



Platinum Sponsors



Global Times Consulting



Gold Sponsors



Silver Sponsors



Bronze Sponsors



Contributor Sponsors



Contributor
Sponsors  FS Club



Bronze
Sponsors



FS Club



Silver
Sponsors



FS Club



valcon



The Technium Global
SERVICE WITH INTEGRITY



CL-CLOUDSOFT

Gold
Sponsors



FS Club



Platinum
Sponsors



FS Club



ABU DHABI
GLOBAL MARKET





Platinum Sponsors



Gold Sponsors



Silver Sponsors



Bronze Sponsors



Contributor Sponsors





An Update On EU Financial Services Legislation

Dr David Doyle, EU Policy Director, **The Genesis Initiative**, and Board Member, **The Kangaroo Group**

Wednesday, 29 June 2023



A Word From Today's Chairman

Charlotte Dawber-Ashley
FS Club Manager
Z/Yen Group





Platinum Sponsors



Global Times Consulting



Gold Sponsors



Silver Sponsors



Bronze Sponsors



Contributor Sponsors





Today's Agenda



- 11:00 – 11:05 Chairman's Introduction
- 11:05 – 11:25 Keynote Presentation – Dr David Doyle
- 11:25 – 11:45 Question & Answer



Today's Speaker

Dr David Doyle

EU Policy Director

The Genesis Initiative (London)

Board Member

The Kangaroo Group (Brussels)



dpdoyle7411@gmail.com



Testing the resilience and reliability of ICT systems and 3rd-party ICT providers... the EU Digital Operational Resilience Act

- ❑ Incorporating **critical ICT 3rd party providers** (CTTPs) within the regulatory resilience scope, including cloud services' providers
- ❑ New requirements applicable to **financial entities**:
 - Well-documented ICT risk management framework – policies, procedures, protocols
 - Reporting of major ICT-related incidents and notifying NCAs
 - Recording significant cyber threats to NCAs
 - Reporting of major operational or security payment-related incidents to NCAs
 - Introducing digital operational resilience testing:
 - ✓ Assess preparedness for handling ICT-related incidents
 - ✓ Identify weaknesses, deficiencies, gaps in digital operational resilience
 - ✓ Conducted each year
 - Measures for the sound management of ICT third-party risk
 - ✓ Pre-outsourcing due diligence
 - ✓ Assessments of ICT 3rd-party concentration risks
 - ✓ Disaster recovery
 - ✓ Governance arrangements
 - ✓ Reporting major ICT-related incidents

Ultimate objective

Ensuring that financial firms remain financially resilient and can maintain this resilience through a severe IT operational disruption

■ Supervision

- CTTPs to be directly supervised by the ESA's (EBA, ESMA, EIOPA), with powers to ask for information, conduct on-site inspections, issue remedial recommendations, sanctions...
- Supervision of the ICT financial sector unclear: split between three ESA's Vs just one ESA to be settled
- New NCA powers to oversee risks flowing from financial entities dependency on CTTAs





DORA – the key details

- ❑ Designation of ICT TPPs as ‘critical’: number and systemic character of financial entities that rely on the provider and substitutability
- ❑ EU firms not authorised to use non-EU ICT TPPs located outside the EU
- ❑ ICT risk management requirements:
 - **Identifying** business functions and the information assets supporting these.
 - **Protecting and preventing** these assets.
 - **Detecting** anomalous activities.
 - Developing **response and recovery** strategies and plans, including **communication** to customers and stakeholders.



- ❑ Extensive Scope : banks, e-money & payment providers, crypto-asset services providers/issuers, CCPs, trading venues and data reporting services, trade repositories, , AIFMDs, Mancos, (re) insurers & intermediaries/ancillary insurance firms, credit rating agencies, investment firms
- ❑ Scope excludes micro-enterprises in setting up digital operational resilience testing programme and obviates them from adopting an ICT TPP risk strategy
- ❑ Intra-group ICT services included in scope
- ❑ DORA entry into force on 17 January 2023 - entry into force on 17 January 2025, with transposition into national law the same date
- ❑ Financial entities to ensure contracts with ICT TPPs are ‘resolution-resilient’
- ❑ Lead Overseer request for information of ICT TPP entity: policies, ICT security audits, ICT-related incident reports, telephone/email records, on-site investigations, interviews – HQ, operational centres, etc – includes third-country TPPs!
- ❑ Lead Overseer can order financial entity to “temporarily suspend, part or completely, use or deployment of TPP”

Markets in Crypto-Assets Regulation - the scope, focus, market coverage

Who does it cover?

Comprehensive MICA regulatory framework for ALL crypto-assets and service providers:

- **Issuers** of unbacked crypto-assets and stablecoins
 - **Service Providers (CASP)**: exchanges, trading platforms, custodian wallet providers
- ❑ Key focus: investor protection and financial stability
 - ❑ MICA broader definition vis-à-vis other non-EU regions: trading, advice, transmitting orders, custody, crypto-to-crypto, crypto-to-fiat exchange
 - ❑ MICA imposes liability on CASPs for custody losses, i.e., cyber attacks on digital wallets
 - ❑ Robust anti-money laundering dimension: due diligence on transfer of funds (Transfer Rule)
 - ❑ No EU Equivalence nor Mutual Recognition likely for non-EU crypto-asset actors
 - ❑ Split NCA + EBA supervisory oversight for CASPs and issuers

Scope

- ❑ Asset-referenced Token (ART), i.e., Libra Basket Coin – backed by basket of currencies to facilitate global payments
- ❑ E-Money Token (EMT), i.e., dollar-based USDC/USDT,
- ❑ Utility Token, i.e., Filecoin, Basic Attention Coin – digital access to goods and services – only accepted by the issuer of that token
- ❑ **NFTs out-of-scope, but now include fractionalized NFTs. Wider NFT regime justification to be reviewed by EBA**
- ❑ **MiFID instruments excluded**





| | |
|----------------------------|--|
| Prudential rules | <ul style="list-style-type: none">❑ Issuers to own and maintain capital funds: €350,000 or 2% of their total reserve assets – whichever is largest❑ Significant' Issuers: market capitalisation in excess of at least €1bn and records 500,000 transactions per day: maintenance of capital funds equal to 3% of reserve assets, i.e., USDC/USDT❑ Providers required to have:<ul style="list-style-type: none">▪ Initial capital reserves▪ Security of the IT infrastructure▪ Solid corporate governance structure▪ Suitability of management board |
| Rules for Issuers | <ul style="list-style-type: none">❑ Apply for authorisation ('White Paper') 20 days prior to emission to national regulator (who can prohibit the token). For ART, explicit approval required❑ For ART and EMT: direct authorisation & supervision by EBA + College of NCA's❑ Must establish a legal entity in the EU |
| Rules for Providers | <ul style="list-style-type: none">❑ Service-providers of crypto-assets require prior approval by NCA's for range of activities: custody, brokerage, trading, investment advice.❑ MiFID-accredited investment firms and banks exempted |

“The national bespoke regimes on crypto assets would no longer be applicable”

MICA Regulation, 24th September 2020



New EU AML Authority...scaling-up EU-wide supervision of high-risk financial entities, by 2026

Creation of new EU anti-money laundering authority

- Oversight powers over 40 most high-risk financial entities
- Extending AML monitoring to the private sector, and embrace crypto-asset service providers and crowd-funding platforms
- Introduces measures for 3rd-countries whose AML/CFT policies pose a risk to financial stability in the EU
- Streamlined Beneficial Ownership requirements and measures to combat misuse of bearer instruments
- **Reduced oversight role by NCA's and the EBA**

Categories of obliged entities to be monitored/supervised:

- credit institutions
- bureaux de change
- collective investment undertakings
- credit providers other than credit institutions;
- e-money institutions
- investment firms
- payments service providers
- life insurance undertakings
- life insurance intermediaries
- crypto-asset service providers



Three categories of high-risk financial entities to be targeted:

- high-risk cross-border credit and financial institutions with activity in a significant number of Member States, selected periodically
- in exceptional cases, any entity whose serious, systematic or repeated breaches of applicable requirements are not sufficiently or in a timely manner addressed by its national supervisor.
- directly supervise at least one entity in each Member State.



Comments, Questions & Answers



横浜市営地下鉄

レールライン

Yokohama Line Subway



観光案内所

Question & Answer

问讯处 詢問處 안내소

西口

West Exit

西出口 서쪽



Platinum Sponsors



Global Times Consulting



Gold Sponsors



Silver Sponsors



Bronze Sponsors



Contributor Sponsors





Thank You For Participating



Forthcoming Events

- Mon, 03 July (15:00 - 15:45) Beating The Odds - My Life In Law, Literature....And The Rest
- Tue, 04 July (10:00 – 10:45) What Should We Teach Our Children About Money?
- Wed, 05 July (11:00 - 11:45) Economic Lessons From The J-value For Covid Response

Visit <https://fsclub.zyen.com/events/forthcoming-events/>

Watch past webinars <https://www.youtube.com/zyengroup>