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RegTech: Towards Real-Time Regulation?

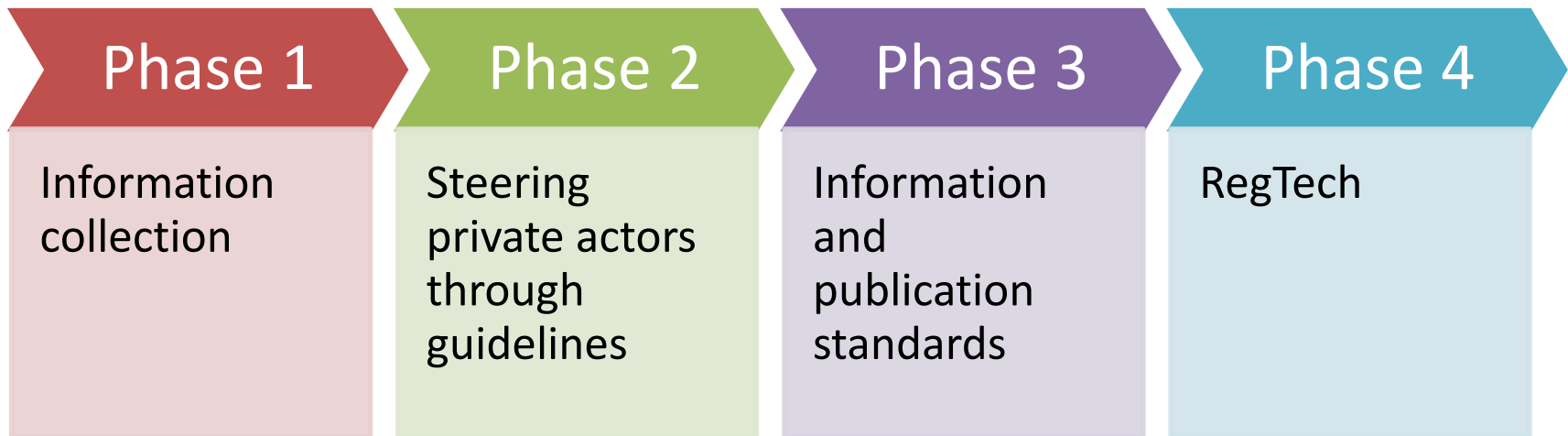


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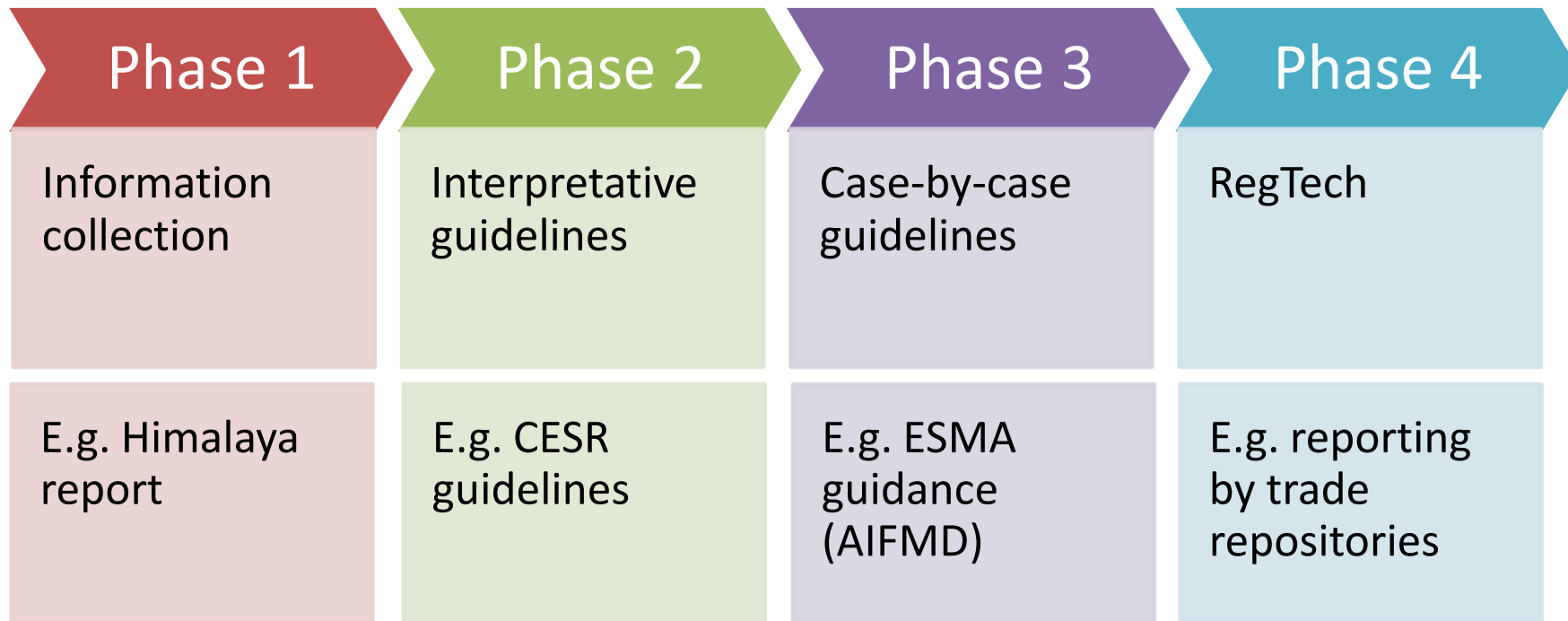
- I. Issue
- II. The Changing Context of ‘Regulation by Information’
- III. Regulation by Information Flows in EU Financial Regulation
- IV. From Supervision to Real-Time Regulation?
- V. Concluding Remarks

- Identifies shift from ‘Regulation by Information’ to ‘Real-Time Regulation’
- EU level with focus on Financial Regulation
- Potential, challenges, future

II. The Changing Context of 'Regulation by Information'



III. Regulation by Information Flows in EU Financial Regulation



IV. From Supervision to Real-Time Regulation?

From delayed to a real-time supervision



From supervision to regulation



Towards real-time regulation?

Opportunities of Real-Time Regulation

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- Evidence-based and targeted policy interventions
- Informed law-making
- Rapid crisis mitigation, e.g., risk steering

- Legal issues: competence, limits of discretion, judicial control, fundamental human rights
- Outsourcing of reporting: ‘Law is in the Code’ so ‘Code is Law’
- Intervention severity and granularity
- Effectiveness & expertise of ‘New Regulators’
- Costs

- Towards a new regulatory paradigm
 - Fairness
 - Accountability
 - Transparency

V. Conclusion

- From delayed to real-time supervision
- From supervision to regulation
- Towards real-time regulation

Thank you!

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See forthcoming working paper: Hofmann/Zetsche/Pflücke,
'RegTech: Towards Real-Time Regulation?'

RegTech: Towards Real-Time Regulation?

Abstract

The concept of 'Regulation by Information' is changing. Past approaches of Regulation by Information consisted mainly of signalling regulatory intent and giving indirectly binding guidance about future regulatory determination. There is a need to review this concept considering the increasing integration of regulatory oversight into continuous data flows on markets with the support of regulatory technologies (RegTech).

This article illustrates the levels of change against the background of financial regulation, an information-intense and highly regulated policy field. Financial regulation is at the forefront of developments fundamentally changing the nature of regulation by information. The definition of reporting standards and formats is developing to become an ever more powerful regulatory tool. The formulation of data standards and reporting shapes markets and pushes regulatory choices by influencing information flows. The pre-definition of regulatory decision-making by setting reporting standards and increasingly reporting technology requirements is a new phase in the development of regulatory tool-kits, likely to be used in other data- and information-dense industries. In some respects, this has allowed the development of Real-Time Regulation.

Based on the study of financial regulation, this article discusses both continuities and changes in the role and significance of legal principles and procedures used in regulatory oversight following the evolution of this new form of Regulation by Information within the EU.

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