



SIFMA Fintech Conference

Opening Remarks as Prepared for Delivery

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Good afternoon and thank you all for joining us here today. Before I begin, I'd like to thank all of the speakers, as well as our sponsors: Accenture, Broadridge, IBM, PwC and Polsinelli. We appreciate your ongoing support of SIFMA.

Advances in technology continue to transform our industry. While firm capabilities are expanding, Customer demands are escalating. We know Customers' expectations for product quality and service excellence are set by the cutting-edge technologies deployed by online retailers and global app platforms – and they will expect a similar level of innovation and new experience from their financial institutions and financial advisors.

Initiatives such as the development of SIFMA's Data Aggregation Principles—a broad-based industry effort to protect a customer's financial information—is but one example of the ways in which the financial industry is committed to ensuring the safety of the clients we serve as we adapt to new and changing technologies. This rightfully puts a focus on investors' rights to securely access their own data.

Across securities firms, the challenge is to harness the power of technology to drive innovation and change to not only reduce costs, but deliver new products, improve customers' experiences, and better understand and manage risk. It is mission critical that we guide our firms as they embrace new technologies. We want to not just stay ahead of the curve, but to leverage the merging of new technologies like AI-enabled augmented intelligence that some are calling the Fourth Industrial Revolution.

For example, technology leaders are using robotics process automation to improve how transactions are processed; employing artificial intelligence to rapidly analyze securities filings; and turning to cognitive computing to predict how life events will affect their clients' financial needs. And of course, the use of distributed ledger technology remains a key focus as we work to turn the promise of this technology into actual production applications. Over the course the conference, we'll have panels exploring these topics in depth with the industry leaders who are driving them forward.

The innovation requires very significant investment. In fact, the IDC forecasts that financial services will lead the world's industries in spending in on cloud, mobility, and Big Data as part of their digital transformation efforts. Financial services' IT spending was estimated at \$480 billion worldwide in 2016. That's not maintenance--it's spending to promote innovation and leverage

technology in new ways to better serve clients, manage risk and comply with rules and regulations.

The other side, of course, is that for this progress to take shape, it's imperative that regulation not be an impediment to innovation. Ours is a high regulated industry, but let's ensure that regulation doesn't serve as a barrier to entry with respect to technological advancements.

We're encouraged by our dialogue with U.S. regulators on this issue. SIFMA's goal is to help promote a regulatory environment that encourages and promotes innovation in the U.S., and ensure that the U.S. capital markets remain the deepest and most liquid in the world. The United States is the global center of capital markets technology innovation, and we want to ensure that we remain so, and that our economy continues to reap the benefits of these efforts.

Working with our members, we have developed and submitted to Treasury a range of recommendations on how rules can be modernized to reflect the marketplace of today and the future.

These included removing regulatory barriers by:

- Ensuring flexibility in the regulatory framework to encourage and support innovation without compromising consumer protection or the safety and soundness of the financial system.
- Making regulations and supervisory practices principles-based and technology-agnostic to accommodate future innovation without requiring regulatory reforms each time that new technology is created.

Leveling the playing field by:

- Basing regulation on function rather than type of entity or its regulated status.

And modernizing regulation by:

- Encouraging collaboration among federal and state regulators, financial institutions, and technology companies to maximize knowledge-sharing.
- Confirming regulators have advanced technological expertise to evaluate changing technologies.

SIFMA is looking forward to seeing Treasury's recommendation. We welcome further comments from Craig Philips, Counselor to the Secretary, U.S. Department of the Treasury, who will close our program tomorrow.

Turning to today's program, I am very pleased to introduce our first speaker, Beth Knickerbocker. Beth is the Chief Innovation Officer at the Office of the Comptroller of the Currency. She's responsible for managing the day-to-day operations of the Office of Innovation and implementing of the OCC's innovation framework.

Prior to this role, Beth served on the OCC's legal staff since 2014, working on a variety of legislative and regulatory matters related to cybersecurity, financial technology and financial innovation.

Prior to her work at the OCC, Beth served as a Vice President and Senior Counsel in the American Bankers Association's Office of Regulatory Policy. There she focused on implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Before joining the ABA, she was the Chief Risk Officer for Marshall & Ilsley Corporation. She was also an attorney at the law firm Sutherland Asbill & Brennan LLP (now Eversheds Sutherland LLP). She began her career as an attorney with the OCC from 1992 to 2000, serving in the Enforcement and Compliance and Community and Consumer Law divisions.

Ms. Knickerbocker is a graduate of the University of Iowa College of Law, high distinction, and earned a Bachelor of Arts in politics and international relations from Cornell College, magna cum laude, Phi Beta Kappa.

Please join me in welcoming Beth Knickerbocker.