WFE Webinar

Risk Intelligence for Exchanges and Regulated Market Operators; Persistent Sanctions Screening Solutions, AI and Digital Risk Mitigation

Date: September 19, 2024 **Time:**13:00-14:00 BST

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LIVE WEBINAR

Risk Intelligence for Exchanges and Regulated Market Operators; Persistent Sanctions Screening Solutions, AI and Digital Risk Mitigation

Chhavi Sinha
Manager, Regulatory Affairs, The WFE

Keith Wood
CEO,
pTools Software

Tom Skinner
Managing Director,
pTools Software

Pavel Horacek
Head of Development,
pTools Software

Suraj Pandey
Business Development,
pTools Software

AGENDA

1. What is Digital Risk - An overview of disparate factors.
2. What is Risk Intelligence (RI) - How Risk is assessed, scored and quantified.
3. Simple v Complex - Handling complex Risk algorithmic scoring
4. Sanctions - Understanding Risk in entity, identity, and asset definition (OFAC, LEI, ISIN and more)
5. Batch Screening v Persistent Screening - New paradigm in Risk monitoring.
6. Black, White and Grey Lists - And the anomalies they create.
7. Future of Artificial Intelligence and Risk Intelligence - Understanding additional corpus of data.
8. Demo of Persistent Sanctions Screening toolset - Sample data only.
9. Conclusions

About pTools

- pTools provides Market Information services to stock exchanges and related organisations including LOUs, NNAs, CSDs, CCPs and central banks.
- We deliver packaged software, bespoke solutions, outsourced and support services for applications including Risk Intelligence, Persistent Sanctions Screening, LEI and ISIN issuance, corporate actions and announcements processing, ESG validation, asset tokenisation and listing.
- With offices in Dublin, London and Bangalore, pTools' clients include LSEG, Qatar Central Bank and Strate South Africa. pTools works across technologies with specific capability in AI and NLP, blockchain and notarisation, digital risk mitigation/sanctions risk scoring and data quality management.
- pTools delivers solutions on-Premise, on-Cloud and as-a-Service. pTools is a long-term partner of the World Federation of Exchanges, is a member of GLEIF Vendor and Services Providers Relationship Group, and has additional partnerships with leading global technology providers.

[1] - What is Digital Risk - An overview of factors

1. Traditional cyber security: anti-virus, phishing, malware, ransomware
2. New data integrity and data quality regulation and reporting
3. Process impact of misaligned individual, entity and asset identification and verification
4. New and legacy KYC/AML validation
5. New and legacy Sanctions Screening processes
6. New Personal Responsibility and Reporting regulation and compliance

[2] - What is Risk Intelligence (RI) - How Risk is assessed and scored/quantified.

1. Wholistic view of Risk across applications processes for Exchanges

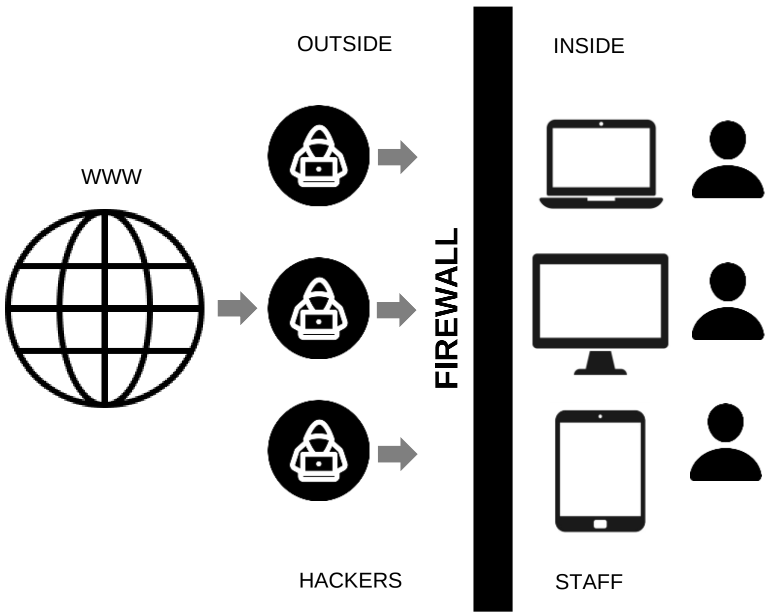
2. Visualization of complex data/risk insights in a manner that humans can easily understand

3. Data analytics dashboards, risk scoring, red/amber/green escalations and workflows

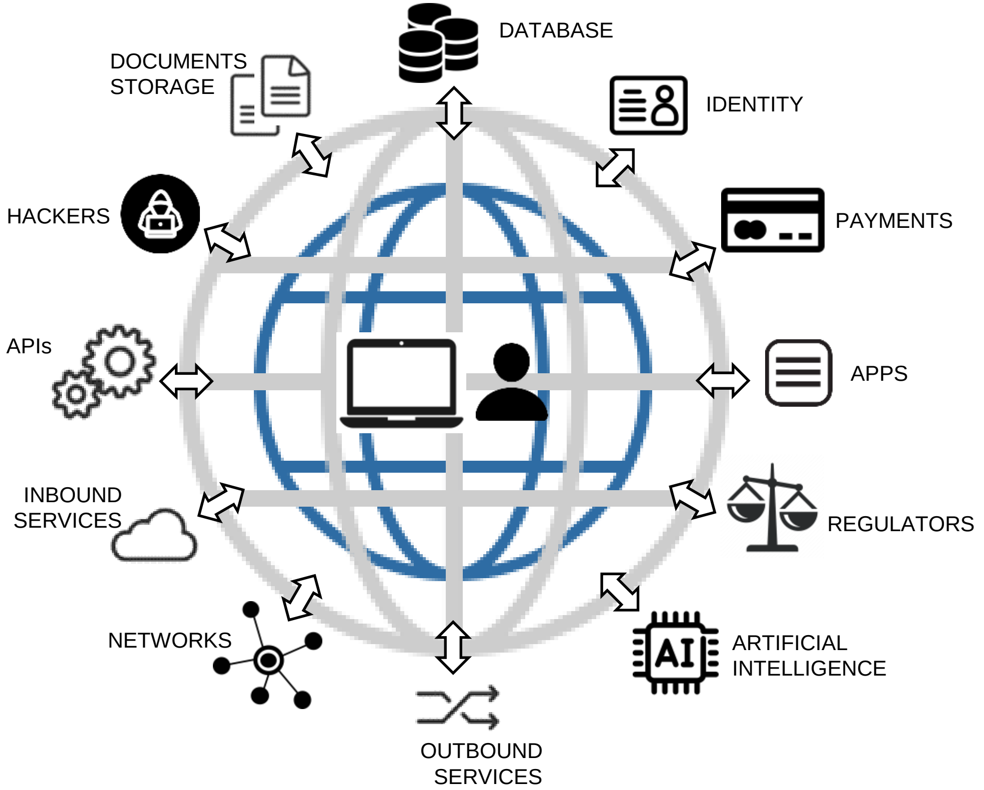
4. Data driven management and data quality regulatory reporting

[3] - Handling New Complex Risk and Algorithmic Risk Scoring

Traditional Simple Risk



New Complex Risk



[3] - Risk Scoring

Risk scoring for entity, identity, data, origin, network and more, enables better escalation and risk mitigation for sanctions, fraud, AML, data quality and reporting.

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AI DOCUMENT ANALYSIS

Authorisation Letter*:

Risk Level

Low

Only some of the data input was found in the File

Company Name	**Half Moon Resort**	3
National ID Number	**8206275228089**	1
Requester First Name	**Patrick**	2
Requester Surname	**Patterson**	2
Requester Email	**george.mathews-2@ptools.com**	0
Requester Phone Number	**18765551234**	2

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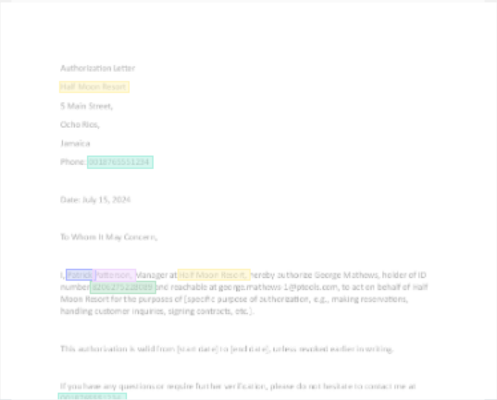

Previous Next

REGISTRATION RISK REFERENCING

Legal Formation Country*:

Risk Level

Medium

The country entered does not match the country resolved from the IP address.

Country Code Entered:	**Country Code Resolved:**
JM JAMAICA	IRELAND
Internet Service Provider:	Liberty Global B...
Location:	Waterford, Munst...
Tor Exit Node:	Pass
Proxy / VPN Blacklist:	Pass
Internal Blacklist:	Pass

LEI RISK SCORE

Risk Level Low

General Description

Legal Entity Number is checked against global LEILEX database for invalid information or expiry of validation

Risk Description

LEI number 213800QAUUUP6I445N30 is in an has an **ACTIVE** entity status

LEI Number: 213800QAUUUP6I445N30

Entity Status: ACTIVE

Registration Status: ISSUED

Validation Status: FULLY_CORROBORATED

Next Renewal: 15/09/2024

View full details of this LEI **click here**

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DOMAIN RISK REFERENCING

Website*:

Risk Level

Low

The website is valid

Website Entered:

ptools.com

IP Address Resolved:

52.211.215.78

Internet Service Provider:	**amazon.com Inc**
Organisation:	**Pass**
Internal Blacklist:	**Pass**

ADDRESS RISK REFERENCING

Legal Formation Address*:

Risk Level

Low

Address Entered:	Address Resolved:
23 Riverside, South Church, Bishop Auckland, GB-BDF, DL14 6XT, GB	**23 Riverside, South Church, Bishop Auckland DL14 6XT, UK**

PHONE RISK REFERENCING

Phone Number*:

Risk Level

Medium

The Twilio service found the phone number, but its registered user does not match the details input.

Country Code Entered:	**Country Code Resolved:**
JAMAICA	**JAMAICA**

Phone Number Entered:

18765551234

Localized Phone Number:

(876) 555-1234

Phone Network Carrier Name:

Digicel Caribbean

User Identity Match:	**false**
Call Forwarding Active:	**false**

[4] - Sanctions - Understanding Risk in entity, identity, and asset definition (OFAC, LEI, ISIN and more)

i. Sanctions and global watch lists relate not only to 'individuals' but also company 'entities' and also certain 'assets' including vehicles, aircraft, boats etc.

ii. There are multiple lists reflecting and affecting different territories; geographic, national and global.

iii. Examples include; Office of Foreign Assets Control (OFAC) sanctions list; EU Consolidated Financial Sanctions list; UK Sanctions list; United Nations Security Council (UNSC) Consolidated sanctions list; Interpol list; FBI US and UK MET lists.

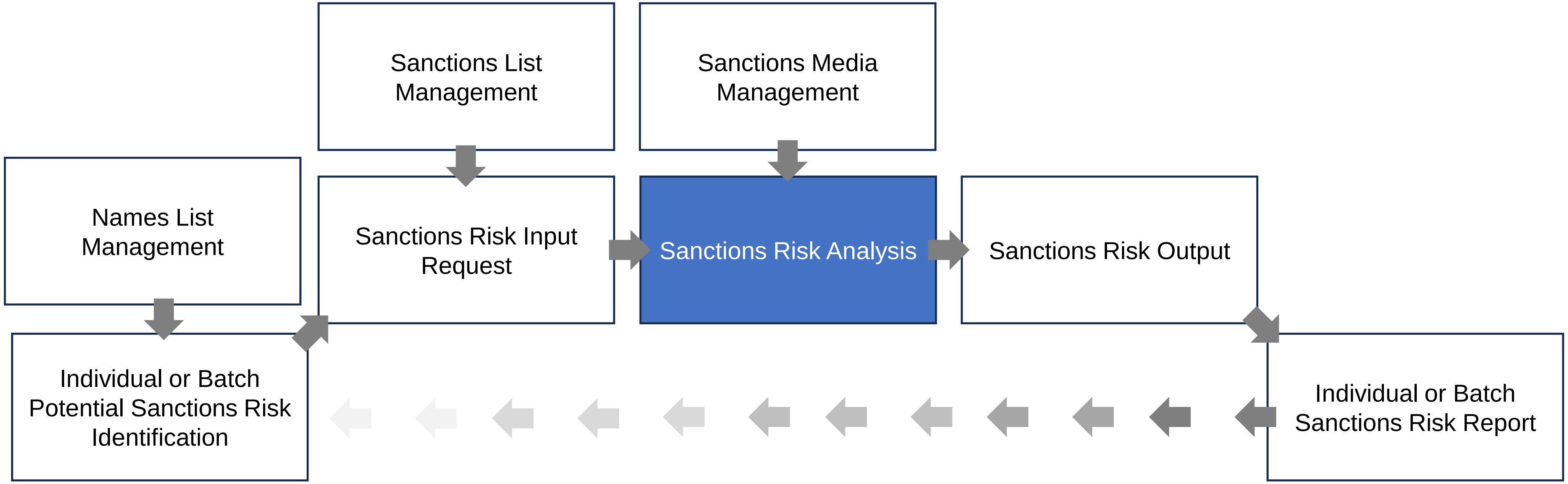
iv. The process of matching these lists with correlated data for Company Registration, Assets (e.g. IMO), Entity (e.g. LEI), Financial Assets (e.g. ISIN) and additional data in 'real time' is a significant challenge.

v. Additional data relates to regulated news and also web and other sources associated with a corpus of data relevant to each organization.

[5] - Batch Screening v Persistent Screening - New paradigm in Risk monitoring.

With just 5000 individuals, entities and assets a manual Batch screening process of 25 per day will take a year or more and recursive errors may span multiple years.

Existing Sanctions Screening Process



[5] - Batch Screening v Persistent Screening - New paradigm in Risk monitoring.

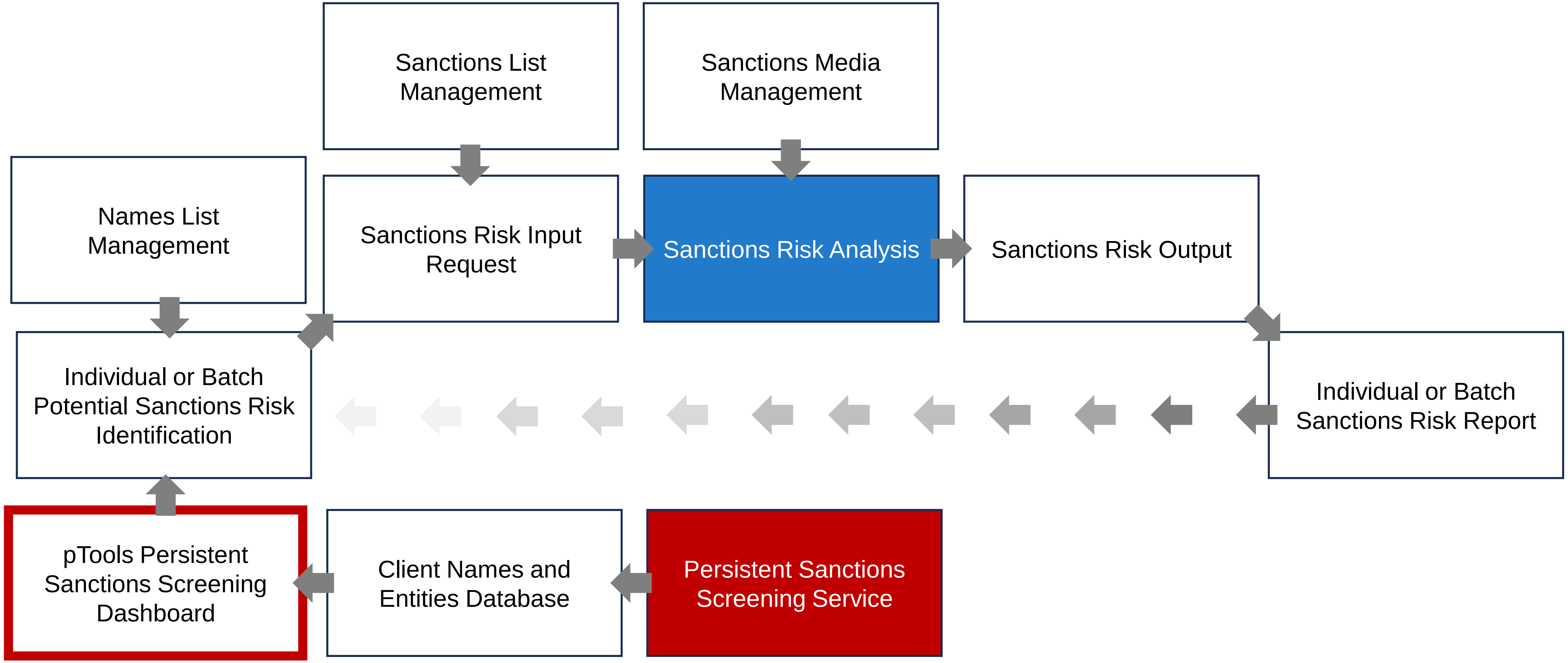
One current Persistent screening process addresses a variable data set of 2.7million items nightly, with a recursive error span of no more than one day.

Persistent Sanctions Screening Process

[5] - Batch Screening v Persistent Screening - New paradigm in Risk monitoring.

We believe that manual Batch screening and automated and Persistent screening work best together.

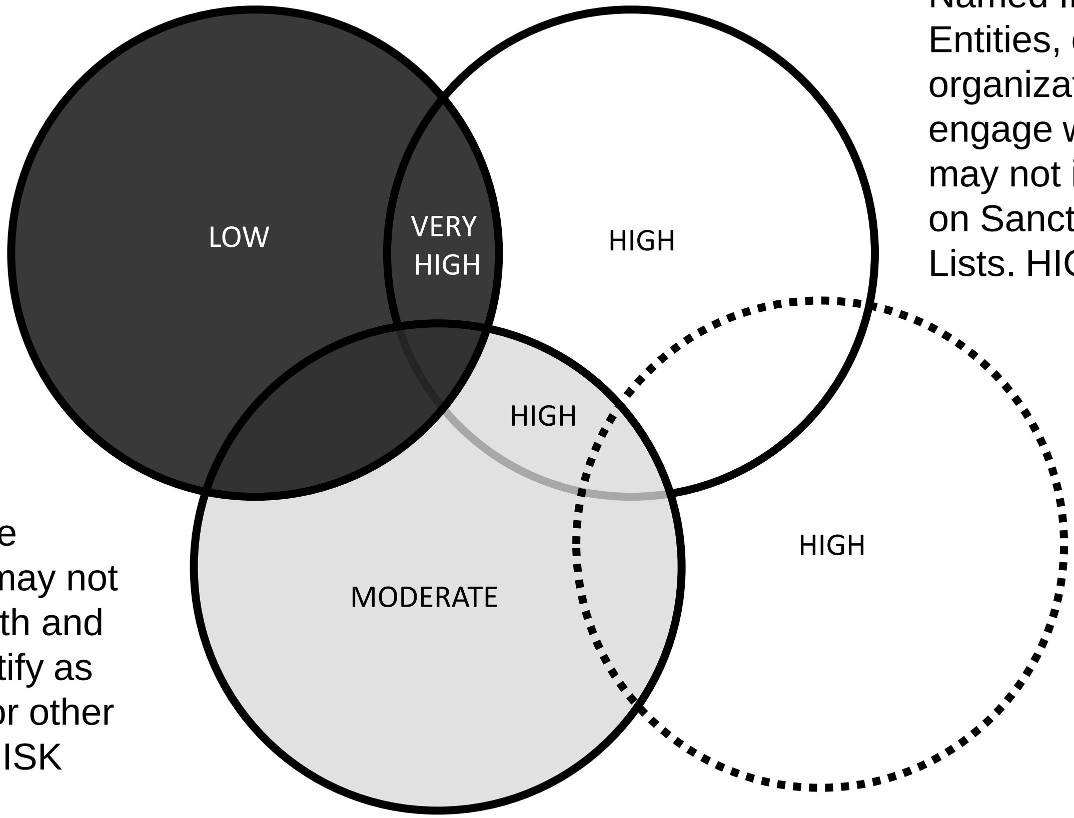
Combined Sanctions Screening Process



[6] - Black, White and Grey Lists - And the anomalies they create.

Black List
Named Individuals Entities, or Assets the organization chooses not to engage with and identifies as being on Sanctions or other Lists. LOW RISK

White List
Named Individuals Entities, or Assets the organization chooses to engage with and may or may not identify as being on Sanctions or other Lists. HIGH RISK



Grey List
Named Individuals Entities, or Assets the organization mayor may not choose to engage with and may or may not identify as being on Sanctions or other Lists. MODERATE RISK

Anomalies
Named Individuals Entities, or Assets the organization may not be aware of or may chose not to be aware of and to otherwise engage with and may or may not subsequently identify as being on Sanctions or other Lists. HIGH RISK

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[7] - Future of Artificial Intelligence and Risk Intelligence - Understanding additional corpus of data.

i. Current ‘practical’ use of AI in Risk Intelligence relates document analysis, extraction and correlation with application process data.

ii. Additional sentiment analysis and authentication of documents and images and other elements.

iii. Further development of corpus of data relating to Individuals, entities and assets within any Exchange and applications process.

iv. Automation of company registration look-ups and analysis/correlation with process data for verification and risk scoring.

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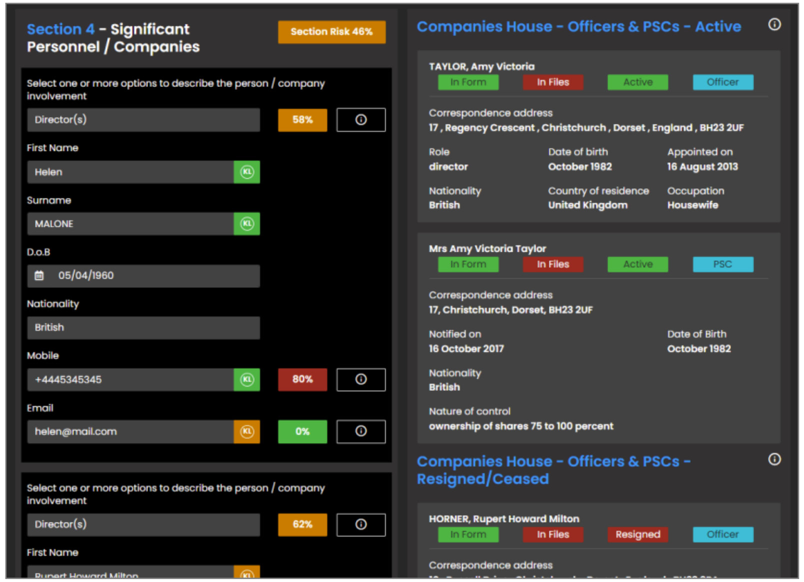
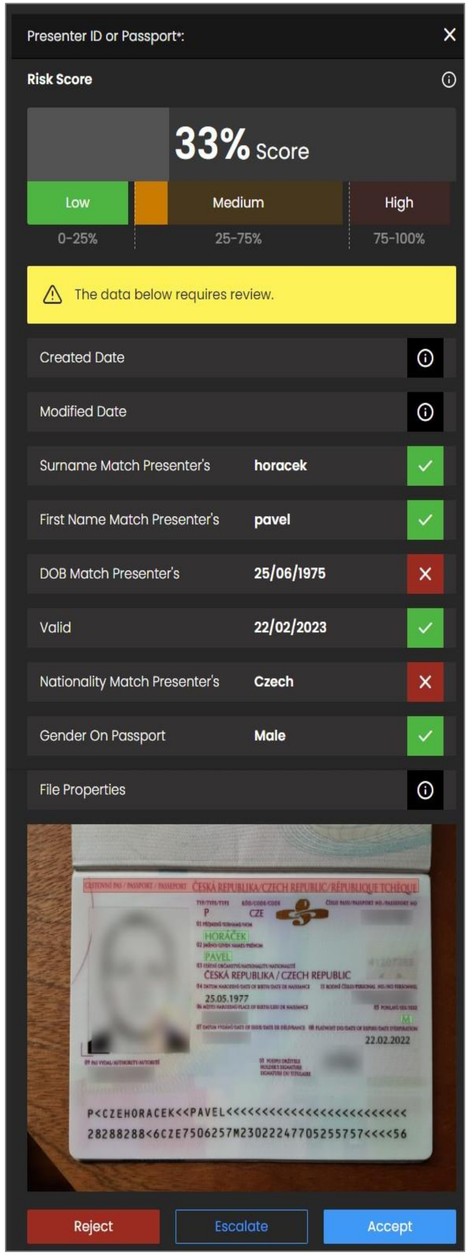
IDENTITY ANALYSIS
AND RISK SCORING

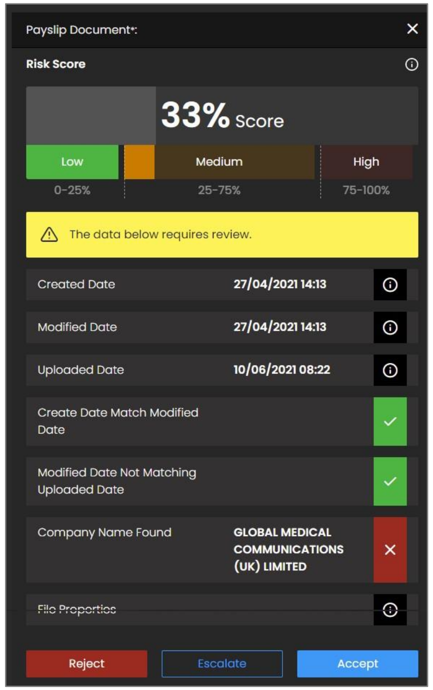
DATA EXTRACTION

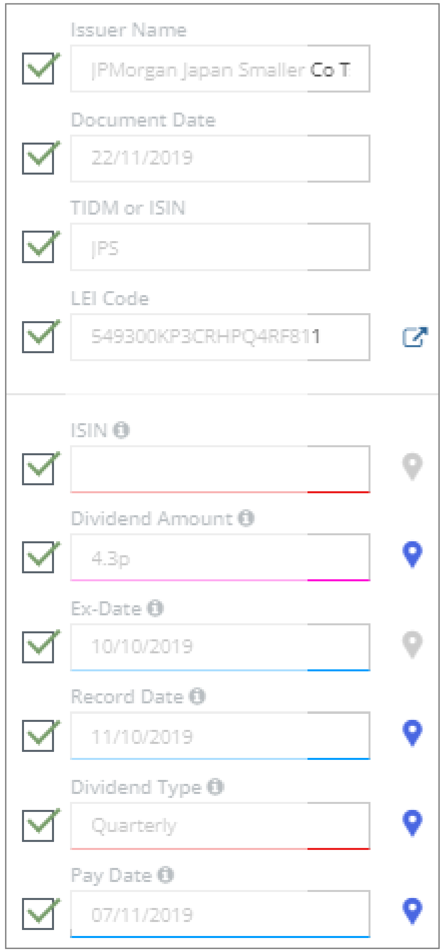
DOCUMENT / SENTIMENT
ANALYSIS

COMPANY REGISTRATION









Advanced Risk Intelligence and Risk Mitigation with Artificial Intelligence, Persistent Sanctions Screening and Active Session Monitoring

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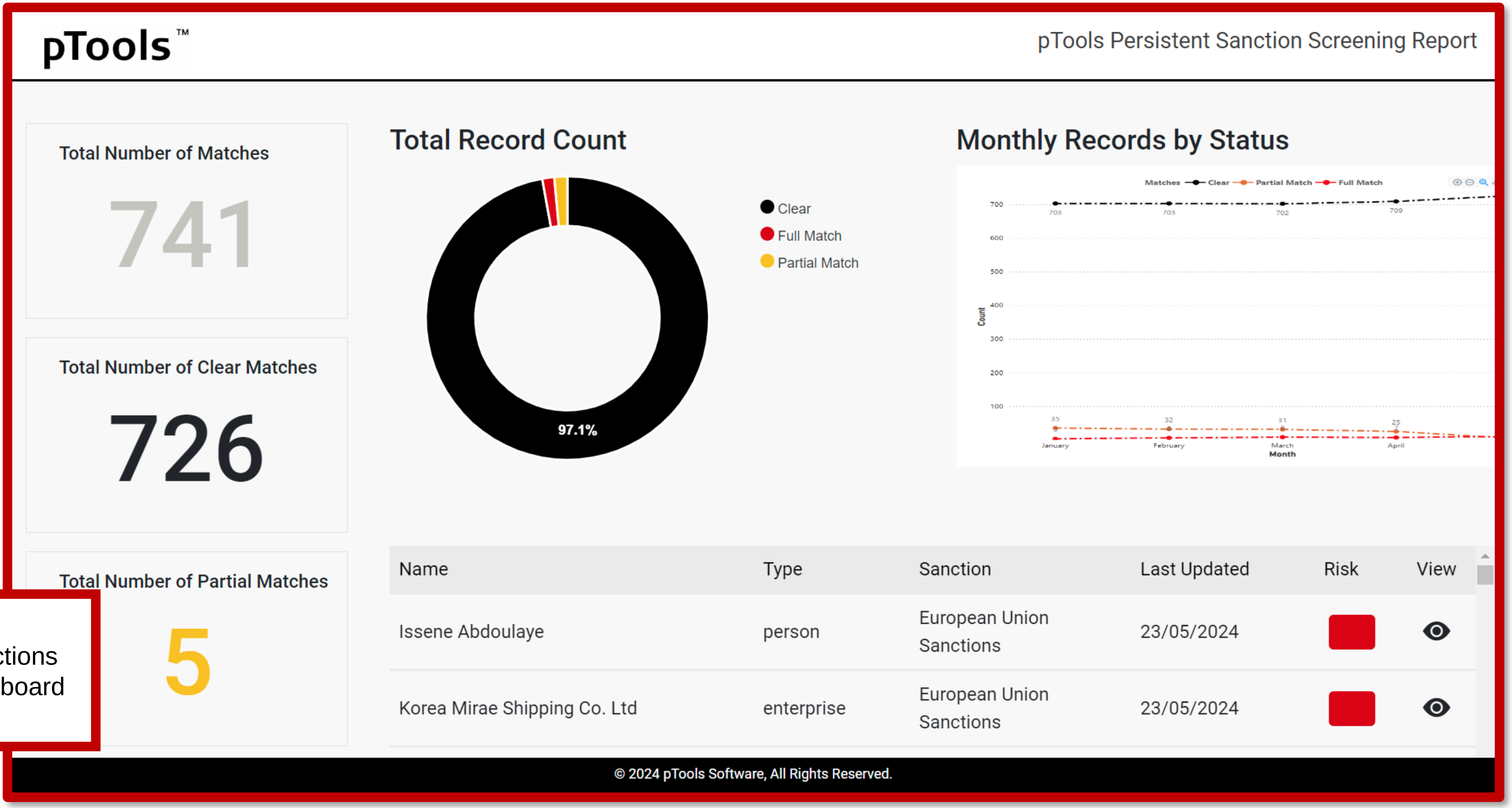
[8] - Demo of Persistent Sanctions Screening toolset - Sample data only



Persistent Sanctions Screening Dashboard

[9] - Conclusions

i. Risk Intelligence and Risk Mitigation is evolving and is multi-faceted and dynamic in terms of impact on regulated information processes.

ii. The scale and scope of this Risk is complex and can not be readily understood by human data handlers.

iii. New tools for Data Analysis and Data Visualization and Data Risk Scoring are needed within applications processes.

iv. Use of advanced technologies including AI, Risk Algorithm, Notarization are needed as well as real time Data Registry integration.

v. Persistent Sanctions Screening represents an important aspect of this new requirement for better analysis in real time of complex risk and regulatory requirements.

vi. Sanctions Screening is also a developing aspect of how organisations manage diverse risk within individuals, entities, assets and territories across the global financial system.

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Thank you.
For further information contact suraj.pandey@ptools.com

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