

Regulatory Sandbox

Project Plan

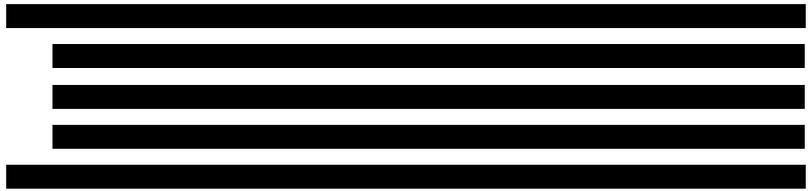
21.08.2020

Revisions

Date	Version	Contributor	Comment
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Table of Contents

1	Audience	4
2	Background.....	4
3	Objectives.....	4
4	Scope	5
	4.1 Risks.....	5
	4.2 Goals and success criteria.....	6
5	Parties and roles	6
6	Methodology.....	6
	6.1 Project Group	7
	6.2 Working Groups.....	7
7	Timeline and activities.....	8
	7.1 Roadmap	8
	7.2 Activities and Milestones.....	9



1 Audience

This document is intended for stakeholders at Finanstilsynet and the project team at Quesnay. A redacted version of the project plan will be made public.

2 Background

It was in April 2020 decided to include Quesnay's project as one of the two projects accepted in the regulatory sandbox.

Over the last years, Quesnay has developed a set of web applications and APIs which help financial service providers to increase operational efficiency and quality of their customer onboarding, due diligence and continuous follow up by digitising compliance processes. These services are currently used by several banks and financial institutions, allowing them to build a consolidated data source of customer information. [REDACTED]

In this document we outline the terms of reference for the collaboration between Finanstilsynet and Quesnay during Quesnay's participation in the regulatory sandbox.

3 Objectives

In line with the purpose of the regulatory sandbox, the objective of the cooperation between Finanstilsynet and Quesnay is:

- Contribute to increased technological innovation
- Improve knowledge and clarifications of the regulatory requirements
- Increase understanding of new technological solutions in the financial market.
- Share the results of the sandbox project with the market

4 Scope

The project scope is limited to regulatory clarifications under the authority of Finanstilsynet and interpretation of the scope and limitations of statutes.

The projects scope is defined through the following questions and topics:

- License and authorisation: Do the intended service fall under requirements of licence or authorisation as “opplysningsfullmektig”?
- Evaluate under what conditions, what type of information and with whom financial institutions can share information pursuant to the Norwegian Money Laundering Act (Hvitvaskingsloven) to prevent and combat financial crime. Which entities would be eligible to contribute/consume data to or from the intended service? Will we need to separate data or group access according to licensing/supervision categories?
- Clarification regarding the relationship between the non-disclosure requirement of §28 Hvitvaskingsloven and sharing of information during investigations under §31(6) Hvitvaskingsloven.
- Clarification on the material scope of §28 Hvitvaskingsloven, especially with regards to §28(6) Hvitvaskingsloven and the required conditions for sharing information and the exception to the non-disclosure obligation.
- Clarification of §31(3) Hvitvaskingsloven with regards to the specific conditions and the type of information that can be exchanged between financial institutions, and interpretation of what constitutes necessary customer information and what constitutes a situation of necessity.
- For Finanstilsynet to gain knowledge of the use of Quesnay’s technology.

4.1 Risks

The following risks relate to both Finanstilsynet and Quesnay:

- Communication: miscommunication or lack of communication in the project
- Time and resources: risk that the time for the project is insufficient or that the scope of the project is to extensive based on the available resources

Finanstilsynet has identified the following risks for Finanstilsynet:

- Competition distortion: risk that Quesnay receives an advantage by participating in the sandbox compared to competitors
- Project misunderstanding: risk that Finanstilsynet had accepted a project in the sandbox that later turns out to be something different than originally understood
- Person risk:
 - Finanstilsynet’s project groups consist of few people and a risk is present if the key persons at Finanstilsynet can no longer contribute to the project
 - If the project manager do not have enough time to contribute to the project and reach the milestones and deliveries according to the project plan
- Reputation risk: Finanstilsynet’s reputation can be weakened if the criteria of the sandbox are not met or satisfied.

[REDACTED]

- [REDACTED]
- [REDACTED]

4.2 Goals and success criteria

Contribute to regulatory clarifications, including:

- The relationship between the disclosure ban in § 28 Hvitvaskingsloven and exchanging information in investigations pursuant to § 31(3) and § 28(6) Hvitvaskingsloven.
- Regulatory clarification if the service, or similar services, requires a licence as “opplysningsfullmektig”.

Consider whether it's possible to prepare general guidelines on the above points.

5 Parties and roles

Parties	Roles	Contact
Finanstilsynet	<ul style="list-style-type: none"> • Participate in the project group • Participate in all working groups • Licence considerations • Regulatory considerations 	[REDACTED]
Quesnay	<ul style="list-style-type: none"> • Participate in the project group • Participate in all working groups • Write final report in dialogue with Finanstilsynet 	Rikke Øksnes rikke@quesnay.com [REDACTED]

6 Methodology

The proposed methodology entails a project group which coordinates the project and two working groups that discuss relevant questions in three workshops. The working group provides the output from the workshops to the project group for processing and evaluation of results.

[REDACTED]

6.1 Project Group

Project Group	
Participants:	<ul style="list-style-type: none"> - Finanstilsynet - Quesnay
Tasks:	<ul style="list-style-type: none"> - Coordinate the project - Provide the working groups with preparation material and input material to the workshops - Collect and review the output from the working groups' workshops - Compile and process the results from project - Write the final report
Activities:	<ul style="list-style-type: none"> - Introduction meeting - Regular dialog and coordination - Meetings after the workshops to review output - Aggregate and discuss the results - Write the final report

6.2 Working Groups

Working Group I will focus on the regulatory clarifications related to exchanging information between financial institutions and Working Group II will focus on the technical feasibility and security concerns.

Working Group I: Market	
Hypothesis:	<p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>
Participants	<ul style="list-style-type: none"> - Finanstilsynet - Quesnay
Tasks:	<ul style="list-style-type: none"> - Review relevance of properties which are being shared (see Appendix 2). - Draw up reporting framework of interest to Finanstilsynet (are there reporting requirements during the development or use of the product depending on a licence) - Review measure to establish minimum data quality standards (Reliance/Limitation of Access). - Identify regulatory requirements for vendors (License) - Discuss and clarify conditions for sharing information between financial institutions pursuant to the disclosure ban in § 28 Hvitvaskingsloven and exchanging information in investigations pursuant to § 31(3) and § 28(6) Hvitvaskingsloven. - Discuss how the <i>type</i> of information impacts the sharing of information - [REDACTED] - [REDACTED] - Identify type of personal information that should be encrypted vs. data that could be shared without encryption

Activities	<ul style="list-style-type: none"> - Three half day workshops - Write report on findings to project group (Quesnay)
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Working Group II: Technology

Hypothesis: [REDACTED]

Participants	<ul style="list-style-type: none"> - Finanstilsynet - Quesnay
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Tasks:	<ul style="list-style-type: none"> - Review feasibility of properties which are being shared. - Identify security and reliability concerns. - Discuss which type of information should be encrypted and to make it technically feasible and effective
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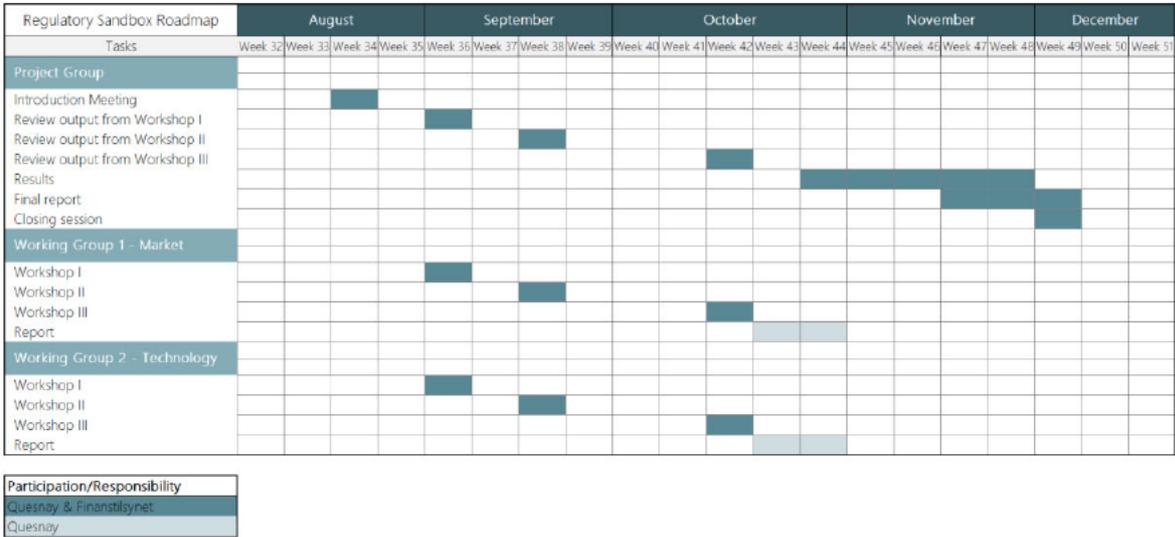
Activities	<ul style="list-style-type: none"> - Three half day workshops - Write report on findings to project group (Quesnay)
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7 Timeline and activities

The project group and the working groups will receive a more detailed plan and preparation materials before the first workshop. This is intended to give the working groups a clearer framework although there should be room for flexibility.

7.1 Roadmap

In order to reduce the organisational burden, we intend to limit the interaction to two-three meetings per working group (half day workshops), spread out over the Q3 and Q4. The project group will have shorter meetings and continuous dialogue.



Participation/Responsibility
Quesnay & Finanstilsynet
Quesnay

[Redacted]

[Redacted]

[Redacted]	[Redacted]	[Redacted]
[Redacted]	<ul style="list-style-type: none">[Redacted]	[Redacted]
[Redacted]	<ul style="list-style-type: none">[Redacted][Redacted]	[Redacted]
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