

THE LAW AND REGULATION OF FINTECH

Extra-curricular lecture series for LLM and LLB students at LSE Law

In co-operation with the Law and Financial Markets Project

Dr Philipp Paech (LSE Law) & guests

Tuesday, 3 March 2020, Room CLM 4.02, 6pm - 8pm

The financial market today and tomorrow

Guest: Mr Parma Bains (Senior Policy Advisor, Financial Conduct Authority)

During this lecture, we will develop a conceptual framework for distinguishing between relevant technologies (mobile devices, API, cloud, blockchain, AI, etc), and on this basis then identify novel tech-enabled financial products and services allowing for disruptive business models. We will further concentrate on one of the technologies just mentioned, notably AI, and see in more detail how it is deployed in financial services. On this basis, the lecture will proceed to discuss the societal and legal challenges posed by the use of AI in finance, and how they can be addressed through regulation.

Case Study: IBM's Watson supercomputer use in finance.

Thursday, 12 March 2020, Room CLM 5.02, 6pm - 8pm

Keeping pace with digital

Guest: Ms Elisabeth Noble (Senior Policy Expert, European Banking Authority)

This lecture will consider the relationship between FinTech, and financial regulation and commercial law, with a particular view to two aspects: first, the entry into the market by so-called BigTechs (Tencent, Facebook, etc), and second, the use of cryptoassets. Starting from the question of whether the existing legal framework is suitable for FinTech-enabled products, services and business models, we will move on to consider the question of whether 'code is law', and finally we will consider the implications of structural changes in the provision of financial services (the entry of BigTechs and platformisation). The lecture will consider the entry of new players, in particular cryptoasset service providers such as Bitcoin, and the entry of BigTechs such as Apple, WeChat and Facebook.

Case Studies: Bitcoin; WeChat Pay and Red Envelope; Facebook Libra digital money.

Tuesday, 17 March 2020, Room CLM 4.02, 6pm - 8pm

Big Data and the social side of FinTech

Guest: Ms Nicole Sandler (Head of Digital Policy, Barclays)

This lecture considers the regulation of personal and non-personal data in the context of the provision of financial services. As FinTech is a manifestation of the data economy, regulating FinTech means, to a large extent, regulating data. FinTech provides tools that enhance the capacity of financial services providers to harness data. Although there is a body of regulation intended to protect personal data, the access to and use of non-personal data is not subject to common standards. Even where regulation currently applies, market dynamics (including, in particular, the entry of BigTechs) are causing society to question the sufficiency of current regulatory measures, taking account of competition and consumer protection considerations. In particular, consumers and smaller businesses may be locked into an ecosystem of 'platforms' with seemingly unlimited choices, which in reality may considerably reduce choices. Societies so far struggle to conceptualise these issues and conceive regulatory answers. We will explore the GDPR and PSD2 and debate the tools needed to facilitate 'open finance' whilst still ensuring that our values and traditional regulatory objectives are met.

Case studies: Amazon; Apple; Alipay; credit scoring and insurance underwriting.

Important notes:

- Places are limited and allocated on a first-come-first-served basis.
- Any form of private audio or video recording of the lectures or parts thereof is not permitted.

Biographies

Elisabeth Noble is a Senior Policy Expert at the European Banking Authority. She represents the EBA in EU and international standard-setter policy work streams relating to FinTech, market-based finance, financial system interconnectedness, market access and the regulatory perimeter. She leads the EBA's work on cryptoassets and innovation facilitators and coordinates the European Forum for Innovation Facilitators. She is contributing to the development of the new EU digital finance initiative and was a member of the European Commission's Expert Group on Regulatory Obstacles to Financial Innovation (now disbanded). Prior to joining the EBA, Elisabeth spent 7 years at HM Treasury advising primarily on the UK government's response to the financial crisis and the post-crisis domestic and EU regulatory reforms (2008-14), including the reforms to the regulatory architecture in the EU (Banking Union). Elisabeth has also spent some time in the private sector.

Nicole Sandler is the Head of Digital Policy at Barclays. She focuses on the impact of FinTech-related regulation and initiatives including AI/ML, DLT and Cryptoassets use cases on Barclays in the UK and globally, such as advising on various sandbox and regulatory initiatives proposed by regulators and policymakers including the FCA, BoE, EC, EBA, ESMA, US Fed, CFTC, ASIC, MAS and Japanese FSA. Nicole engages with regulators, policymakers and standard-setters globally for Barclays, including sitting on panels and roundtables with the FCA, BoE, EC, EBA, Bank of Spain, Bundesbank, US Fed, CFTC, Bank of Japan, MAS, FSB and IOSCO. Further she represents Barclays in various regulatory and policy forums and industry groups. For example, Nicole is on the EC's Expert Group on Regulatory Obstacles to Financial Innovation, presented at the EC's AI Fintech Lab, is a member of the BoE's FMLC Cryptoasset and ICO Group, the JWG RegTech Council, the EBF AI Expert Group and INATBA. She also represented Barclays at the EDCAB cryptoasset and blockchain roundtables at the European Parliament (EP) and presented on Digital Identity at the EP. Nicole regularly speaks on panels, presents at conferences and universities, and has articles published. She was recently named 'Influencer of the Year' at the NY Finovate Awards 2019, the 'Most Influential Women in FinTech Regulation - UK' at the Wealth and Finance Awards 2019, was

recognized as Highly Commended in the 'Tech Leadership' category at the Banking Technology Awards 2019 and was shortlisted as a finalist in the 'Fintech Champion' category at the Women in Finance Awards 2019 and the 'Women in PayTech' category at the PayTech Awards 2019. In addition, she was listed on the Lattice80 Top 100 Women in Fintech Global List 2018 and is on the Innovate Finance Women in Fintech Powerlist 2018 and 2017. Lastly, she also focuses on diversity initiatives including being a board member of Regtech Women, an initiative she helped set up to promote RegTech and help women network and upskill in this space.

Parma Bains has been at the FCA for over 5 years during which time he has worked across a number of areas, including Wholesale and Investment Competition, Asset Management & Funds Policy and Markets Policy. In October 2014, Parma was part of the small team that launched FCA Innovate, supporting the team's engagement and firm support work. During his time at Innovate, Parma has represented the FCA in international fora such as the IOSCO Fintech Network and ESMA's Financial Innovation Standing Committee. Parma currently leads on aspects of the FCA's approach to cryptoassets, authoring the FCA's "Consultation on Cryptoassets" and the "Final Guidance on Cryptoassets", and is a member of the UK Cryptoasset Taskforce where he helped draft the tripartite "UK Cryptoasset Taskforce final report". He is also a country lead for the FCA's international collaboration programme providing technical assistance in matters related to FinTech and RegTech. Previously, Parma has been seconded to the United States Department of Justice supporting the New York office's antitrust division on complex financial services cases and providing expertise on FX markets to offices in Chicago, San Francisco and Washington DC. Prior to working for the FCA, Parma worked on the swaps desk at Deutsche Bank. Parma holds a Master's degree in Finance & Financial Regulations.

Philipp Paech is an Associate Professor of Financial Law and Regulation at LSE. He joined LSE in 2010 and is now the Director of LSE's Law and Financial Markets Project. Since 2007, he has been a Fellow at the Institute for Law and Finance at the University of Frankfurt, becoming a Visiting Professor in 2015. Before joining the LSE, he spent many years at the heart of international legal and regulatory reform of the financial sector, working from 2007-2010 for the European Commission DG FISMA, and from 2002-2006 for UNIDROIT in Rome. Dr Paech holds a doctorate from the University of Bonn and obtained the Diploma of EU Studies from the University of Toulouse. He is a qualified lawyer admitted to the Bar of Frankfurt and a CEDR-accredited mediator. He has been awarded LSE's Excellence in Education Award 2017-18. Dr Paech was the chairman of the EU Commission's expert group on Fintech regulation (ROFIEG), and the principal author of its '30 Recommendations on Regulation, Innovation and Finance'.