrelet** – Senior Manager, KPMG
- **Daniel Skolnick** – Accuity
- **Paul Finlay** – Machine Learning Lead, Xanadu.ai

Case Study

- TBD

Topic #3: Future-Proofing the Derivatives Ecosystem Using RegTech

Market participants have worked hard and been successful in meeting various deadlines for derivative compliance set by regulators. But in focusing on meeting the tight timelines, less attention has been given to achieving operational and technological efficiencies. Too much data to report, multiple formats, and differences in the interpretation of rules has led to confusion, duplication and inefficiency. The growing acceptance of emerging technologies, such as blockchain, artificial intelligence, natural language processing, and the cloud, presents an opportunity to create process efficiencies, reduce the cost of compliance and move towards an easy-to-use future-proof system.

This panel will explore the challenges and opportunities of using RegTech tools to enhance post-trade processes such as market surveillance, monitoring and reporting.

- Opportunities for collaboration to standardize, simplify and digitize post-trade activities
- The role of new technologies in the development of a future-state derivative ecosystem
- Market structure challenges that inhibit widespread adoption
- How the regulator fits into this paradigm shift

Speakers

- **Julie Rochette** – Vice-President and Chief Regulatory Officer, TMX
- **Michael Grecoff** – Co-founder, Bay Street Tech
- **Lafière Montreuil** – Compliance Manager, Desjardins

Case Study

- **James Virgo** – Director & Chief Product Officer, Bay Street Tech

Data Privacy Blitz – The Data Journey and the Next Wave of Solutions

With data privacy, the mantra is 'it's not a question of if, but when'. Firms that have not experienced data breaches breathe a sigh of relief when each new announcement does not include their name, but few think that their time will not come. The data journey is long and fraught with pitfalls. What real options are there?

Speakers

- **Sagar Agarwal** – Head of Research, Fintech Cadence
- **Case studies**

CLOSING REMARKS – WHAT’S NEXT?

Speaker

- Donna Bales – Co-founder, Canadian RegTech Association

ABOUT THE CANADIAN REGULATORY TECHNOLOGY ASSOCIATION



The *Canadian RegTech Association* is a non-profit organization focused on solving regulatory challenges through collaborative efforts among key RegTech stakeholders: regulated entities, technology vendors, regulatory bodies, government and professional service providers. The goal is to facilitate dialogue, raise standards and promote growth and innovation within the Canadian RegTech eco-system. The organization will endeavour to solve regulatory challenges through collaborative discussion and engagement in proof-of-concept initiatives.

ABOUT FINANCE MONTREAL



Finance Montréal brings together Governor Members, Partners, Associates and close to 300 volunteer professionals. Its mission is to develop and promote Québec's financial services industry. The organization works to enhance Montréal's reputation as world-class financial hub and engages in international business development activities to attract foreign firms in Montréal by promoting various fiscal incentives including the IFC tax credit. Finance Montréal fosters cooperation among a vast range of institutions to stimulate the industry's growth while raising awareness of the financial specializations found in Montréal.