



2019 FINRA RegTech Conference

January 17 | New York, NY

RegTech Initiatives for Surveillance and Monitoring

Thursday, January 17

1:45 p.m. – 2:45 p.m.

Technologies like artificial intelligence and big data analytics have the potential to overhaul surveillance systems from the traditional rule-based methods to more predictive, risk-based processes. During this session, panelists discuss the evolution of market surveillance and conduct-monitoring tools in recent years and the shift to more holistic, enterprise-wide surveillance. Panelists also share their thoughts on how these tools might offer the potential to make surveillance and monitoring more proactive and risk-based.

Moderator: Lore Aguilar
Director, Strategic Research
FINRA Market Regulation

Panelists: Gregg Berman
Director of Research for Market Integrity, Monitoring, and Surveillance
Citadel Securities

John Davidson
Senior Vice President and Global Head of AML
E*TRADE Financial

Jon Kroeper
Executive Vice President, Quality of Markets
FINRA Quality of Markets

John Stecher
Managing Director and the Chief Innovation Officer
Barclays

RegTech Initiatives for Surveillance and Monitoring Panelist Bios:

Moderator:

Lore Aguilar is Director of Strategic Research with the Surveillance, Research, Methodologies, and Governance Group (SRMG) of FINRA's Market Regulation Department. SRMG is responsible for applying innovative analytical methods, including machine learning, to market research, surveillance development, and alert investigations. Prior to joining FINRA in 2014, Mr. Aguilar worked in the Trading Analysis team of Bridgewater Associates. Mr. Aguilar received his PhD in Economics from the University of Minnesota - Twin Cities.

Panelists:

Gregg Berman, Ph.D. is director of the market analytics and regulatory structure unit of Citadel Securities where he focuses on utilizing data and analytics to better inform on a host of advanced topics at the crossroads of market structure, rules, and regulations. Prior to joining Citadel, Mr. Berman was a principal at Ernst & Young in its financial services organization. From 2009 to 2015 Mr. Berman served at the U.S. Securities and Exchange Commission in Washington, DC, where he established and was associate director of the office of analytics and research in the division of trading and markets. Mr. Berman covered a wide array of areas with a particular focus on market structure data, analytics, and associated rules and regulations. Mr. Berman was also a founding partner of New York-based RiskMetrics Group where he primarily served as its head of the risk business (1998-2009). Before joining RiskMetrics Group, Mr. Berman co-managed a number of multi-asset hedge funds within New York-based ED&F Man. Mr. Berman is a physicist by training and holds degrees from Princeton University (Ph.D. 1994, M.S. 1989), and the Massachusetts Institute of Technology (B.S. 1987).

John J. Davidson, Esq. is Senior Vice President and Global Head of Anti-Money Laundering for E*TRADE Financial. Mr. Davidson joined E*TRADE Financial in October 2007 and in August 2008 was named Global Head of Anti-Money Laundering. He has responsibility for global AML Compliance and Fraud Investigations. Mr. Davidson received E*TRADE's Leadership Award as a result of his efforts in building the firm's AML program. Prior to joining E*TRADE, Mr. Davidson spent 19 years as an Enforcement Attorney and BSA/AML Policy specialist at the Office of Thrift Supervision, the Board of Governors of the Federal Reserve and the SEC. As an Enforcement attorney, Mr. Davidson assisted financial institution regulators in recovering over \$50 million in ill-gotten gains from individuals and financial institutions; which had violated federal banking laws, federal securities laws and the Bank Secrecy Act. As a BSA/AML Policy specialist, Mr. Davidson represented first the OTS and then the Fed on interagency working groups, which drafted many of the regulations associated with the USA PATRIOT Act. At the SEC, Mr. Davidson helped pilot the Enforcement division's SAR review program. Mr. Davidson's efforts resulted in numerous awards and promotions from financial institution regulators. Mr. Davidson also frequently serves as a speaker at industry sponsored AML forums and at FFIEC examiner training schools. He received his BA with awards and honors from the George Washington University and his JD from the College of William and Mary.

Jon Kroeper is Executive Vice President of the Quality of Markets Section of FINRA's Market Regulation Department. The Quality of Markets Section is responsible for the conduct of post-trade surveillance and investigations related to data integrity, market conduct and customer protection rules, and market manipulation activity in the U.S. equity and fixed income markets regulated by FINRA as a self-regulatory organization and as a provider of regulatory services to other U.S. SROs. Prior to joining FINRA's predecessor NASD in early 2007, Mr. Kroeper served as Counsel to U.S. Securities and Exchange Commission Chairman Chris Cox in 2006 and 2007, and Counsel to Commissioner Paul S. Atkins in 2005. From 2000 to 2005, Mr. Kroeper was First Vice President and Associate General Counsel for Instinet Group Incorporated. Mr. Kroeper began his career at the U.S. Securities and Exchange Commission in 1994, serving as a senior counsel in the Division of Market Regulation and subsequently as Counsel to Commissioner Laura S. Unger. Mr. Kroeper received a bachelor's degree from Georgetown University and a law degree, *cum laude*, from Chicago-Kent College of Law.

John Stecher is Managing Director and the Chief Innovation Officer of Barclays, based in New York. He is a member of the Barclays Technology Management Committee. Mr. Stecher is accountable for developing new strategies, business opportunities, and product capabilities across all lines of business for Barclays by embracing and applying disruptive technologies, driving strategic investing for the firm, and leveraging relationships with partners and the wider FinTech ecosystem. He owns the innovation process for the firm as well as Barclays award winning Rise Fintech platform. Prior to joining Barclays in August 2017, Mr. Stecher worked for Goldman Sachs

where he held a variety of senior management and engineering roles across the firm's capital markets, technology, and most recently build their Marcus branded consumer finance division. Mr. Stecher has had an extensive career in technology and engineering across industry sectors. Mr. Stecher was appointed as an IBM Master Inventor and led application development, architecture and strategy for IBM's WebSphere product line in the Software Group. He delivered/created more than 45 patents across a number of diverse problem spaces. Mr. Stecher holds a Master in Computer Science from the University of Minnesota and a bachelor's degree in Computer Science from the University of Wisconsin – Madison.



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Panelists


■ Moderator

- Lore Aguilar, Director, Strategic Research, FINRA Market Regulation

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- Gregg Berman, Director of Research for Market Integrity, Monitoring, and Surveillance, Citadel Securities
- John Davidson, Senior Vice President and Global Head of AML, E*TRADE Financial
- Jon Kroeper, Executive Vice President, Quality of Markets, FINRA Quality of Markets
- John Stecher, Managing Director and the Chief Innovation Officer, Barclays

To Access Polling

- Under the “Schedule” icon on the home screen,
- Select the day,
- Choose the RegTech Initiatives for Surveillance and Monitoring session,
- Click on the polling icon: 

Polling Question #1

- 1. Are you currently using any machine-learning techniques as part of your surveillance and monitoring programs:**
 - a. None at all**
 - b. Started to experiment, but nothing in production**
 - c. Some small use cases in production**
 - d. Substantive use in production**
 - e. Not sure – I don't really know what is, and is not, defined to be machine learning**

Polling Question #2

- 2. If you have started using machine-learning techniques, what are the main challenges you've encountered:**
 - a. Data availability and/or quality**
 - b. Data and computational infrastructure**
 - c. In-house expertise in applying techniques**
 - d. Explaining/interpreting output**
 - e. Getting buy-in from leadership**
 - f. Other**