



ASIC
Australian Securities &
Investments Commission

12th ASIC Regtech Liaison Forum

3:00pm AEST, Wednesday 26 May 2021





Cathie Armour Commissioner, ASIC

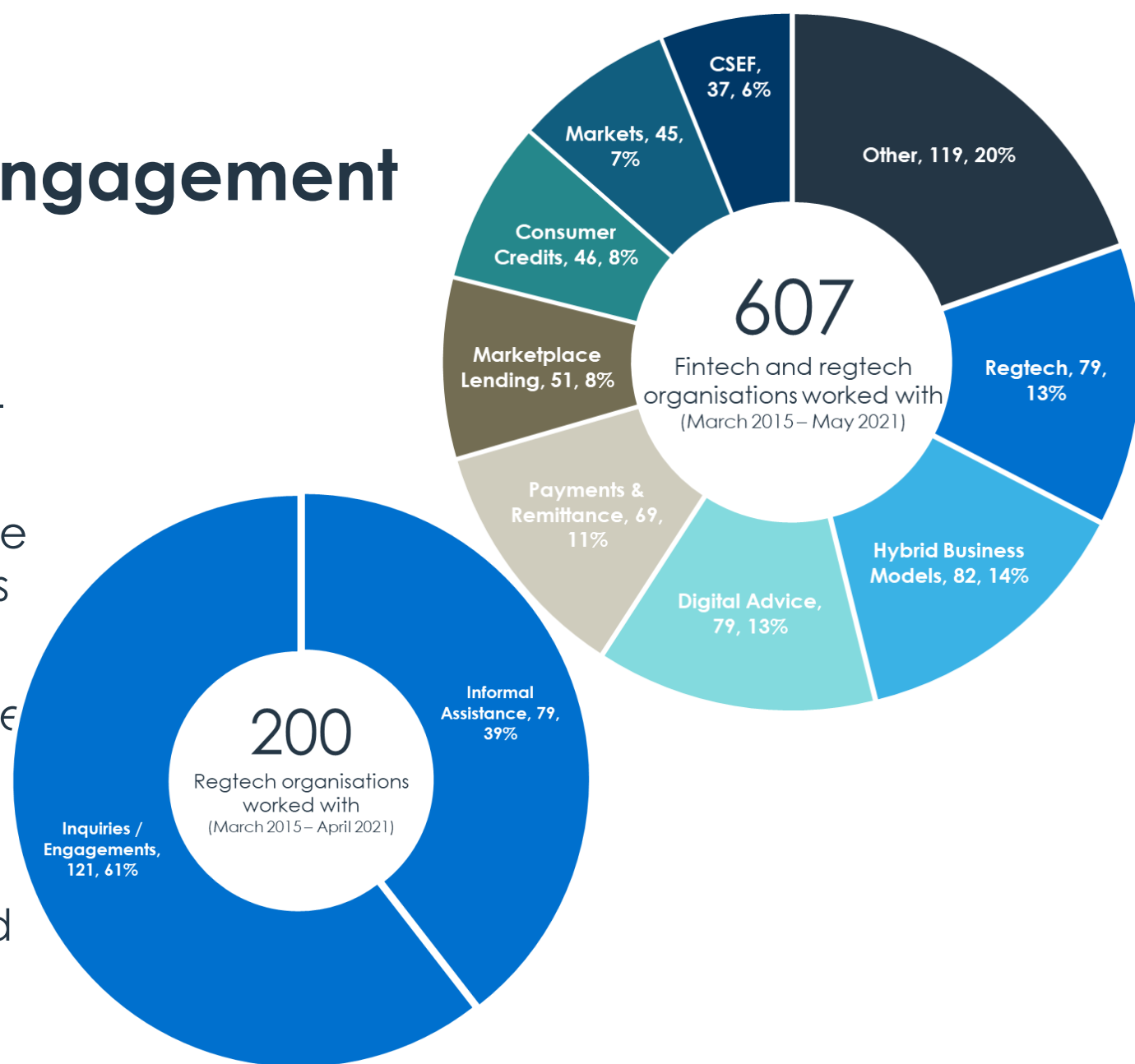
Opening Statement

ASIC Regtech Update

Mark Adams, Senior Executive Leader,
Strategic Intelligence and Co-Ordinator,
Innovation Hub, ASIC

Regtech insights from engagement

- The Hub continues to see steady regtech requests for engagement – seven this year to date
- We encourage regtechs to continue informing us of new business models and solution services
- Recent regtechs coming to ASIC are specialising in niche solutions for specific problems (e.g. digital signatures, digital document management, data processing and assessment, etc.)





International - Global Financial Innovation Network (GFIN) & Other

Cross-border Testing

The Global Financial Innovation Network (GFIN) set out to establish a means for firms to be able to trial a single solution in multiple markets, or a business model which has inherent cross-border applications*.

At the end of 2020, GFIN invited applications from firms to test innovative financial products.

*Cross-border testing: Lessons learned – The Global Financial Innovation Network reflects on the cross-border testing pilot. January 2020.

ASIC's engagement with cross-border testing

- 11 applicants had expressed interest to test in Australia
- 6 entities were regtech or technology businesses that are not eligible for testing in our Enhanced Regulatory Sandbox (ERS). For these regtechs we offered to meet with them or direct them to the RegTech Association

International publications

- FCA, UK – lessons from digital sandbox pilot (April)
- World Bank – next wave of supotech innovation (March)



ASIC's RegTech Initiatives 2019-20 Report

RegTech Initiatives

- **Remote services and supervision webinar**
(July 2020)
- **Good practice lending demonstration webinar**
(August 2020)

Suptech Initiatives

- **Financial promotions monitoring tool trial**
- **NLP prospectus review**
- **Voice analytics – internal framework**
- **NLP data flow automation and document scoring**
- **Enhanced evidence document score project**

Findings

- Businesses need to plan for a distributed workforce
- Good data management is fundamental
- There are opportunities to use alternative datasets
- Subject matter experts need to be involved
- There are opportunities to check and digitise information
- Suptech has the potential to improve supervision and investigations

Observations from attendees and participants

- Regtech has a vital role in financial services
- Regtech provides efficiencies in costs, time, and resourcing
- Consumers expect more from the lending process
- The law should be modernised
- Human supervision and iteration are still critical



ASIC's regtech approach: 2021 and beyond

Continue to support engagement, networking, information sharing and problem solving:

- engage with and provide informal assistance to regtech firms through the Innovation Hub
- act as an observer for regtech trials undertaken by industry when the subject relates to an ASIC priority
- engage in international information-sharing opportunities on regtech

We may host additional webinar-based regtech initiatives during the remainder of 2021. Egs: digital financial reporting; breach reporting; design and distribution obligation

Implementation of ASIC's Data Strategy – suptech applications

ASIC's Business Research Innovation Initiative challenge [discuss later]

- Poor disclosure and conduct by listed entities and actors
- Applications close 5PM AEST 17 June 2021

Regtech Industry Update and Discussion

Jasper Poos

*Head of Governance &
Digital Transformation
Institutional Banking and
Markets, Commonwealth
Bank*

Will Liang

*National Leader, RegTech,
KPMG Australia*

Annika Barton

*Program Director
AusTrade*



RegTech

General event statistics	Measurement
Total speakers	60+
Total sponsors	45
Total Registered delegates	1130
Total countries registered as delegates	43
Total streamed content views (as at 6 April 2021)	1157
Total expo actions	2,386
Total app actions	12,832
Total social media views driven by RTA (LinkedIn)	63,000
Total mainstream media stories	3
Total email campaigns (industry avg open 15-25% CTR 2.5%)	45,000/avg 40% open/6.2%CTR

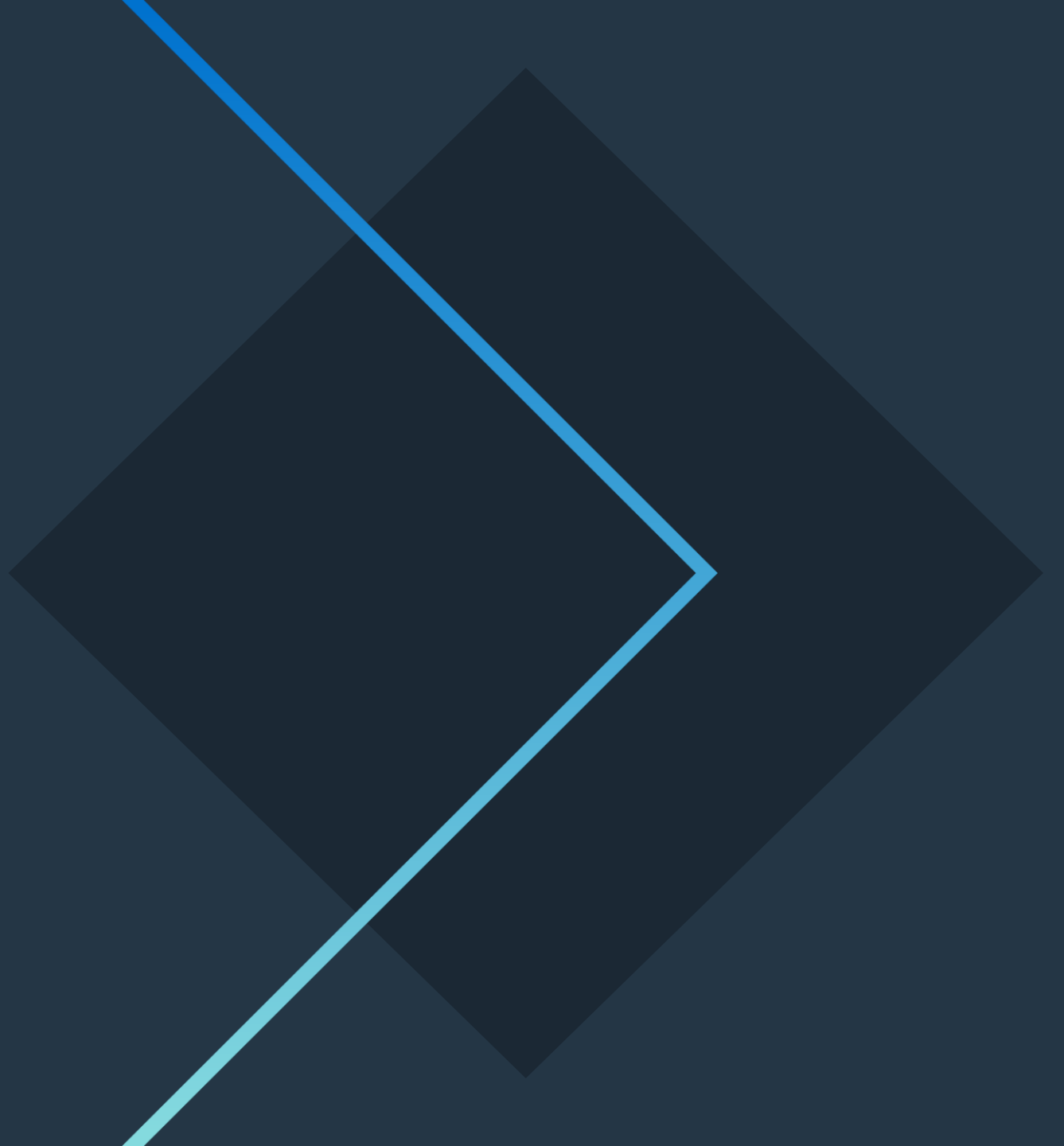
#RegTech
#ACCELERATERegTech
#ACCELERATERegTech2021

#ACCELERATERegTech2021

@RegTech_1 
The RegTech Association 

Consumer Data Right Conformance Test Suite

Kat Savelli, Director, Technology Delivery,
CDR Division, ACCC





Consumer Data Right

Overview on the Conformance Test Suite

ASIC Regtech Liaison Forum, 26 May 2021

Presented by Kat Savelli
Director, Technology Delivery

[accc.gov.au](https://www.accc.gov.au)

Introduction – Kat Savelli

Director of Technology Delivery, CDR Division



With a strong background in technical delivery across the public sector my role is to ensure the technology delivery team builds and delivers a quality, fit for purpose CDR technical solution on time as planned and designed.

My key strengths have developed through large-scale transformation programs, with a career history of both Business and Technology I bring a great balance and understanding for end to end delivery.

I value the importance of bringing people together and aligning the strategic vision with government priorities. Through previous leadership roles I have extensive experience in influencing the way we design solutions to ensure a great client experience, support whole-of-government reforms and enable the delivery of tailored and streamlined services.

The Consumer Data Right



On 26 November 2017, the Australian Government announced the introduction of a consumer data right (CDR) giving consumers the right to share data between providers. As an opt-in service, if consumers choose and consent to use CDR, their information is transferred using automation. This process has been designed to give consumers greater choice and control through the convenience of a simple, secure and easy-to-use process.

Whilst data transfer is undertaken between providers and data recipients, the Australian Government governs the overarching framework. Providers must go through a rigorous process to become accredited to provide CDR services. The ACCC manages this process along with the technical build of the CDR Ecosystem.

The ACCC's responsibilities include;

- Planning, designing, building, testing, running and securing the technology solutions that enable the secure exchange of consumer data between data holders and accredited persons;
- Accrediting data recipients in its capacity as the Data Recipient Accreditor;
- On-boarding participants to the Register, and providing testing support to participants;
- Promoting compliance with the CDR Rules and Standards, including taking enforcement action where appropriate.

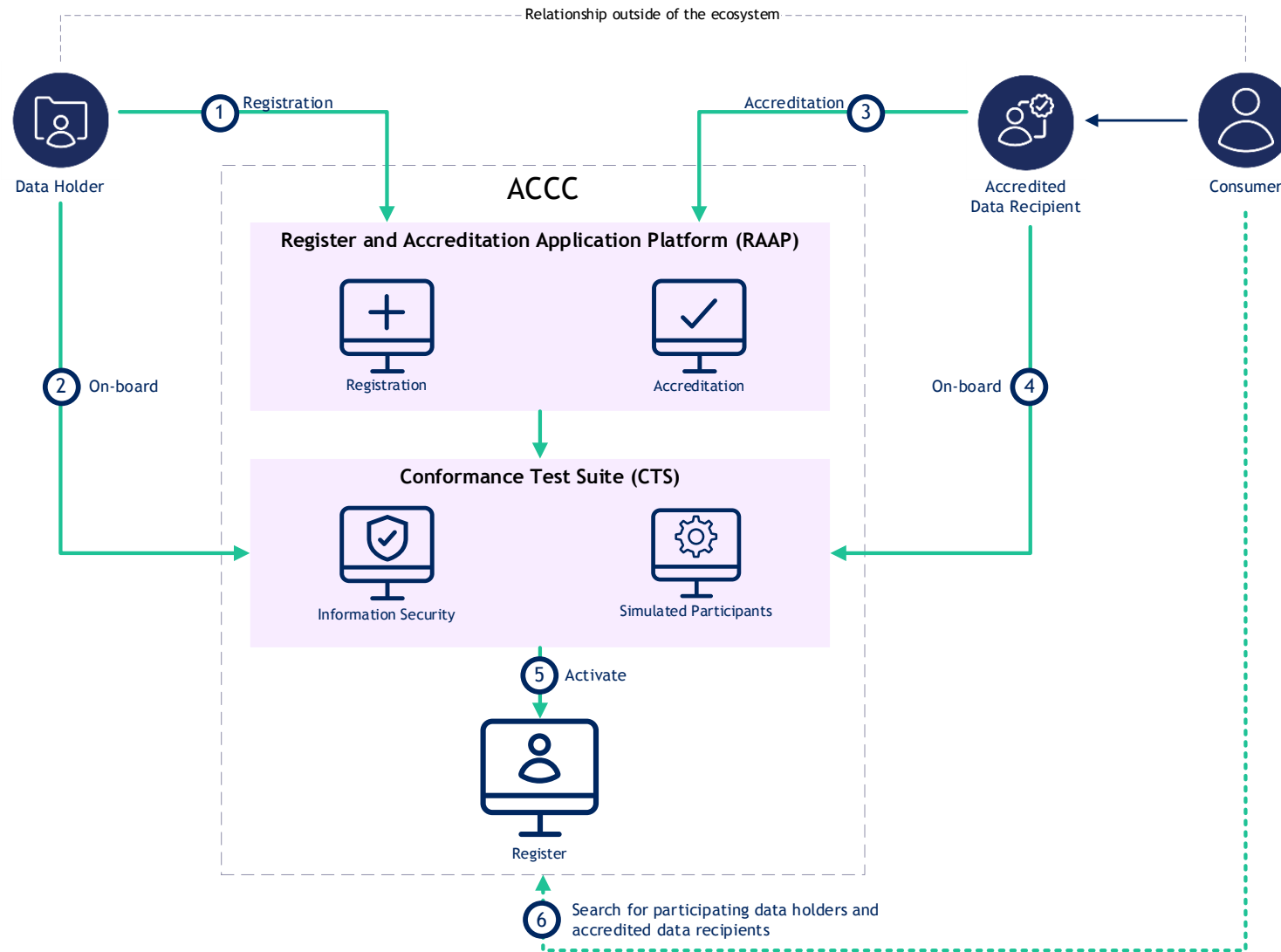
Introduced in banking first

CDR has first been introduced across the banking sector meaning consumers can choose to share existing banking data (for example, transaction history, interest rate and account balances) with a prospective bank or CDR finance-related app or website.

Energy sector next

CDR will next be introduced across the energy sector. This will allow consumers the ability to transfer data from existing energy providers to prospective providers or product comparison website for an accurate quote.

Ecosystem Overview



This diagram shows the initial set up of participants in the Ecosystem to establish a value proposition to consumers and compliance with Consumer Data Standards.

Conformance Test Suite

The Conformance Test Suite (CTS) has been built to mitigate critical points of failure, giving the ACCC confidence that a participant can enter the Ecosystem without disruption; and providing reassurance to participants that their solution will operate in the CDR Ecosystem.

The CTS is an important part of the Consumer Data Right on-boarding process. It is designed to check conformance against a set of CDR scenarios/tests.

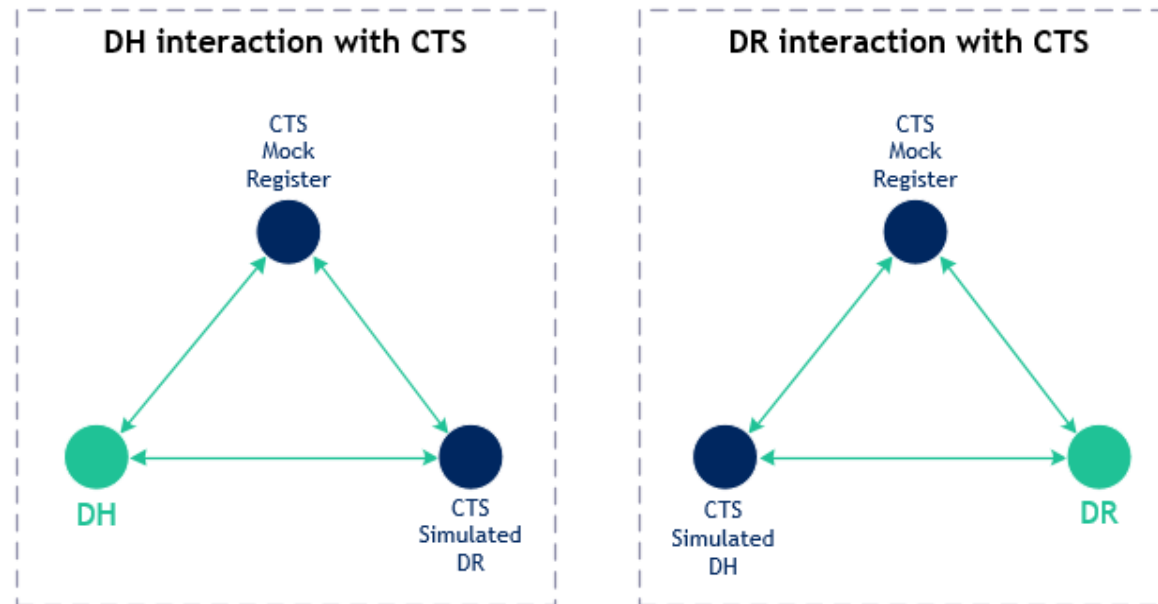
The CTS simulates a Data Holder (DH), a Data Recipient (DR) and the CDR Register, for participants to test against when entering into, or in the future reasserting conformance with, the CDR Ecosystem. Participants must pass the CTS before they can be made active on the Register

The CTS has 2 test suites:

- 1.CTS for Data Holders
- 2.CTS for Data Recipients

The tests provide a simulated DH or a simulated DR, as well as a mock Register to support the test scenarios.

Testing occurs in isolation against simulated participants, including the Register, so as not to interfere with live consumer data.



Conformance Test Suite - Intent

The intent of the CTS is to provide a scalable tool to support the growing number of participants whilst remaining industry agnostic.

The CTS will provide the ACCC with confidence that new participants:

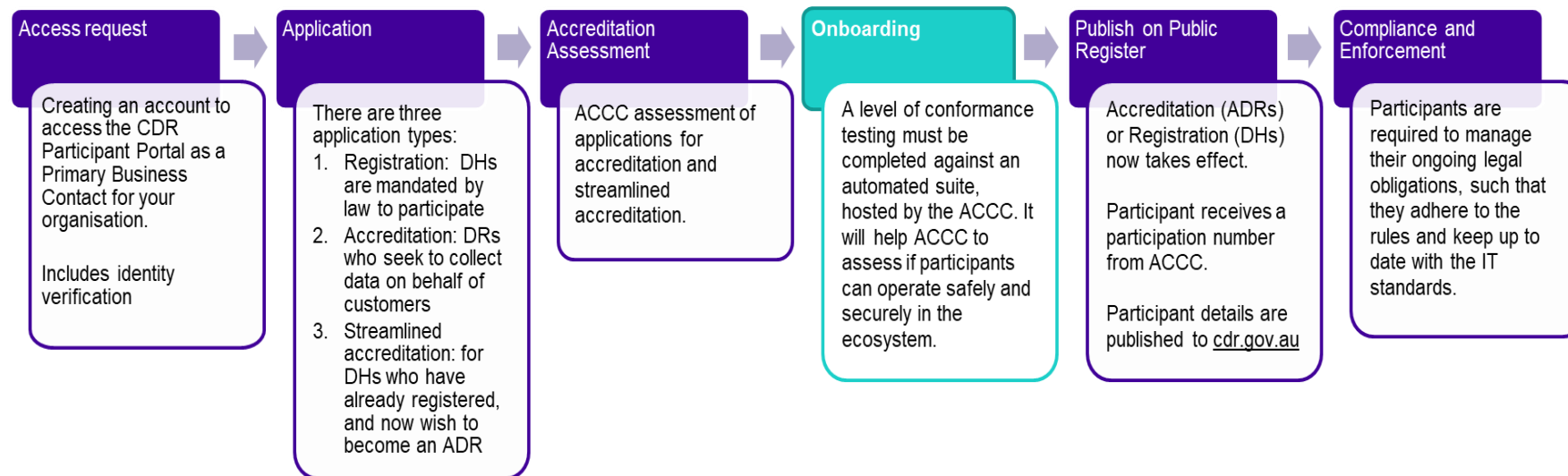
- Can participate in the CDR Ecosystem
- Can communicate with the CDR Register
- Are capable of conforming to a defined set of the consumer data standards
- Can considerably reduce the likelihood of causing disruption when a participant enters the production environment

The CTS was designed to test integral components of a participant's solution including;

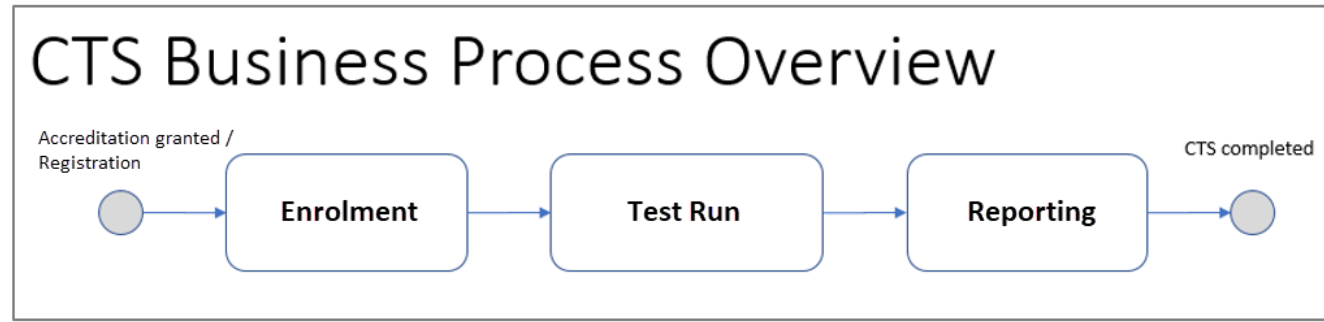
- Establishing Trust (Dynamic Client Registration)
- Information Security Profile
- Consent from a consumer
- Withdrawal of Consent by a consumer

Where the CTS fits in the participation process

From a business context, the CTS will be part of the participants' onboarding process post Accreditation.



Conformance Test Suite – Process



Once a DR is accredited or a DH is registered the participant can access the CTS. The process to access includes;

➤ **Enrolment**

- Technical details to be provided
- Test scope to be confirmed base on use case
- Issue of test certificates

➤ **Test Run**

- Run tests, remediate any issues where necessary and rerun tests as required

➤ **Reporting**

- Test results provided to the ACCC to inform an activation decision by the Registrar

Further Information

- [ACCC CDR Project Overview](#)
- [OAIC CDR Overview](#)
- [Treasury CDR Overview](#)
- [Consumer Data Right Website](#)
- [Current CDR Providers](#)
- [CDR Portal](#)
- [CDR into the Energy Sector](#)
- [CDR Standards](#)
- [Consumer Data Standards](#)

Questions?

Business Research and Innovation Initiative

Frank Tonkin, Manager, Commercial and Entrepreneurship,
Commercialisation Policy Branch, DISER

Phil Cole, Program Manager (BRII, NIG, BFF), Portfolio Programs Delivery Branch, AusIndustry





Australian Government
Department of Industry, Science,
Energy and Resources

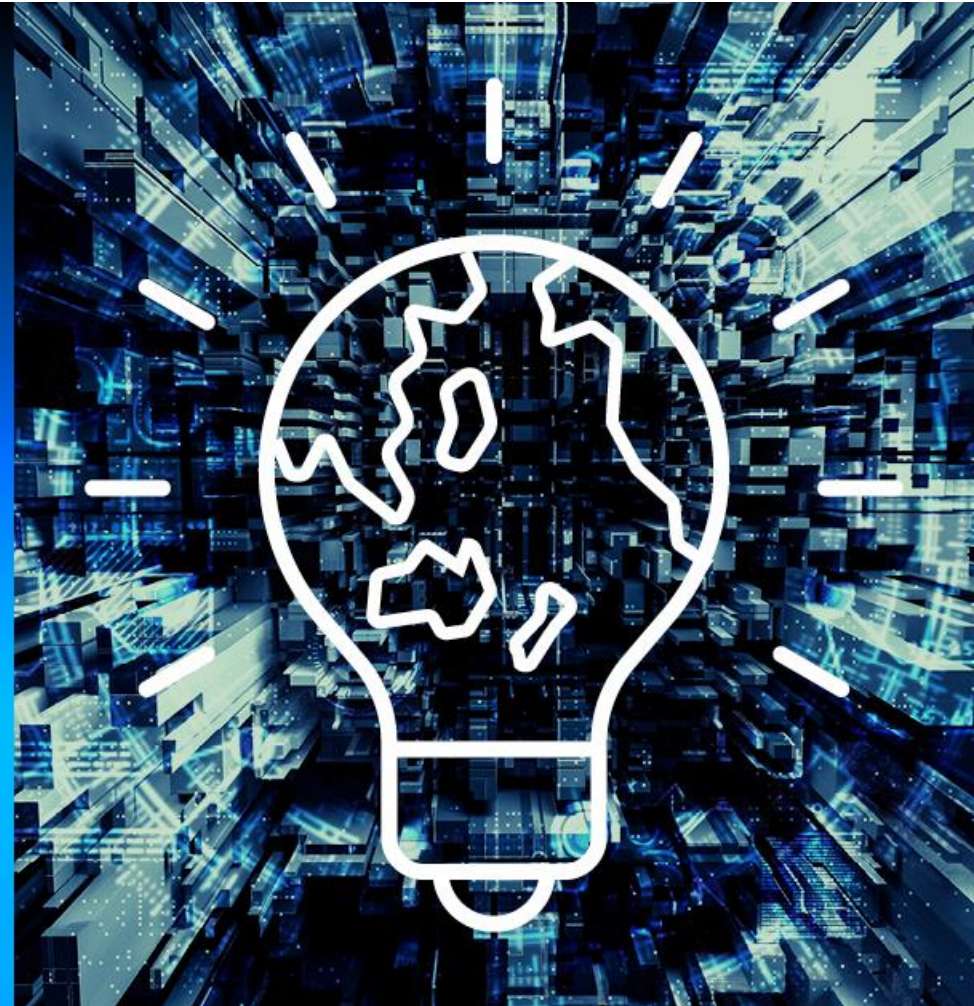
AusIndustry
Business Research
and Innovation Initiative

Impossible?

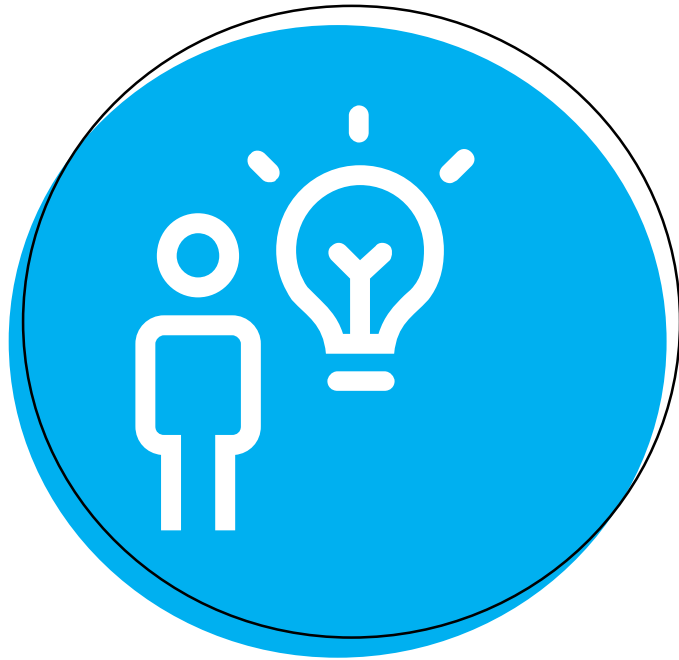
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**Can you see the possible
in the impossible?**

- >> Four challenges
- >> \$1.1 million each
- >> Could your idea
be the brightest?

Authorised by the Australian Government, Canberra.



BRII – Regulatory Technology Round



Develop an innovative technology



That streamlines or enhances regulatory compliance



Making it easier, faster and cheaper for businesses to comply with regulation



THE FOUR CHALLENGES



Using technology to help identify and assess poor market disclosure by listed companies



Using technology for remote and automated monitoring of export livestock health and welfare



Using technology for a streamlined path to marine autonomous systems assurance



Using technology for real-time and accurate asbestos testing

Government agencies
propose challenges



SMEs apply, proposing **a new solution**



Best 5 (approx.) **funded for feasibility** for each challenge



HOW DOES IT WORK?

Best 2 (approx.)
funded for proof of concept
for each challenge

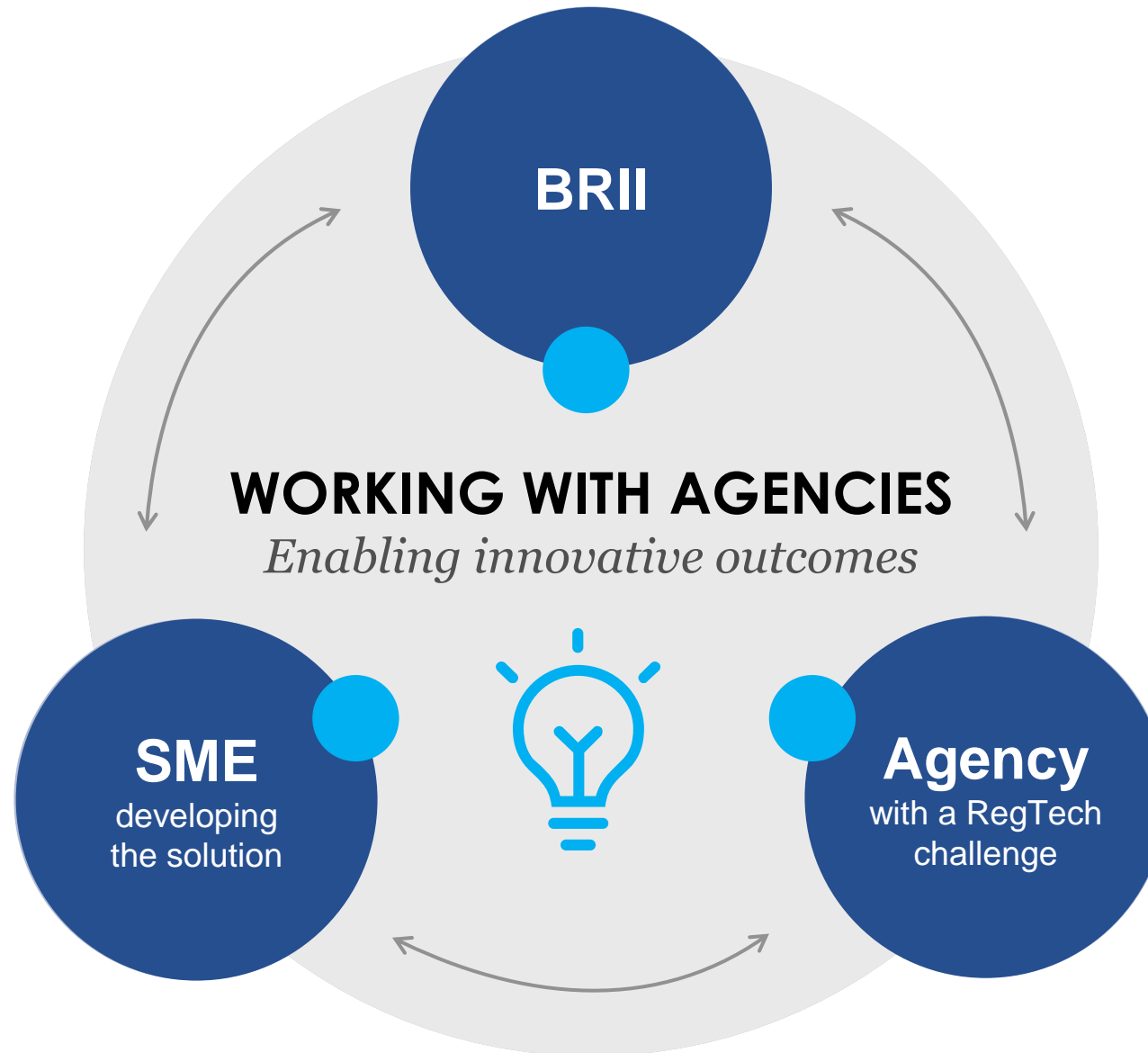


Agencies/Industry
consider **buying the solution**



SMEs go on to sell the
new solution worldwide,
utilising their own IP





ELIGIBILITY



ABN



Turnover of <\$20m*



Start-ups, SME's and newly established businesses



Individuals or Partnerships*



For more information see BRII Grant Opportunity Guidelines on business.gov.au/BRII



MERIT CRITERIA

1

Extent that your proposed solution meets the challenge

2

Market opportunity of your proposed solution

3

Capability, capacity and resources to deliver the project

For more information see BRll Grant Opportunity Guidelines on business.gov.au/BRll



BRII

*A business changing
commercial opportunity*



Lodge your application
www.business.gov.au/BRII



Applications Close
Thursday, 17 June 2021



Further information
Call us 13 28 46
Business.gov.au

ASIC BRII Challenge

Mark Adams, Senior Executive Leader,
Strategic Intelligence and Co-Ordinator,
Innovation Hub, ASIC





Our challenge

Challenge Summary – being a representative problem

We are seeking an innovative technology solution to analyse market announcements (and other corporate disclosures) by listed companies and entities to help identify and assess poor market disclosure.

A solution of this kind would help ASIC to drive:

- automated analysis of high volumes of documents and materials
- greater cost efficiency by minimising time spent on manual review and assessment
- better targeting of its resources and supervisory focus, thereby reducing the regulatory burden on compliant listed companies.

What is our goal with this challenge?

The goal of the solution is to deliver a more efficient and effective way for ASIC to supervise and enforce conduct of business, disclosure and reporting obligations of listed companies.

Key requirements for the solution include:

- assessing new information being communicated to the market by a listed company (such as through market announcements, price query letters and responses), and analysing it against historical market information from the company and other data sources to identify anomalies in disclosure
- comparing a listed company's market disclosures to sector peers to identify anomalies in disclosure
- comparing financial statements by a listed company with the company's market announcements and other data sources (including concerning the company's peers) for indicators of potential non-compliance with a company's financial reporting and related disclosure obligations.



What success looks like

A solution of this kind would help ASIC to drive:

- automated analysis of high volumes of documents and materials
- greater cost efficiency by minimising time spent on manual review and assessment
- better targeting of its resources and supervisory focus, thereby reducing the regulatory burden on compliant listed companies.

More importantly, a solution of this kind would:

- Be able to be used by listed companies to reduce the regulatory burden on them. These companies would be able to meet their risk management and compliance requirements in less time, using fewer resources.
- Help deliver enhanced market integrity and deliver better outcomes for investors and participants in financial markets.



Wider solution benefits and opportunities

Scalable within ASIC – the problem is representative

The solution can be adapted to address various responsibilities under ASIC's remit, allowing for the service to be scaled.

Adaptable across sectors – for businesses and agencies

Iterations of this service solution will benefit not only other Australian regulators and agencies, but also all kinds of businesses by reducing the regulatory burden on them.

Beyond the scope of compliance within financial services and corporate law, variations of the solution can be developed to suit the growing incorporation of technology into other industries.



Business Research and Innovation Initiative (BRII) Webinar

ASIC's Using technology to help identify and assess poor market disclosure by listed companies

Webinar Recording

- Part 1: Information about the Business Research and Innovation Initiative – Regulatory Technology round (BRII).
- Part 2: What technology solutions may be suitable to solve this Challenge?
- Part 3: Q&A Session

For more information

ASIC's BRII Website

asic.gov.au/for-business/innovation-hub/asic-and-regtech/business-research-and-innovation-initiative-regtech-round/



Upcoming Events

13th ASIC Regtech Liaison Forum

TBD August 2021

14th ASIC Regtech Liaison Forum

TBD November 2021



Thank You

innovationhub@asic.gov.au

asic.gov.au/for-business/innovation-hub