

ICBE

IRISH CENTRE
FOR BUSINESS
EXCELLENCE

ICBE PRESENTS

TRANSFORMING IRELAND'S GLOBAL AMBITION

Managing Mindset in Global Environments

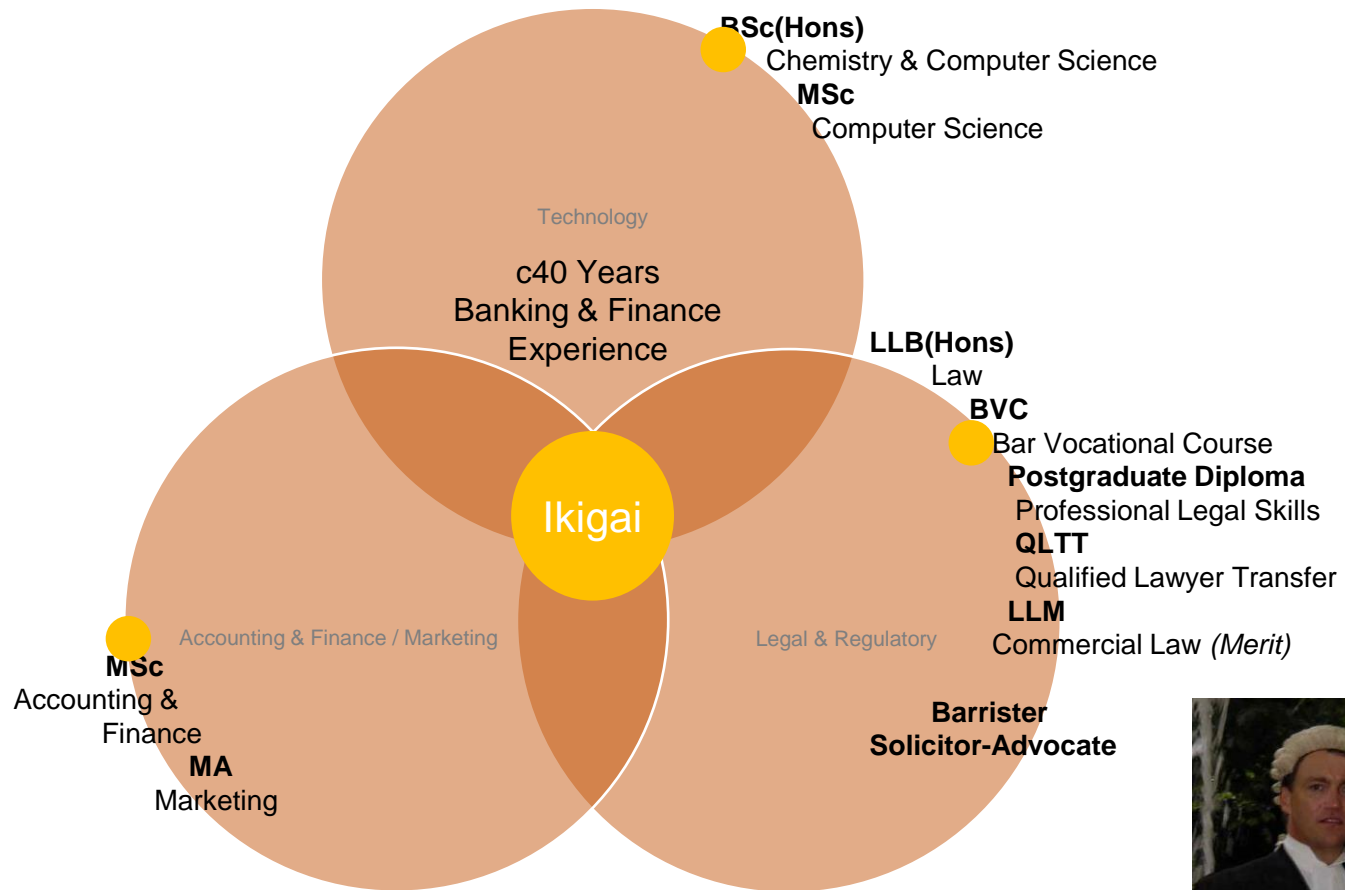
TUESDAY MARCH 29TH

9.30AM TO 11.30AM



INTENTIONAL

ACCIDENTAL





“~~Culture~~ ^{Regulatory} eats Strategy for Breakfast”

- Introduction
- EU Digital Strategy
 - Data Act
 - AI Directive Proposal
 - AML Directive Proposal
 - ESG – SFRD / Taxonomy
 - *DORA*
 - *MICA*



European
Commission



A EUROPEAN INDUSTRIAL STRATEGY

A new Industrial Strategy for a globally competitive, green and digital Europe

March 2020

#EUIndustrialStrategy

Europe's Digital Decade

digital targets for 2030 – 'digital compass'

Skills

ICT Specialists: 20 million + Gender convergence

Basic Digital Skills: min 80% of population

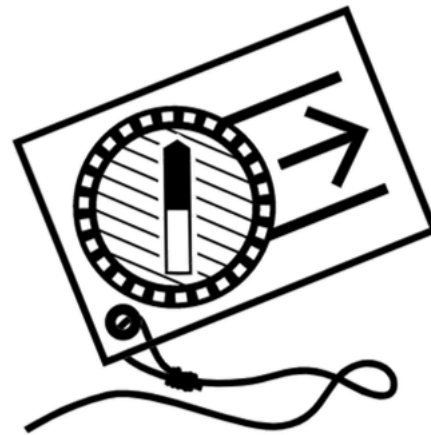
Secure and sustainable digital infrastructures

Connectivity: Gigabit for everyone, 5G everywhere

Cutting edge Semiconductors: double EU share in global production

Data - Edge & Cloud: 10,000 climate-neutral highly secure edge nodes

Computing: first computer with quantum acceleration



Digital transformation of businesses

Tech up-take: 75% of EU companies using Cloud/AI/Big Data

Innovators: grow scale-ups & finance to double EU Unicorns

Late adopters: more than 90% of SMEs reach at least a basic level of digital intensity

Digitalisation of public services

Key Public Services: 100% online

e-Health: 100% of citizens having access to medical records

Digital Identity: 80% of citizens using digital ID

Digital Citizenship

rights and principles for Europeans

People Centric



Digital technologies should protect people's rights, support democracy, and ensure that all digital players act responsibly and safely. The EU promotes these values across the world.

Freedom of Choice



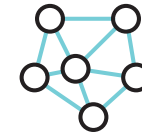
People should benefit from a fair online environment, be safe from illegal and harmful content, and be empowered when they interact with new and evolving technologies like artificial intelligence

Safety & Security



The digital environment should be safe and secure. All users, from childhood to old age, should be empowered and protected.

Solidarity & Inclusion



Technology should unite, not divide, people. Everyone should have access to the internet, to digital skills, to digital public services and to fair working conditions

Participation



Citizens should be able to engage in the democratic process at all levels and have control over their own data.

Sustainability



Digital devices should support sustainability and the green transition. People need to know about the environmental impact and energy consumption of their devices.

Multi-Country Projects




The Commission has identified an initial list of multi-country projects. This list includes areas for investment such as data infrastructure, low-power processors, [5G communication](#), [high-performance computing](#), [secure quantum communication](#), [public administration](#), [blockchain](#), [digital innovation hubs](#) and [digital skills](#).

Data Act


Proposal for a Regulation on Harmonised Rules on Fair Access to and Use of Data




23 Feb 2022



175 Zetabytes
2025

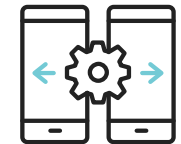
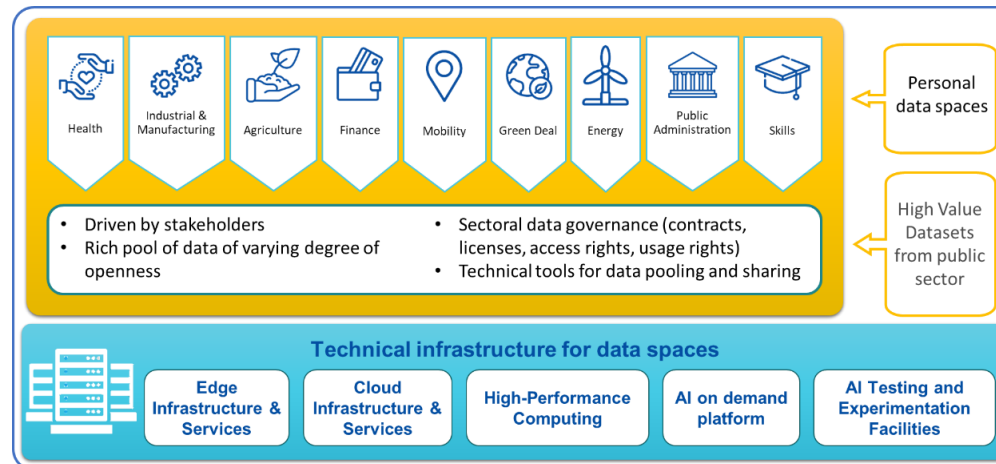


33 Zetabytes*
2018

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Today, the Commission proposes new rules on who can use and access data generated in the EU across all economic sectors. The Data Act will ensure fairness in the digital environment, stimulate a competitive data market, open opportunities for data-driven innovation and make data more accessible for all. It will lead to new, innovative services and more competitive prices for aftermarket services and repairs of connected objects. The act reinforces the building blocks of the Commission's data strategy which will play a key role in the digital transformation, in line with the 2030 digital objectives.

Margrethe Vestager, Executive Vice-President for a Europe fit for the Digital Age, said: "We want to give consumers and companies even more control over what can be done with their data, clarifying who can access data and on what terms. This is a key Digital Principle that will contribute to creating a solid and fair data-driven economy and guide the Digital Transformation by 2030."



* 1 Zetabyte = 1,000,000,000,000,000,000 bytes

AI

Proposal for a Regulation laying down harmonised rules on artificial intelligence

Scope



“software that is developed with one or more of [certain] approaches and techniques . . . and can, for a given set of human-defined objectives, generate outputs such as content, predictions, recommendations, or decisions influencing the environments they interact with.”

Techniques



The techniques and approaches leading to software being identified as an AI system (listed in Annex I) include:

- Machine learning** (including supervised, unsupervised and reinforcement learning, using a wide variety of methods including deep learning).
- Logic- and knowledge-based approaches** (including knowledge representation, inductive (logic) programming, knowledge bases, inference/deductive engines, (symbolic) reasoning and expert systems).
- Statistical approaches**, Bayesian estimation, search and optimization methods.

Prohibited Practices



*Deploy **subliminal techniques** beyond a person’s consciousness to materially distort a person’s behaviour in a manner that causes or is likely to cause harm.*

***Exploit vulnerabilities** of a group due to their age, physical or mental disability to materially distort the behaviour of a person pertaining to that group in a manner that causes or is likely to cause harm; or*

***Evaluate or classify the trustworthiness** of natural persons based on their social behaviour or known or predicted personal or personality characteristics, leading to detrimental or unfavourable treatment.*

Obligations



The AI Regulation further imposes extensive obligations in relation to:

- Data and data governance**
- Technical documentation and record-keeping.**
- Transparency and provision of information.*
- Human oversight.**
- Accuracy, robustness, and cybersecurity.**

AML / CFT

Proposal for a Regulation laying down harmonised rules on artificial intelligence

Proposed package consists of **four legislative proposals**:

- [Regulation establishing a new EU AML/CFT Authority](#);
- [Regulation on AML/CFT, containing directly-applicable rules, including in the areas of Customer Due Diligence and Beneficial Ownership](#);
- Sixth [Directive on AML/CFT \(“AMLD6”\)](#), replacing the existing [Directive 2015/849/EU \(the fourth AML directive as amended by the fifth AML directive\)](#), containing provisions that will be transposed into national law, such as rules on national supervisors and Financial Intelligence Units in Member States;
- [revision of the 2015 Regulation on Transfers of Funds to trace transfers of crypto-assets](#) (Regulation 2015/847/EU).

EU ESG Disclosure Regulation (SFDR)

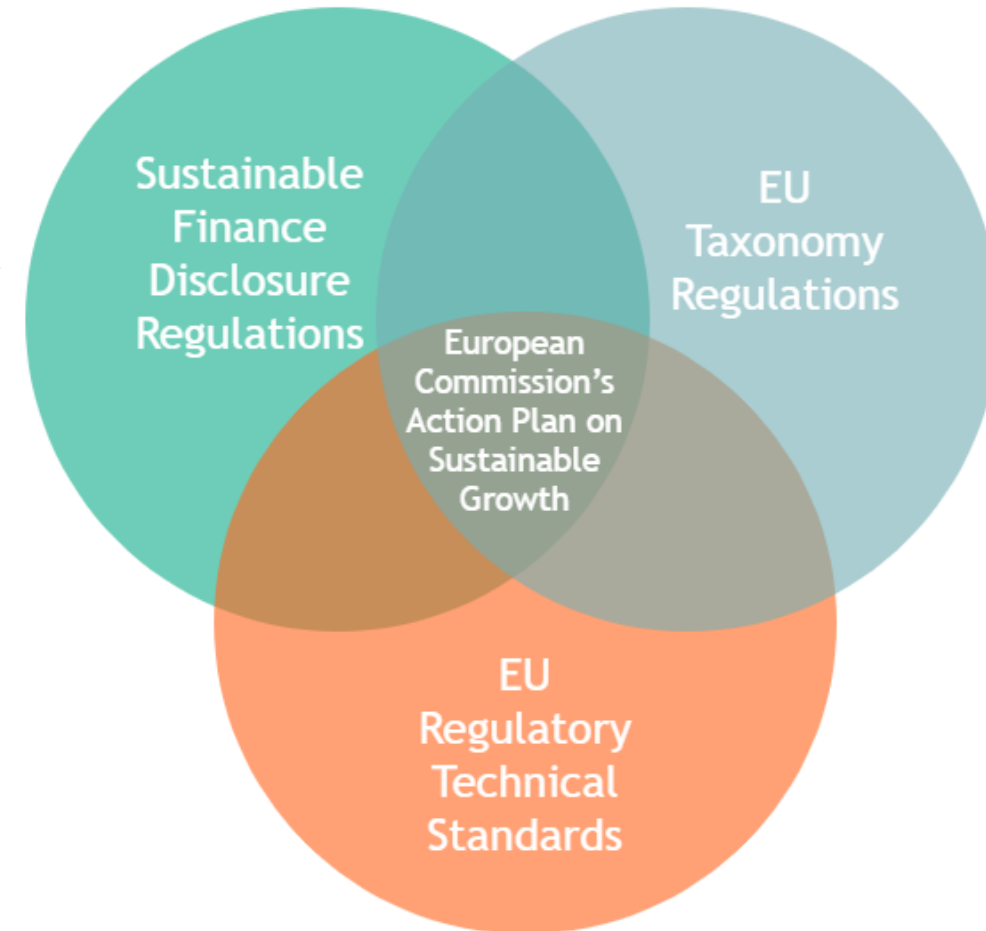
Sustainable Finance Disclosure Regulations

Regulation aims to reduce greenwashing and the overstating of green credentials.

The [European Commission](#) found in an assessment of 344 “seemingly dubious claims” on the environment that nearly half (43%) were false or deceptive and 37% included purposely vague and misleading statements like “eco-friendly” and “sustainable”.

SFDR disclosure obligations divided into three categories:

1. The principal adverse impacts of investment decisions on sustainability factors
2. **Considering sustainability (ESG) risk**
3. Product-specific obligations
 - Article 8 products: financial products where the primary objective is not sustainable investment but promote, among other things, environmental or social characteristics.
 - Article 9 products: financial products with sustainable investment as its core objective.



EU Taxonomy Regulation

classification system to categorize economic activities

The EU Taxonomy Regulation went into effect 01 January 2022 - Based on 6 objectives:

- Climate change mitigation;
- Climate change adaptation;
- The sustainable use and protection of water and marine resources;
- The transition to a circular economy;
- Pollution prevention and control;
- The protection and restoration of biodiversity and ecosystems.

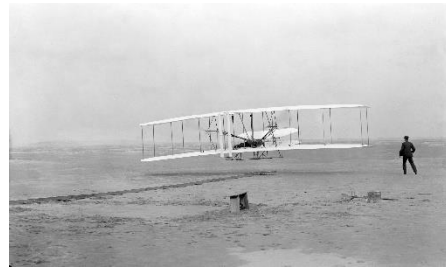
The EU Taxonomy Regulation aims to help investors and companies make informed decisions on “environmentally sustainable” economic activities.

However, the regulation does not prevent investments in activities not eligible under the EU Taxonomy.

The main objective of the green investment rules is to provide a long-term incentive to direct financial flows towards environmentally sustainable activities.



17th Dec 1902
Marconi. Nova Scotia



17th Dec 1903
Wright Bros.



15th Apr 1912
Titanic



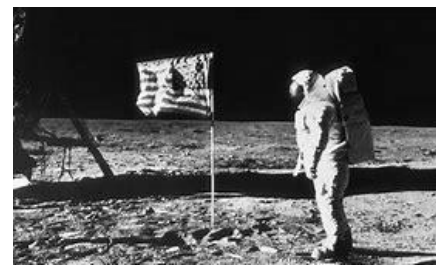
28th Jul 1914
WW1



3rd Nov 1957
Laika



12th Apr 1961
Yuri Gagarin



20th Jul 1969
Neil Armstrong



August 1981
IBM PC

Summary

What does all this mean ?

Lots of change occurring – to you, your business, your marketplace, your customers...

Regulation has moved from *'tick box'* to *'principles and outcome'* based – not *'What'* but *'How'* and *'Why ?'*

You can ignore it
...and the fines can come as a complete surprise

You can mitigate it – possibly...

Can you use it to your advantage ?

Will the Regulatory change be a catalyst to deal with *'Technical Debt'* in your organisation ?

Think of my Gran...

What change will **YOU** see in your lifetime ? Are you thinking BIG enough ?

Start networking to ensure you understand what is happening around you...



00:06 / 00:33



QUESTIONS & ANSWERS





OUR PEOPLE

Michael Nicholls

Retail Banking & Regulatory Change

Michael has c40 years in Financial Services, during which time he has worked as a Bank Employee (*Bank of Ireland, Pictet et Cie*), Technologist (*Unisys, Tandem, Compaq, HP*), Business Consultants (*Sophron Partners - then part of McKinsey & Co, EY - Pillar Lead for Regulatory Reporting and EPAM*), as well as being retained as a Lawyer/Linguist at the ECB in Frankfurt.

Recent Projects (include) :-

- ✓ Review of Finance and Regulatory Change Processes and Financial Appraisal for a global firm based in Germany
- ✓ Advised international bank on opportunities for expansion into the German SME Lending market (*FISG changes and KWG, ZAG and KAGB – German Banking Laws*)
- ✓ Working with a leading Dutch Internet Bank on a Platform modular replacement and eKYC/AML enhancements.
- ✓ Working with a Card Operator on P26 Payment Strategy
- ✓ Carve out of Baltic operations of Nordic Bank and merger with another Bank to form leading Baltics Bank

Academics

BSc(Hons) Chemistry & Computer Science
LLB(Hons)
PgDip (*Professional Legal Skills*)
MSc Computer Science
MSc Accounting & Finance
MA Marketing
Postgraduate Advanced Awards
LLM Commercial Law (*Merit*)
BVC (*Very Competent – Outstanding in Legal Opinion*)
Barrister (*Called to the Bar 2001*)

- Lord Diplock Scholar
- Blackstone Entrance Exhibitioner

Solicitor-Advocate (*Admitted 2013*)
(*Current 2022 Practice Certificate*)