International Association of Risk and Compliance Professionals (IARCP)
1200 G Street NW Suite 800, Washington DC, 20005-6705 USA
Tel: 202-449-9750, Web: www.risk-compliance-association.com

Monday, November 21, 2022

Top 10 risk and compliance related news stories and world events that (for better or for worse) shaped the week's agenda, and what is next

Dear members and friends,

In 2021, the European Central Bank published a paper with title: "The risk management approach to *macro-prudential* policy". I really liked how the paper started:

"The Stoic philosopher Seneca once observed that *when pleasures have corrupted both mind and body, nothing seems tolerable – not because the suffering is hard, but because the sufferer is soft*. The quote nicely encapsulates a common view of macro-prudential policy: Make the financial system strong (hard) enough to withstand adverse shocks, taking advantage of good times to build up buffers and increase fortitude."

Seneca has also said that *true happiness is… to enjoy the present, without anxious dependence upon the future,* but you cannot introduce macro-prudential policies with quotes like that.

According to the European Central Bank, the objective of *macro-prudential* policy is to make the financial system strong enough to withstand adverse shocks, taking advantage of good times to increase capital and liquidity buffers.

According to this view, macro-prudential measures are recommended in case *medium-term* downside risks to the economy are deemed too severe.

Such measures, however, can have *short-term* costs in terms of upside potential, or expected growth, of the economy.

In this newsletter, we have the new *Risk Dashboard,* based on Solvency II data from the second quarter of 2022, from the The European Insurance and Occupational Pensions Authority (EIOPA). We read:

"*Macro-related risks remain significant* for the insurance sector. Forecasted GDP growth at global level further decreased, and CPI forecasts remained at high level for main geographical areas. Unemployment rate for main geographical areas remained at low level. Weighted average of 10 years swap rates increased. Central banks continue the normalization of their monetary policy."

Read more in Number 4 below. Welcome to the Top 10 list.

Best regards,

George Lekatis
President of the IARCP
1200 G Street NW Suite 800,
Washington DC 20005, USA
Tel: (202) 449-9750
Email: lekatis@risk-compliance-association.com
Web: www.risk-compliance-association.com
HQ: 1220 N. Market Street Suite 804,
Wilmington DE 19801, USA
Tel: (302) 342-8828

Number 1 (Page 5)

Project Mariana: CBDCs in automated market makers

Number 2 (Page 8)

Advances in digital currency experimentation

Michelle Neal, Executive Vice President and Head of Markets of the Federal Reserve Bank of New York, at the Singapore FinTech Festival 2022, Singapore.

Number 3 (Page 15)

Monetary policy in a high inflation environment: commitment and clarity

Lecture by Christine Lagarde, President of the ECB, organised by Eesti Pank and dedicated to Professor Ragnar Nurkse

Number 4 (Page 24)

Risk Dashboard indicates overall resilience among insurers even amid high macro and market risks

Number 5 (Page 28)

ENISA Threat Landscape 2022

Number 6 (Page 31)

Learning from History: Statement on Open-End Fund Liquidity Risk Management Programs and Swing Pricing

SEC Commissioner Caroline A. Crenshaw

Number 7 (Page 34)

Dozens Charged in $250 Million COVID Fraud Scheme

FBI investigation alleges massive misuse of money meant to feed children during pandemic

Number 8 (Page 37)

National Security Memorandum on Countering Biological Threats, Enhancing Pandemic Preparedness, and Achieving Global Health Security

THE WHITE HOUSE

Number 9 (Page 42)

Privacy Policy

TikTok

Number 10 (Page 46)

Can AI Teach AI? DARPA Explores How AI Tutoring Can Help Adult Learners

New opportunity seeks AI technologies to help adults learn complex subjects required for national security, such as AI engineering

DARPA DEFENSE ADVANCED RESEARCH PROJECTS AGENCY

Number 1

Project Mariana: CBDCs in automated market makers

Decentralised finance (DeFi) employs public blockchain networks and smart contracts to build open, transparent, composable and non-custodial financial protocols.

One of the main activities in DeFi is the decentralised exchange of tokenised assets via so-called automated market makers (AMMs).

These are a kind of smart contract that uses liquidity pools to transfer digital assets automatically, as opposed to the traditional process of matching buyers and sellers and seeking consent for each operation.

As DeFi and its applications have the potential to become systemically important parts of the financial ecosystem, central banks need to understand their impact for cross-border payments.

Project Mariana investigates the use of AMMs to automate foreign exchange markets and settlement, potentially improving cross-border payments.

AMM protocols that combine pooled liquidity with innovative algorithms to determine the prices between two or more tokenised assets could form the basis for a new generation of financial infrastructures facilitating the cross-border exchange of CBDCs.

Thus, the project provides significant contributions to the G20 priority of making cross-border payments faster, cheaper and more transparent.

Project Mariana is a joint project between the Switzerland, Singapore, and Eurosystem BIS Innovation Hub Centres, the Bank of France, the Monetary Authority of Singapore and the Swiss National Bank.

The project explores the use of AMMs for the cross-border exchange of hypothetical Swiss franc, euro and Singapore dollar wholesale CBDCs between financial institutions to settle foreign exchange trades in financial markets.

The project has three main objectives:

(i) explore the design and application of AMMs for wCBDCs;

(ii) investigate if a supra-regional network could work as an efficient and trusted hub for cross-border settlement; and

(iii) research wCBDC governance models within that network.

To read more: https://www.bis.org/about/bisih/topics/cbdc/mariana.htm

BIS and central banks of France, Singapore and Switzerland to explore cross-border CBDC trading and settlement using DeFi protocols

- Project Mariana will use DeFi protocols to automate foreign exchange markets and settlement.

- Automated market makers can become the basis for new generation of financial infrastructure.

- Exploration on cross-border exchange of wholesale CBDCs is the first to involve three Hub centres.

The BIS Innovation Hub is launching a new project around central bank digital currencies (CBDCs) and Decentralised Finance (DeFi) protocols as part of its 2022 work programme.

Project Mariana explores automated market makers (AMM) for the cross-border exchange of hypothetical Swiss franc, euro and Singapore dollar wholesale CBDCs. It will seek to examine the potential between financial institutions to settle foreign exchange trades in financial markets.

The project involves the Eurosystem, Singapore and Switzerland BIS Innovation Hub Centres together with the Bank of France, Monetary Authority of Singapore and Swiss National Bank. The aim is to deliver a proof of concept by mid-2023.

Project Mariana uses DeFi protocols to automate foreign exchange markets and settlement, potentially improving cross-border payments (and supporting a priority of the Group of 20).

Today, DeFi built on public blockchains uses smart contract protocols to automate markets for crypto and digital assets. AMM protocols combine pooled liquidity with innovative algorithms to determine the prices between two or more tokenised assets. In the future, similar AMM protocols could form the basis for a new generation of financial infrastructures facilitating the cross-border exchange of CBDCs.

"This pioneering project pushes our CBDC research into innovative frontiers, incorporating some of the promising ideas of the DeFi ecosystem" said Cecilia Skingsley, Head of the BIS Innovation Hub. "Mariana also marks the first collaboration across Innovation Hub Centres; expect to see more in the future," she added.

To read more: https://www.bis.org/press/p221102.htm

Number 2

Advances in digital currency experimentation

Michelle Neal, Executive Vice President and Head of Markets of the Federal Reserve Bank of New York, at the Singapore FinTech Festival 2022, Singapore.

Good afternoon. It is a pleasure to be here with you at the Singapore Fintech Festival. It is exciting to be a part of this gathering of industry professionals, policy leaders, and investors to discuss key developments in the fintech industry.

Digital innovation has the potential to benefit the financial system writ large by reducing transaction costs, increasing competition, and broadening access to a wider range of participants.

However, harnessing the full potential of financial innovation and related technologies – especially regarding cross-border settlements and payments – will require collaboration across a range of international partners.

In my remarks today I will discuss the landscape of digital assets and some of the ways that the Federal Reserve System is engaging in research and experimentation that support ongoing innovation.

As always, the views I express today are my own, and do not necessarily reflect those of the Federal Reserve Bank of New York or the Federal Reserve System.

Digital Assets and the Federal Reserve

We are all experiencing the incredible pace of growth and change within the digital asset domain, which encompasses a range of opportunities and risks. The market capitalization of digital assets reached $3 trillion in November 2021.

The rapid growth of digital assets presents opportunities to both reinforce the role of central banks and regulatory bodies in stewardship of the global financial system and be positioned at the technological frontier.

However, this growth is not without risks: in May, the crash of Terra, an unbacked algorithmic stablecoin, and the subsequent wave of insolvencies, wiped out over $600 billion of investor and consumer funds.

Currently, the total cryptoasset market capitalization rests around $1 trillion, a 66 percent decline from its November 2021 peak.

When I consider the ways in which digital assets impact the mission of the Federal Reserve, I see several channels – including monetary policy and the provision of an elastic currency, the preservation of financial stability, and the smooth operation of the payments system.

Regarding monetary policy and currency, in January, the Federal Reserve released a discussion paper that considers a future where digital assets may play a large role in our financial system, and in particular, establishes some broad principles and outlines some of the pros and cons of a central bank digital currency, or CBDC.

While at present the Federal Reserve has neither issued a CBDC nor plans to do so imminently, ongoing research improves our understanding of the risks and opportunities inherent to a CBDC.

Central bank money – a liability of the Federal Reserve – is the bedrock of the U.S. financial system. It is held by depository institutions as bank reserves or by individuals in the form of paper currency.

Demand for central bank money is driven by many fundamental factors, including the settlement of both retail and wholesale transactions and its role as a store of value.

In addition to these factors, which are likely familiar to any of you who have studied monetary economics, demand for the U.S. dollar is also driven by international factors owing to the role of the dollar in the global economy.

In fact, while precise estimates are challenging to come by, available data suggests that more than half of all dollars in circulation may be held outside the United States.

As a result, innovation related to money provided by the Federal Reserve will have impacts that extend far beyond U.S. borders.

A U.S. CBDC – a digital form of the U.S. dollar that is a direct liability of the Federal Reserve– has the potential to offer significant benefits. It could enable a payment system that is more efficient, provide a foundation for further technological innovation, and facilitate faster cross-border

transactions. It could promote financial inclusion and equity by enabling access for a broad set of consumers and foster economic growth and stability.

In order to fully realize benefits such as these, a digital dollar would need to be thoughtfully designed and implemented.

A CBDC would need to protect against cyber and operational risks, safeguard the privacy of sensitive data, and minimize risks of illicit financial transactions.

Additionally, one of the most important aspects in our deliberations is that any form of a CBDC in the future would need to be intermediated.

This means that the private sector would need to act as intermediaries in that system, and a direct account approach would not be contemplated.

While the Federal Reserve has made no decision on whether or how to issue a CBDC, we are actively conducting technical investigations into both retail and wholesale CBDC design.

Project Hamilton, which is a partnership between the Federal Reserve Bank of Boston and MIT, has experimented with potential approaches to a digital dollar, with work focused on retail uses and payment channels.

In the use case they explored, the Hamilton team was able to demonstrate the potential for usage at scale, which would be a key design element of a retail CBDC.

As a complement, and in line with the New York Fed's unique role in the Federal Reserve System with wholesale payments in both domestic payments and foreign exchange, the New York Innovation Center is researching technical aspects related to wholesale CBDCs.

In addition to CBDC, the broader digital assets landscape, which includes stablecoins – cryptoassets that are backed by assets such as U.S. Treasury securities to stabilize their value – and unbacked cryptoassets, has grown significantly in recent years, and continues to evolve quickly.

While many digital-asset-related activities fall within existing U.S. laws and regulations, the rapid evolution and adoption of digital assets highlight unique risks that warrant a more comprehensive and aligned approach by agencies across the U.S. government with different regulatory remits.

The Federal Reserve, as an independent central bank, is only one part of the puzzle. Many of these other stakeholders across the U.S. government, such as the Treasury Department, market regulators, and federal banking supervisors, will be involved in providing guidance and guardrails to the financial system as the universe of digital assets continues to evolve.

In the current environment of rapid technological change, it is crucial that innovation proceeds responsibly in order to safeguard the stability of the financial system.

To that end, on March 9 of this year, President Biden issued an Executive Order on Ensuring Responsible Development of Digital Assets.

This executive order outlined the first whole-of-government approach to addressing the risks and harnessing the potential benefits of digital assets and their underlying technology.

In response, over the past six months, agencies across the government have worked together to develop frameworks and policy recommendations that advance the six key priorities identified in the executive order: consumer and investor protection; promoting financial stability; countering illicit finance; U.S. leadership in the global financial system and economic competitiveness; financial inclusion; and responsible innovation.

The executive order will be a catalyst to increased coordination among U.S. regulators.

Last month, as part of the approach outlined in the executive order, the Financial Stability Oversight Council, or FSOC, released a report that considers the financial stability risks of crypto assets.

In the report, the FSOC noted that financial stability risks of crypto assets are drawn mainly from interconnections with the traditional financial system.

The report identified vulnerabilities unique to crypto assets and recommended approaches to regulation and supervision in the future, highlighting the importance of ongoing research to improve our understanding of risks and opportunities, and planning to ensure we can continue to achieve our mission including supporting safety and stability in this evolving domain.

The Fed also collaborates with other U.S. regulators on the topic of stability risks arising from digital assets, and coordinates with international

authorities through forums including the Bank for International Settlements (BIS) and the Financial Stability Board.

Finally, a third key dimension through which innovation – both broadly and in digital assets specifically – impacts the mission of the Federal Reserve is in relation to the payments system.

On a daily basis, roughly $4 trillion of transactions are settled through FedWire, the real-time gross settlement (RTGS) service offered by the Federal Reserve.

FedNow, targeted for release in mid-2023, represents a key innovation to modernize the future of payments. This new cloud-based RTGS system will enable consumers and businesses to send payments instantly through their depository institutions on a 24-hour, 365-days-a-year basis.

Of course, payments do not always stay within national borders. The Federal Reserve is an active participant in international efforts regarding payment systems via the Committee on Payments and Markets Infrastructures (CPMI) at the BIS.

The CMPI collects best practices and issues recommendations for managing payments, clearing, and settlement risk across financial market utilities.

At present, a high-priority area of study for the CMPI is coordinating the development of 24/365 RTGS systems – like FedNow – globally.

Innovation in cross-border settlements will reduce liquidity outlays and settlement risks, leading in turn to cheaper cross-border payments.

The New York Innovation Center and Project Cedar

In the remainder of my remarks, I'd like to focus on an example of ongoing innovation research that is currently underway at the Federal Reserve Bank of New York.

To further enhance our ability to contribute to financial innovation globally, the New York Innovation Center, or NYIC, was established in 2021.

The NYIC bridges the worlds of finance, technology, and innovation. Through technical research, experimentation, and prototyping, our team generates insights into high-value central-bank-related opportunities, enabling stakeholders and the central bank community to enhance the functioning of the global financial system.

Project Cedar is the inaugural project of the NYIC and represents the first stage of the NYIC's research efforts into CBDCs, the NYIC's biggest focus area in 2022.

A goal of the NYIC is to progress CBDC research with an objective of defining a technical design for a CBDC addressing the wholesale market in the Federal Reserve context.

After taking a close look at the foreign exchange space with economists, traders, and market analysts, the NYIC team zeroed in on settlement of foreign exchange spot transactions as a first area of investigation.

FX spot transactions are critical in the context of cross-border payments, and serve as a building block for longer, more complex transactions.

Traditionally, settlement generally takes two days after a transaction, which leaves some room for improvement.

By demonstrating improvements in settlement of FX spot transactions, the NYIC could address settlement time and risk, which would have implications to speed and access for the broader cross-border market.

We are not the first to address this topic, of course, but the NYIC wanted to investigate it from the perspective of the Federal Reserve, through the lens of a wholesale CBDC.

The NYIC developed a hypothesis that there is a distributed ledger technology solution for wholesale FX settlement that results in instant and atomic settlement in which a wholesale CBDC is the settlement asset.

NYIC then built a working prototype and tested it.

Results from the experiment indicated that settlement could occur in fewer than 10 seconds on average and that horizontal scaling was possible.

This indicates that a modular ecosystem of ledgers has the potential for continued scalability, and that distributed ledger technology could enable settlement times well below the current industry standard of two days, with the added guarantee of atomic settlement.

Conclusion

Innovations in digital assets have the potential to impact financial markets in many fundamental ways; it is essential to understand these developments and the impact they may have on the mission of the Federal

Reserve. Through ongoing investment in research, experimentation, and collaboration, leveraging the full potential of digital assets is possible. I look forward to building on the successes of Project Cedar and similar efforts.

To read more: https://www.bis.org/review/r221104c.htm

Number 3

Monetary policy in a high inflation environment: commitment and clarity

Lecture by Christine Lagarde, President of the ECB, organised by Eesti Pank and dedicated to Professor Ragnar Nurkse

Inflation in the euro area is far too high, reaching double digits for the first time in October. Here in Estonia inflation has surged as high as 25%. The combination of shocks we are facing – war, energy, disrupted supply chains, re-allocation of demand – means that inflation is likely to stay above our target for some time.

In such challenging times, central banks have to rely on their inner compass – their loyalty to their mandate – to ensure price stability. They have to be prepared to take the necessary decisions, however difficult, to bring inflation back down – because the consequences of letting too-high inflation become entrenched would be much worse for everyone.

So what does this imply?

The answer can be found in the writing of Ragnar Nurkse, to whom this lecture series is dedicated. Though well known for his work on international financial architecture, he also made an important contribution to our understanding of inflation based on the experiences of the interwar years.

In particular, he showed that fighting inflation is both complex and simple.

Complex because, in times of great volatility, economies can face a series of shocks which produce rising and persistent inflation. Witness the 1920s when inflation was driven, in part, by tumbling exchange rates and acute supply bottlenecks, including for energy.

But simple because, in the end, there is only one way that those shocks can lead to sustained inflation – and that is if monetary policy accommodates them and allows them to feed into inflation expectations.

As Nurkse wrote, "when a price rise goes on for some time [...] it tends to create expectations of a further rise. The point at which such expectations come to be firmly and widely held is a crucial one in the process of inflation. From that point onwards, the process is entirely changed."

Today, we are facing an extremely challenging environment where inflation is being driven by a range of different shocks. But it is monetary policy that will determine whether these shocks lead to lasting inflation. And we will not allow that to happen.

We will therefore have to raise rates to levels that will deliver our 2% medium-term inflation target. The ultimate goal of our interest rate path is clear, and we are not there yet.

In my remarks today, I would like to explain why we are facing such high inflation and assess the risks of it becoming embedded. But I will argue that with two "Cs" – commitment to our mandate and clarity about our reaction function – we can navigate the challenges successfully and bring inflation back down to our target.

The forces driving inflation

Since the start of the monetary union, we have not witnessed such a rapid shift in the inflation environment. Headline inflation in the euro area – which was negative as recently as December 2020 – has risen by 11 percentage points from its trough during the pandemic to its level last month. Core inflation, which excludes energy and food, has risen by 4.8 percentage points.

Three interlocking factors have led to this turnaround: the fact that we are facing repeated shocks; that those shocks are passing through more strongly into inflation; and that they are proving more persistent than in the past due to structural changes in the economy.

First, the euro area economy has been hit by an unprecedented series of shocks on both the demand and supply sides of the economy. This has restricted aggregate supply while also directing demand towards sectors with capacity constraints.

We have faced pandemic-induced lockdowns, supply chain disruptions, energy production cuts, and Russia's unacceptable and unjustifiable invasion of Ukraine – all while demand has been shifting back and forth across sectors at speed.

Recently, the reopening of the economy has led to a rapid release of pent-up demand, supported by high levels of excess savings.

As a result, ECB analysis finds that demand and supply factors are currently contributing more or less equally to core inflation, with demand being more important for services and supply more important for industrial goods. The result has been a large and persistent inflationary shock.

Second, we are seeing a faster and stronger pass-through of these shocks into prices.

In the past, the pass-through of producer prices to industrial goods inflation typically took around two years and was often partially buffered by profit margins – i.e. firms absorbed some of the cost increases to avoid presenting consumers with large price rises.

But ECB analysis finds that, recently, the pass-through to inflation has been taking place much faster, lasting only around half a year. And on average it has been more intense than in the past, with firms maintaining and, in some sectors, even increasing their profit margins.

The reason is that when inflation is high everywhere and supply is constrained, firms can more easily pass on cost increases to customers without losing market share to their competitors.

All this has meant that external shocks have seeped into underlying inflation – the part of inflation which is typically more "sticky". Even if some of the drivers can be expected to soften as bottlenecks ease, reopening effects fade out and energy prices stabilise, standard measures of underlying inflation in the euro area now range from around 4% to 8%.

The third factor aggravating this situation is the persistence of the shocks due to structural changes in the economy.

The shocks triggered by the pandemic and the war have created what I have previously called a "new global map" of economic relationships. And the economic turning points on this new global map imply that some supply constraints are likely to last longer. Two stand out.

First, the cut in gas supplies caused by the Russian invasion is a major structural change which will have ramifications for several years. Futures market curves suggest that we will see higher gas prices for a time, as European countries will have to pay a premium to attract uncontracted LNG to replace Russian gas. Substitution effects will probably also increase prices for other sources of energy.

Over the longer term, the war is also likely to accelerate the green transition in Europe, including the switch to renewable energy, which should ultimately lead to falling electricity prices. But we could see lower investment in oil and gas production during the transition phase, putting upward pressure on fossil fuel prices while demand for those fuels still remains high.

Second, we are seeing changes in the nature of globalisation, and particularly China's role in it. The supply disruptions created by the pandemic, the vulnerabilities it has exposed and the new geopolitical landscape look set to trigger a reassessment of global value chains.

While this will not lead to "de-globalisation", we can expect geopolitical factors to be re-introduced into supply chains. A recent survey finds that almost 90% of global firms are expecting to regionalise their production over the next three years. This is likely to reduce efficiency and increase costs, which could create inflationary pressures for some time while supply chains are adjusting.

At the same time, domestic policy choices in China, as well as US export controls on key technologies, are likely to affect China's place in the global production network. This could become a profound global supply shock insofar as it leads the country to turn inwards and away from market-oriented reforms.

The risk of second-round effects

Monetary policy cannot prevent the first-round effects of many of these shocks. But especially when the shocks are persistent, we must ensure they do not produce second-round effects that cause too-high inflation to become entrenched.

Since the euro area is a net importer of energy, we are facing a large and unavoidable shock to real income owing to the deterioration in our terms of trade. This terms-of-trade "tax" amounted to around 2 percentage points of GDP in the second quarter of this year.

The question that workers, firms and governments confront today is how this burden should be distributed within the economy and over time. Fair burden-sharing between wage income and profit margins is certainly justified. Fiscal policy can help spread the burden across different income groups.

At the ECB, given our mandate of price stability, we need to ensure that this process does not lead to an inflationary dynamic. If inflation expectations

become de-anchored and engrained in wage negotiations and price setting, that could lead to a wage-price spiral which in turn sustains the de-anchoring. And the result would ultimately be both lower real incomes and higher inflation over time.

So how acute is the risk of second-round effects today?

There are factors on the horizon which are likely to reduce demand and therefore, all else being equal, make it harder for firms to pass on cost increases into prices.

As wholesale energy prices are passed through into retail bills, households are increasingly feeling the squeeze on real incomes and consumption is likely to fall. At the same time, pent-up demand from reopening is fading out. The drawdown of excess savings seems to be already largely counterbalanced by strengthening precautionary motives for saving and liquidity preference.

In this context, although recent data on GDP growth have surprised on the upside, the risk of recession has increased. The same is true for Estonia, where Eesti Pank estimates growth to be -0.5% this year.

This domestic slowdown might also be exacerbated by the synchronised tightening of monetary policy globally. ECB analysis finds that, since the early 1990s, US tightening has typically lowered industrial production in the euro area by as much as in the United States itself.

However, historical evidence suggests that we should not expect slowing growth to make a significant dent in inflation, at least not in the near term. Looking at past euro area recessions going back to the 1970s, we see that headline inflation fell by an average of about 1.1 percentage points one year afterwards, while core inflation fell by about half that amount.

Even the additional impact of foreign spillovers on demand will not necessarily lower inflation in the short term. Our analysis finds that US policy tightening tends to reduce euro area inflation in the medium term. But in the near term, inflation will rise if the euro depreciates against the US dollar and commodity prices go up in euro terms.

In this context, we are likely to see wages “catching up” to some extent with higher inflation, since the conditions are in place for workers to try to recoup losses in their real income.

The labour market has remained resilient so far, with forward-looking indicators showing little sign of weakening. Inflation expectations have

been creeping up. In parallel, governments are facing pressures to increase indexation, for instance by tying pensions and public sector wages to inflation, which could add to wage pressures in the private sector too.

This outlook is confirmed by evidence from the latest collective bargaining rounds and our corporate telephone survey, both of which point to a rise in negotiated wages next year of around 4%. Here in Estonia, wage growth is currently running at around 10%.

These developments do not constitute excessive second-round effects so far, and at longer horizons inflation expectations remain anchored. But with inflation likely to remain high for an extended period, we need to monitor inflation expectations and wage negotiations very carefully to ensure that wage growth does not settle persistently at levels that are incompatible with our target.

Commitment and clarity

So how should monetary policy be calibrated in this setting to ensure price stability? In my view, two "Cs" are key: commitment to our mandate and clarity about our reaction function.

Displaying commitment to our mandate is vital to ensure that inflation expectations remain anchored and second-round effects do not take hold. A number of recent decisions by the Governing Council underline our determination in this regard.

First, we have been raising rates at our fastest pace ever – by 200 basis points in our last three policy meetings. In this way, we are signalling our resolve to deliver on our target, which should be immediately reflected in inflation expectations. Policy normalisation also withdraws support for demand at times of inelastic supply, which should lead to firms revising down their selling price expectations.

Second, we decided last week to amend the terms and conditions of our targeted longer-term refinancing operations (TLTRO-III). The TLTRO addressed the need for significant stimulus during the pandemic, strengthening the transmission of rates to the economy via banks. But now the environment has changed completely – and we need to ensure that the lower cost of funding the TLTRO creates for banks does not impede monetary transmission when policy normalisation is required.

This complements our previous actions to preserve the orderly transmission of rates to the economy via financial markets, notably flexible

reinvestments under the pandemic emergency purchase programme and the new transmission protection instrument.

While it is true that interest rates remain the most effective tool for addressing the high inflation environment, it is important to signal, as we continuously do in our monetary policy statement, that "we stand ready to adjust all of our instruments within our mandate to ensure that inflation returns to our medium-term inflation target".

In this context, as I explained at last week's press conference, in December we will lay out the key principles for reducing the bond holdings purchased as part of our monetary policy portfolios.

But we need to pair commitment with clarity about our reaction function.

In view of the uncertainty we face today, it is no longer appropriate for monetary policy to give detailed forward guidance. Given the complexity of the shocks we are facing, being able to respond to the incoming data is a major advantage. But making policy meeting-by-meeting in a data-dependent way can come at a cost. In particular, market rate volatility is higher in response to news.

This is why – rather than guiding markets by giving a specific target for rates – it is important to clarify our reaction function.

As stated earlier, we have increased rates by 200 basis points and we expect to raise rates further. Our job is far from being completed. And withdrawing accommodation may not be enough to bring inflation back to our target. How much further we need to go, and how fast we need to get there, will be determined by the following factors.

The first and most important is the inflation outlook: we will raise rates to levels that bring inflation back down to our medium-term target in a timely manner.

The inflation outlook is forward-looking and incorporates all the different forces we are facing: the outlook for the economy, the persistence of the shocks and the reaction of wages and inflation expectations. Current inflation numbers are relevant insofar as they provide additional insights about the persistence of inflation.

The second factor is the corresponding policy stance and its transmission lags into demand and inflation. Monetary policy is inherently forward-looking, as interest rate changes will only reach their full effect over the next year or two. As a result, while the impact of policy decisions

will strengthen over time, it will be seen in the hard data only with a time lag.

But this lag in transmission and the prevailing uncertainty also means that the rate path ahead will look different depending on the contingencies we face. If we were to see, for example, inflation becoming more persistent and expectations being at risk of de-anchoring, we could not wait until the full impact of the policy measures materialises. We would need to take additional actions until we are more confident that inflation will return to target in a timely manner.

There is also another important dimension to clarity: providing clarity about how the intentions of other policy areas will affect the inflation outlook and thereby our policy actions.

During the pandemic, the actions of fiscal and monetary policies were naturally aligned. Fiscal policy needed to prevent a catastrophic collapse of employment, and monetary policy had to prevent a steep decline in inflation. Both supported price stability.

Today, however, the alignment between policies is not so automatic. With the economy slowing and real incomes falling, fiscal policy could shift towards a more expansionary stance over and above the contribution from the automatic stabilisers.

But in a supply constrained environment, that can exacerbate inflationary pressures and force the central bank to tighten policy by more than would otherwise be necessary.

This is why we have emphasised the need for fiscal support to be temporary, targeted and tailored.

It should be temporary, so that it does not push up demand too much over the medium term. It should be targeted, so that the size of the fiscal impulse is limited and benefits those who need it most. And it should be tailored, so that it does not weaken incentives to cut energy demand.

Over time, fiscal policies will have to consolidate – and it will make a difference for inflation whether this is done by reducing transfers and public consumption and raising taxes or, as has often happened in the past, by cutting public investment.

As many of the sources of inflation today are on the supply side, government policies that redirect investment to where it is needed will be essential to achieve non-inflationary growth.

Conclusion

Let me conclude.

The environment we confront today is complex. We are facing shocks from various sides, while navigating a new global map that is causing those shocks to persist for longer.

But what monetary policy ultimately has to achieve is simple: we must not, and will not, let high inflation become entrenched. We are committed to bringing inflation back down to our medium-term target, and we are determined to take the necessary measures to do so. The more confident the public is that inflation will return to 2% in a timely manner, the smoother the adjustment process will be.

As Samuel Johnson wrote, "great works are performed not by strength, but by perseverance". And we will persevere until we have ensured price stability in the euro area.

To read more:
https://www.ecb.europa.eu/press/key/date/2022/html/ecb.sp221104_1~8be9a4f4c1.en.html

Number 4

Risk Dashboard indicates overall resilience among insurers even amid high macro and market risks

The European Insurance and Occupational Pensions Authority (EIOPA) published its Risk Dashboard based on Solvency II data from the second quarter of 2022.

Risks	Level	Trend (Past 3 months)	Outlook (Next 12 months)
1. Macro risks	high	↘	↗
2. Credit risks	medium	→	↗
3. Market risks	high	↑	↗
4. Liquidity and funding risks	medium	→	→
5. Profitability and solvency	medium	↗	→
6. Interlinkages and imbalances	medium	↘	→
7. Insurance (underwriting) risks	medium	→	→
8. Market perceptions	medium	↗	→
9. ESG related risks	medium	→	↗
10. Digitalisation & Cyber risks	medium	↓	↗

The results show that insurers' exposures to macro and market risks are currently the main concern for the insurance sector.

All other risk categories, such as profitability and solvency, climate as well as digitalisation and cyber risks stay at medium levels.

Macro risks remain a key source of concern amid a further decrease in global GDP growth expectations and high CPI forecasts for the main geographical areas, even as unemployment remains low.

The weighted average of 10 year swap rates increased. Central banks continue the normalisation of their monetary policy.

Market risks are currently at a high level. Volatility in bond and equity markets continue to top last year's average.

Property prices remain at the same level. Insurers' median exposure to bonds and equity remain relatively unchanged while median exposure to property slightly increased in Q2 2022.

Credit risks remain relatively moderate. CDS spreads remain at low levels for government bonds and financial bonds while further increasing for non-financial corporate bonds in the third quarter of 2022.

Insurers' relative exposure to different bonds categories remained broadly stable while slightly decreasing for government bonds in Q2. The median average credit quality of insurers' investments remained stable.

Profitability and solvency risks remain constant with returns for insurers decreased in the second quarter of 2022 across all three return indicators (return on excess of aseets over liabilities, return on assets and return on premiums). The increase of interest rates since the beginning of 2022 may be the main driver behind insurers' high SCR ratios.

Due to the current increase of interest rates, insurers booked market to market losses on derivatives given that they are typically positioned to hedge against interest rates declines.

Regarding market perceptions, insurance life and non-life stocks underperformed. The median price-to-earnings ratio of insurance groups is largely unchanged. The median of CDS spreads of insurers further increased even as insurers' external ratings remained broadly stable since the last assessment.

On climate risks, insurers maintained their relative exposure to green bonds while the ratio of investments in green bonds over the total green bond outstanding slightly decreased. The growth of green bonds in insurers' portfolios has decreased, while the growth of green bonds outstanding is stable.

The materiality of digitalisation and cyber risks for insurance as assessed by supervisors decreased slightly. Nevertheless, cyber security issues and concerns of a hybrid geopolitical conflict remain.

The cyber negative sentiment indicates an increased concern in the third quarter of 2022 while the frequency of cyber incidents decreased compared to the same quarter last year.

Key observations:

- Risk levels for the European insurance sector remain broadly constant.

- Macro-related risks remain significant for the insurance sector. Forecasted GDP growth at global level further decreased and CPI forecasts remained at high level for main geographical areas. Unemployment rate for main geographical areas remained at low level. Weighted average of 10 years swap rates increased. Central banks continue the normalization of their monetary policy.

- Credit risks remain relatively moderate. The CDS spreads remain at low levels for government bonds and financial bonds, amid further increasing for nonfinancial corporate bonds in the third quarter of 2022. Insurers' relative exposure to different bonds categories remained broadly stable while slightly decreasing for government bonds in Q2-2022. The median average credit quality of insurers' investments remained stable.

- Market risks remain stable compared to the previous assessment. Volatility in bond and equity market remained at higher than last year average. Property prices remain at the same level. The median insurers' exposure to bonds, equity remain relatively unchanged while median exposure to property slightly increased in Q2 2022.

- Profitability and solvency risks remain at medium level. Given the decrease in returns for insurers in the second quarter of 2022, the three return indicators (return on excess of aseets over liabilities, return on assets and return on premiums) decreased. The increase of interest rates since the beginning of 2022 might be the main driver behind the high SCR ratios.

- Interlinkage and imbalance risks remain at medium level. Due to the current increase of interest rate, insurers realised market to market losses on derivatives because they are positioned to hedge interest rates declines.

- Market perceptions remain at medium level. Insurance life and non-life stocks underperformed. The median price-to-earnings ratio of insurance groups remained around the same level. The median of CDS spreads of insurers further increased. Insurers' external ratings remained broadly stable since the last assessment.

- Climate risks remain at medium level. Insurers mantained their relative exposure into green bonds, while the ratio of investments into green bonds over the total green bond outstanding slightly decreased. The growth of green bonds in insurers' portfolios has decreased, while the growth of green bonds outstanding is stable.

- Digitalisation and cyber risks are at medium level. The materiality of these risks for insurance as assessed by supervisors slightly decreased yet cyber security issues and concerns of a hybrid geopolitical conflict remain. Cyber negative sentiment indicates an increased concern in the third quarter of 2022 while the frequency of cyber incidents decreased compared to the same quarter last year

To read more:

https://www.eiopa.europa.eu/tools-and-data/statistics-and-risk-dashboards/risk-dashboard_en

https://www.eiopa.europa.eu/sites/default/files/financial_stability/risk_dashboard/october_2022_risk_dashboard.pdf

Number 5

ENISA Threat Landscape 2022

This is the tenth edition of the ENISA Threat Landscape (ETL) report, an annual report on the status of the cybersecurity threat landscape.

It identifies the top threats, major trends observed with respect to threats, threat actors and attack techniques, as well as impact and motivation analysis.

It also describes relevant mitigation measures.

This year's work has again been supported by ENISA's ad hoc Working Group on Cybersecurity Threat Landscapes (CTL).

During the reporting period of the ETL 2022, the prime threats identified include:

1. Ransomware
2. Malware
3. Social Engineering threats
4. Threats against data
5. Threats against availability: Denial of Service
6. Threats against availability: Internet threats
7. Disinformation – misinformation
8. Supply-chain attacks

Impact of geopolitics on the cybersecurity threat landscape

- The conflict between Russia-Ukraine reshaped the threat landscape during the reporting period. Some of the interesting changes were significant increases in hacktivist activity, cyber actors conducting operations in concert with kinetic military action, the mobilisation of hacktivists, cybercrime, and aid by nation-state groups during this conflict.

- Geopolitics continue to have stronger impact on cyber operations.

- Destructive attacks are a prominent component of the operations of state actors. During the Russia-Ukraine conflict, cyber actors were observed conducting operations in concert with kinetic military action.

- A new wave of hacktivism2 has been observed especially since the Russia-Ukraine crisis began.

- Disinformation is a tool in cyberwarfare. It was used even before the 'physical' war started as a preparatory activity for Russia's invasion of Ukraine.

Threat actors increasing their capabilities

- Resourceful threat actors have utilised 0-day exploits to achieve their operational and strategic goals. The more organisations increase the maturity of their defences and cybersecurity programmes, the more they increase the cost for adversaries, driving them to develop and/or buy 0-day exploits, since defence in depth strategies reduce the availability of exploitable vulnerabilities.

- Continuous 'retirements' and the rebranding of ransomware groups is being used to avoid law enforcement and sanctions.

- Hacker-as-a-service business model gaining traction, growing since 2021.

- Threat groups have an increased interest and exhibit an increasing capability in supply chain attacks and attacks against Managed Services Providers (MSPs).

Moreover, understanding the trends related to threat actors, their motivations and their targets greatly assists in planning cybersecurity defences and mitigation strategies.

Therefore, for the purposes of the ETL 2022, the following four categories of cybersecurity threat actors are considered again:

• State-sponsored actors
• Cybercrime actors
• Hacker-for-hire actors
• Hacktivists.

Through continuous analysis, ENISA derived trends, patterns and insights for each of the major threats presented in the ETL 2022.

The key findings and judgments in this assessment are based on multiple and publicly available resources which are provided in the references used for the development of this document.

The report is mainly targeted at strategic decision-makers and policy-makers, while also being of interest to the technical cybersecurity community.

Figure 1: ENISA Threat Landscape 2022 - Prime threats

To read more:
https://www.enisa.europa.eu/publications/enisa-threat-landscape-2022

Number 6

Learning from History: Statement on Open-End Fund Liquidity Risk Management Programs and Swing Pricing

SEC Commissioner Caroline A. Crenshaw

The Importance of Liquidity Risk Management Programs

Mutual funds, ETFs and other open-end funds have become primary investment vehicles for the retirement and savings accounts of U.S. families.

Through these investments, shareholders can gain access to potentially broad and diverse portfolios easily and – relevant here – with guaranteed liquidity.

Specifically, shareholders have a statutory right to receive payment within seven days upon seeking redemption of their investments (and, in some instances, even sooner).

Investors rely on this liquidity. As such, it is critically important that open-end funds have robust liquidity risk management programs in place. This is true in normal times, and especially important during times of market stress and volatility.

In addition to protecting shareholder redemption rights, effective liquidity risk management programs also address shareholder dilution, a problem that may arise when current fund investors bear the transaction costs of redeeming or incoming shareholders.

Dilution was noted as a principal concern upon the enactment of the Investment Company Act, and it remains a concern for the Commission today.

Lessons from the Recent Past

Today's proposal draws from the lessons of recent history in at least two notable ways.

First, when the Commission amended Rule 22e-4 in 2018, it stated that staff would monitor and solicit feedback on our amendments, and would evaluate at least one full year's worth of liquidity classification data.

Today's proposal reflects that evaluation and, among other things, amends the classification framework, "highly liquid investment" minimums, and the frequency of liquidity classifications.

Additionally, today's proposal incorporates lessons from actual times of stress. As the proposal notes, in March 2020, at the outset of the Covid-19 pandemic, most segments of open-end funds witnessed significant redemptions, and funds faced pressure to generate liquidity quickly enough to meet investor demand.

The release notes that this, along with other market factors, likely contributed to the dilution of fund share values. Ultimately, the Federal Reserve used its emergency powers to intervene.

In light of these (and other) events, the Commission today proposes swing pricing and the hard close. Understanding that complex problems often have myriad solutions, the proposal lays out a series of alternatives to swing pricing, such as the imposition of liquidity fees or dual pricing; as well as alternatives to the hard close, such as indicative or estimated flows.

Some Questions for the Future

As the saying goes, "history does not repeat itself…but it often rhymes." With the benefit of hindsight, and looking toward the future, I am cognizant that we are not the only participants in this history lesson. We are also not the only ones who may have observations to draw from the events of March 2020 or from the implementation of Rule 22e-4.

So, as the proposal does, I look forward to your careful consideration of the following:

- In applying swing pricing to all open-end funds other than ETFs and money market funds, does today's proposal have unintended consequences for the mutual fund market?

- The proposal observes that there may be significant operational challenges involved in effecting the hard close, potentially for retirement plans in particular. Are those challenges surmountable and at what cost?

- Are swing pricing and a hard close the best tools we have available to address dilution and liquidity in times of stress? If not, are the alternatives discussed in the release – such as imposing liquidity fees or relying on estimated fund flow information – sufficiently precise and palatable to meet our stated goals?

I want to recognize and applaud the staff involved in crafting this proposal. You have been thoughtful and responsive in considering many options and alternatives to addressing the potential concerns laid out today.

So a resounding thank you to the staff in the Division of Investment Management, Division of Economic and Risk Analysis, the Office of the General Counsel, and the staff in the Chair's office and the offices of my fellow Commissioners. With that, I support today's rule proposal.

To read more:
https://www.sec.gov/news/statement/crenshaw-statement-open-end-funds-110222

Number 7

Dozens Charged in $250 Million COVID Fraud Scheme

FBI investigation alleges massive misuse of money meant to feed children during pandemic

Forty-seven suspects have been indicted for defrauding a federally funded child nutrition program of more than $250 million.

The funds were intended to be used as reimbursements for the costs of serving meals to children in need during the COVID-19 pandemic, but investigators believe few meals were ever provided. Instead, the defendants are accused of misusing the money to purchase cars, vacations, coastal resort properties, electronics, and other luxury items for themselves.

The scheme, as outlined in the charges, represents the largest theft of federal funds allocated to pandemic aid to date.

At the center of the investigation is a now-closed Minneapolis nonprofit called Feeding Our Future and its former founder and executive director, Aimee Bock. Bock oversaw the scheme and has been indicted on multiple fraud and bribery charges.

Feeding Our Future had served as a sponsor for numerous organizations that signed up to participate in the Federal Child Nutrition Program. The program is administered by the U.S. Department of Agriculture, with states distributing funds locally.

Under the program, local sites that seek to supply the children's meals—such as restaurants and catering services—must be sponsored by another organization. That sponsoring organization monitors the sites and prepares reimbursement claims for meals provided by the sites.

In this case, however, Feeding Our Future allegedly used its position as a sponsor to engineer a massive fraud scheme.

The charges allege that beginning in early 2020, the organization began recruiting individuals and entities to open fake Federal Child Nutrition Program sites throughout Minnesota. These sites, created and operated by the defendants and others, fraudulently claimed to be serving meals to thousands of children a day within just days or weeks of being formed

despite having few—if any—staff and little to no experience serving this volume of meals.

In exchange for sponsoring these sites' fraudulent participation in the program, Feeding Our Future received more than $18 million in administrative fees it was not entitled to.

Feeding Our Future employees also allegedly solicited and received bribes and kickbacks from the individuals and companies it sponsored. Many of these kickbacks were paid in cash or disguised as "consulting fees" that were paid to shell companies created by Feeding Our Future employees to make them appear legitimate.

In total, Feeding Our Future opened more than 250 sites throughout Minnesota between March 2020 and January 2022 and falsely claimed to have served 125 million meals.

The indictments allege a number of specific ways that the defendants perpetrated the fraud:

- Conspirators submitted a fake attendance roster listing the names of 2,040 children who attended one of the sponsor's afterschool programs, yet only 20 names matched those of children who were attending school in the district.

- One site claimed to serve 2,000 to 3,000 meals per day, seven days a week, from a restaurant that previously had only a few dozen customers a day and $500-$600 in daily sales the previous year.

- One roster was created using names from a website called listofrandomnames.com. Because the program only reimbursed for meals served to children, other defendants used an Excel formula to insert a random age between 7 and 17 into the age column of the rosters. In some expense reports submitted over a period of months, the names of the children would stay the same, but their ages would change based on the random assignment.

During a news conference announcing the charges, FBI Special Agent in Charge Michael Paul said that the FBI's forensic accountants played a key role in untangling the scheme.

"During this investigation, the FBI followed many trails—including both money trails and paper trails—filled with falsified invoices and receipts, fictitious names, and an inconceivable number of meals allegedly served, all

representing an astonishing display of deceit and evidence of outright fraud," he stated.

Although the 18-month long investigation was extremely complex, Paul said the crime was quite simple: "It was just a massive fraud scheme."

To date, the FBI and its law enforcement partners have conducted more than 100 search warrants, completed an additional 100 seizure warrants, and reviewed more than 1,000 bank accounts.

U.S. Attorney Andrew Lugar announced that the government so far has been able to recover $50 million from 60 bank accounts, 45 pieces of property, and numerous vehicles and additional items, such as electronics and high-end clothing. Additional seizures are expected.

"These indictments describe an egregious plot to steal public funds meant to care for children in need in what amounts to the largest pandemic relief fraud scheme yet," said FBI Director Christopher Wray.

"The defendants went to great lengths to exploit a program designed to feed underserved children in Minnesota amidst the COVID-19 pandemic, fraudulently diverting millions of dollars designated for the program for their own personal gain. These charges send the message that the FBI and our law enforcement partners remain vigilant and will vigorously pursue those who attempt to enrich themselves through fraudulent means."

To read more:
https://www.fbi.gov/news/stories/dozens-charged-in-250-million-covid-fraud-scheme-092122

https://www.justice.gov/opa/pr/us-attorney-announces-federal-charges-against-47-defendants-250-million-feeding-our-future

Number 8

National Security Memorandum on Countering Biological Threats, Enhancing Pandemic Preparedness, and Achieving Global Health Security

THE WHITE HOUSE

It is a vital interest of the United States to prepare for, prevent, detect, respond to, and recover from biological threats at home and abroad.

The coronavirus disease 2019 (COVID-19) has highlighted that the United States and the world are vulnerable to biological threats, whether naturally occurring, accidental, or deliberate.

COVID-19 has cost millions of lives and has resulted in trillions of dollars in economic loss and major setbacks in health and economic development globally.

No sector of the United States economy or society is immune to the effects of a major biological incident.

Moreover, few other national security threats are capable of producing catastrophic and potentially existential global consequences at the scale and speed of biological threats.

Therefore, countering biological threats, advancing pandemic preparedness, and achieving global health security are top national and international security priorities for the United States.

Nearly all executive departments and agencies (agencies) contribute to the biodefense mission of the United States Government.

Moving forward, the United States must fundamentally transform its capabilities to protect our Nation from biological threats and advance pandemic preparedness and health security more broadly for the world.

Section 1. Policy.

It is the policy of the United States to preserve our health, economic, social, and national security by protecting the Nation from biological threats and promoting pandemic preparedness and global health security.

The United States Government will undertake actions at home and with partners globally to reduce the risk of naturally occurring, accidental, and

deliberate biological events with the potential to significantly impact humans, animals (domestic and wildlife), plants, and the environment, and to negatively affect health, the economy, society, and security.

The foundational policies for the United States Government's role in biodefense include: the National Biodefense Strategy for Countering Biological Threats, Enhancing Pandemic Preparedness, and Achieving Global Health Security (Biodefense Strategy) and its associated Implementation Plan, American Pandemic Preparedness: Transforming Our Capabilities, and the U.S. Global Health Security Strategy.

Agency activities in support of the Biodefense Strategy and its Implementation Plan shall be conducted consistent with the Biodefense Strategy.

Activities undertaken to implement existing Executive Orders and Presidential Directives, including but not limited to those listed in Annex IV of the Biodefense Strategy, shall be conducted consistent with the Biodefense Strategy.

Further, implementation of this memorandum shall ensure consistent integration with Presidential Directives regarding domestic response.

Sec. 2. Coordination and Governance of United States Biodefense Efforts. The policy set forth in section 1 of this memorandum shall be implemented, to the extent permitted by law and available appropriations and subject to the internal programmatic and budgetary processes of relevant agencies, as follows:

(a) The Assistant to the President for National Security Affairs (APNSA) shall serve as the lead for policy coordination and review, acting through the process described in National Security Memorandum 2 (NSM-2) of February 4, 2021 (Renewing the National Security Council System), to provide strategic input and facilitate policy integration for Federal biodefense efforts.

(b) In accordance with Executive Order 13987 of January 20, 2021 (Organizing and Mobilizing the United States Government to Provide a Unified and Effective Response to Combat COVID-19 and to Provide United States Leadership on Global Health and Security), and National Security Memorandum 1 of January 21, 2021 (United States Global Leadership to Strengthen the International COVID-19 Response and to Advance Global Health Security and Biological Preparedness), the APNSA shall coordinate the Federal Government's efforts to prepare for, prevent, detect, respond to, and recover from biological threats and to advance global health

security, international pandemic preparedness, and global health resilience.

This subsection does not apply to Federal law enforcement activities, criminal investigations, or intelligence activities related to domestic incidents involving suspected terrorist threats, terrorist attacks, significant cyber incidents or other acts within the criminal jurisdiction of the United States.

(c) The heads of agencies shall:

(i) implement the Biodefense Strategy, as well as related strategies such as the U.S. Global Health Security Strategy, and include biodefense-related activities, including resourcing and achieving the goals of the Biodefense Strategy and the priorities, targets, and actions of its Implementation Plan, within their strategic planning and budgetary processes;

(ii) in the event of the determination of a nationally or internationally significant biological incident, implement Federal response efforts in accordance with Homeland Security Presidential Directive 5 of February 28, 2003 (Management of Domestic Incidents), Presidential Policy Directive 8 of March 30, 2011 (National Preparedness), Presidential Policy Directive 44 of November 7, 2016 (Enhancing Domestic Incident Response), and Federal Government response and recovery frameworks and operational plans;

(iii) coordinate their biodefense policies with other agencies that have responsibilities or capabilities pertaining to biodefense, as well as with appropriate non-Federal entities;

(iv) share information and coordinate decision-making related to the biodefense enterprise; and

(v) monitor, evaluate, and hold their respective agencies accountable for the implementation of section 3(a) of this memorandum.

(d) Heads of agencies are not required to share information on counterproliferation activities, military plans or operations, intelligence activities, or specific law enforcement activities and criminal investigations.

Sec. 3. Implementation.

(a) At least once every 3 years, in alignment with the annual budget cycle, the APNSA and the Assistant to the President and Homeland Security Advisor (APHSA), in coordination with the heads of relevant agencies, shall

review and update, as necessary, biodefense priorities under the Biodefense Strategy's Implementation Plan. These updates shall be submitted to the President through the APNSA and, to the extent permitted by and consistent with applicable law and policy, released to the public.

(b) Within 1 year of the date of this memorandum and annually thereafter, the APNSA or the APHSA, in coordination with the Director of the Office of Science and Technology Policy and the Assistant to the President for Domestic Policy, shall chair a Principals Committee Senior Officials Exercise (SOE) on a biopreparedness health emergency in coordination with the heads of relevant agencies.

The SOE shall include a detailed summary of conclusions, which shall inform the review listed in subsection (a) of this section.

The heads of relevant agencies shall, on an annual basis, submit all related SOE After Action Reports to the APNSA and the APHSA to inform the review listed in subsection (a) of this section; the Administrator of the Federal Emergency Management Agency to inform the National Exercise Program; and the heads of relevant agencies to inform biopreparedness.

(c) Within 1 year of the date of this memorandum, and annually thereafter in alignment with the annual budget cycle:

(i) the heads of relevant agencies shall include in their annual budget requests to the Office of Management and Budget (OMB) information on those activities, programs, and projects that are planned, programmed, or have been executed that advance or are expected to advance the Biodefense Strategy and its Implementation Plan; ensure that these new and existing activities are prioritized in their annual budget requests; quantify resources allocated to biodefense within their annual budget requests; make a determination on whether their budget requests are sufficient to meet priorities established in the Biodefense Strategy's Implementation Plan; and meet annually with National Security Council (NSC) staff to review their annual budget requests;

(ii) as part of the annual budget process, the Director of OMB, in consultation with the APNSA, shall conduct an analysis of Federal biodefense and pandemic preparedness programs to assess whether resources are sufficient to meet the objectives of the Biodefense Strategy's Implementation Plan; and

(iii) the APNSA, through the process described in NSM-2 and in coordination with the Director of OMB, shall convene relevant agencies to ensure that interagency budgets for programs that contribute directly to the

implementation of this memorandum and additional relevant resource requests are directed to meet the objectives of the Biodefense Strategy's Implementation Plan.

To read more:
https://www.whitehouse.gov/briefing-room/presidential-actions/2022/10/18/national-security-memorandum-on-countering-biological-threats-enhancing-pandemic-preparedness-and-achieving-global-health-security/

Number 9

Privacy Policy

TikTok

We're updating our Privacy Policy with effect from 2 December 2022.

Introduction

This privacy policy ("Privacy Policy") applies to the personal information that TikTok processes in connection with TikTok apps, websites, software and related services (the "Platform"), that link to or reference this Privacy Policy.

Data Controller: If you live in the European Economic Area ("EEA"), the United Kingdom ("UK"), or Switzerland, TikTok Technology Limited, an Irish company ("TikTok Ireland"), and TikTok Information Technologies UK Limited ("TikTok UK"), a UK company, ("TikTok," "our," "we," or "us") are the joint controllers of your information processed in connection with this Privacy Policy.

What Information We Collect

We collect your information in three ways: Information You Provide, Automatically Collected Information, and Information From Other Sources. More detail is provided below.

Information You Provide

Profile Information. We collect information that you provide when you set up an account, such as your date of birth, username, email address and/or telephone number, and password. You can add other information to your profile, such as a bio or a profile photo.

User Content. We collect the content you create or publish through the Platform, such as photographs, videos, audio recordings, livestreams, and comments, and the associated metadata (such as when, where, and by whom the content was created).

Even if you are not a user, information about you may appear in content created or published by users on the Platform. We collect User Content through pre-loading at the time of creation, import, or upload, regardless of whether you choose to save or upload that User Content, for example, to recommend music based on the video.

We also collect content (such as text, images, and video) from your device's clipboard if you choose to copy and paste content to or from the Platform or share content between it and a third party platform. In addition, we collect location information (such as tourist attractions, shops, or other points of interest) if you choose to add the location information to your User Content.

Direct Messages. If you communicate with others using direct messages, we collect the content of the message and the associated metadata (such as the time the message was sent, received and/or read, as well as the participants in the communication). We do this to block spam, detect crime, and to safeguard our users.

Your Contacts. If you choose to import your contacts, we will collect information from your device's phone book or your social media contacts. We use this information to help you make connections, including when you are using our "Find Friends" function and to suggest accounts to you.

Purchase Information. We collect your payment card information or other third-party payment information (such as PayPal) where payment is required. We also collect your transaction and purchase history.

Surveys, Research, and Promotions. We collect information you provide if you choose to participate in a survey, research, promotion, contest, marketing campaign, or event conducted or sponsored by us.

Information When You Contact Us. When you contact us, we collect the information you send us, such as proof of identity or age, feedback or inquiries about your use of the Platform or information about possible violations of our Terms of Service (our "Terms"), Community Guidelines (our "Guidelines"), or other policies.

Automatically Collected Information

Technical Information. We collect certain device and network connection information when you access the Platform. This information includes your device model, operating system, keystroke patterns or rhythms, IP address, and system language.

We also collect service-related, diagnostic, and performance information, including crash reports and performance logs. We automatically assign you a device ID and user ID. Where you log-in from multiple devices, we use information such as your device ID and user ID to identify your activity across devices to give you a seamless log-in experience and for security purposes.

Location Information. We automatically collect information about your approximate location (e.g. country, state, or city) based on your Technical Information (such as SIM card and IP address).

Also, where you enable Location Services for the TikTok app within your device settings, we collect approximate location information from your device. Click here to learn more about how we collect Location Information.

Usage Information. We collect information about how you engage with the Platform, including information about the content you view, the duration and frequency of your use, your engagement with other users, your search history and your settings.

Content Characteristics and Features. We detect and collect characteristics and features about the videos, images, and audio recordings that are part of your User Content, for example, by identifying objects and scenery, the existence or location within an image of a face or other body parts; and the text of words spoken in your User Content. We do this, for example, for content moderation and to provide special effects (such as video filters and avatars) and captions.

Inferred Information. We infer your attributes (such as age-range and gender) and interests based on the information we have about you. We use inferences, for example, to keep the Platform safe, for content moderation and, where permitted, to serve you personalised ads based on your interests.

Cookies. We use cookies and similar tracking technologies to operate and provide the Platform. For example, we use cookies to remember your language preferences, make sure you don't see the same video more than once, and for security purposes.

We also use these technologies for marketing purposes. To learn more about our use of cookies, please see our Web Cookies Policy and Platform Cookies Policy. We will obtain your consent to our use of cookies where required by law.

Information From Other Sources

Advertising, Measurement and Data Partners. Advertisers, measurement and data partners share information with us such as mobile identifiers for advertising, hashed email addresses, and event information about the actions you've taken outside of the Platform.

Some of our advertisers and other partners enable us to collect similar information directly from their website or app by integrating our TikTok Advertiser Tools (such as TikTok Pixel).

Third Party Platforms and Partners. Third party platforms provide us with information (such as your email address, user ID, and public profile) when you choose to sign up for or log in to the Platform using sign-in features provided by those third parties. We may also receive contact information that you hold or is held about you when contact information is synced with our Platform by you or another user.

When you interact with any third party service (such as third party apps, websites or products) that integrate TikTok Developer Tools, we will receive the information necessary to provide you with features like cross-service authentication or cross-posting. For example, this will happen if you log in to another platform with your TikTok account or if you use TikTok's "share" button on a third party platform to share content from there to the Platform.

Others. We may receive information about you from others, for example, where you are included or mentioned in User Content, Direct Messages, in a complaint, appeal, request or feedback submitted by a user or third party, or if your contact information is provided to us by a user.

To read more:
https://www.tiktok.com/legal/page/eea/new-privacy-policy/en

Number 10

Can AI Teach AI? DARPA Explores How AI Tutoring Can Help Adult Learners

New opportunity seeks AI technologies to help adults learn complex subjects required for national security, such as AI engineering

The way people work is shifting; acquiring new skill sets can help ensure the national security workforce keeps up with the evolving demands of modern-day society.

The World Economic Forum predicts that by 2025, 50% of all workers worldwide will need reskilling in order to compete in the market.

The Department of State and Department of Defense (DOD) both state that artificial intelligence is at the center of the world's global technological revolution.

According to the 2020 DOD Education Strategy, "the future of AI in the DOD relies on the Department's ability to build and develop a workforce for the digital era."

Meanwhile, COVID-19 has created additional challenges for workers, accelerating the adoption of new technologies and automation in many sectors and disproportionately impacting the unemployment rates of historically marginalized demographics, including people who identify as Black or Hispanic. You may visit: https://sgp.fas.org/crs/misc/R46554.pdf

Unemployment Rates During the COVID-19 Pandemic

DARPA is seeking ideas for innovative AI approaches that can help adults learn complex topics necessary for the current and future national security workforce (e.g., AI engineering and cyber defense).

"As technology advances and economic conditions shift, so will the skills necessary for America's workforce and our military," said Joshua Elliott, AI Tools for Adult Learning program manager in DARPA's Information Innovation Office.

"In addition to a post-pandemic economy, the need to improve access to education and upskilling for historically marginalized learners is more important than ever. AI tutoring could dramatically improve learning success, particularly in increasingly common remote and self-directed learning environments."

DARPA invites technologists, researchers, students, teachers, and creators of digital learning platforms or cutting-edge AI techniques to propose AI tools or technologies that can address the critical challenges facing adult learners.

Successful tools will seek to create customized learning experiences that improve training of new skills in adults who have completed postsecondary education.

DARPA leaders and industry experts in the adult learning field will review abstracts over the course of nine months. Submissions will advance as follows:

- Phase One: Reviewers will evaluate high-level proposal abstracts and select a subset to proceed to phase two.

  The deadline to submit abstracts is December 18, 2022.

- Phase Two: Reviewers will evaluate detailed proposals for technical merit in order to move to the last phase.

- Phase Three: Finalists will pitch their concept before the panel of reviewers, who will select the winners.

Following the pitch event, DARPA will award a total of $750,000 to winning submissions to develop those concepts.

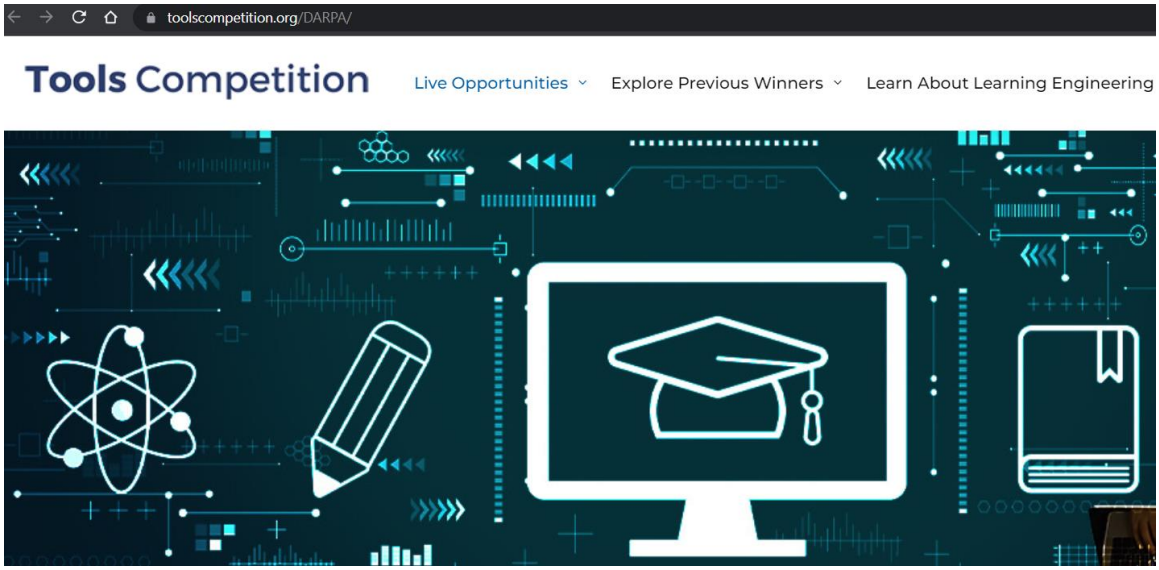
Those who are selected will have the opportunity to present their progress and technologies to industry, technical experts, and philanthropic organizations in the year following the awards.

"There is a growing body of evidence that demonstrates the power of tutoring as a means to teach all learners quickly and effectively, and yet, programs that rely on human tutors are costly," explained Elliott.

"Recent advances in AI have made way for computer-based tutoring systems that use AI to personalize instruction in real time based on learner responses. These systems have the potential to drastically reduce the cost of high-quality tutoring, and therefore increase access for all learners."

Interested participants can register here to join an info session with Elliott on Thursday, November 10 at 1 p.m. ET.

For complete information about AI Tools for Adult Learning – including how to submit an abstract, eligibility requirements, registration access and more – please visit https://toolscompetition.org/DARPA/



To read more: https://www.darpa.mil/news-events/2022-11-03

Disclaimer

The Association tries to enhance public access to information about risk and compliance management.

Our goal is to keep this information timely and accurate. If errors are brought to our attention, we will try to correct them.

This information:

- is of a general nature only and is not intended to address the specific circumstances of any individual or entity;

- should not be relied on in the context of enforcement or similar regulatory action;

- is not necessarily comprehensive, complete, or up to date;

- is sometimes linked to external sites over which the Association has no control and for which the Association assumes no responsibility;

- is not professional or legal advice (if you need specific advice, you should always consult a suitably qualified professional);

- is in no way constitutive of an interpretative document;

- does not prejudge the position that the relevant authorities might decide to take on the same matters if developments, including Court rulings, were to lead it to revise some of the views expressed here;

- does not prejudge the interpretation that the Courts might place on the matters at issue.

Please note that it cannot be guaranteed that these information and documents exactly reproduce officially adopted texts.

It is our goal to minimize disruption caused by technical errors.

However, some data or information may have been created or structured in files or formats that are not error-free and we cannot guarantee that our service will not be interrupted or otherwise affected by such problems.

The Association accepts no responsibility regarding such problems incurred because of using this site or any linked external sites.

International Association of Risk and Compliance Professionals (IARCP)

You can explore what we offer to our members:

1. *Membership* – Become a standard, premium or lifetime member.

You may visit:
https://www.risk-compliance-association.com/How_to_become_member.htm

2. *Weekly Updates* - Visit the *Reading Room* of the association at:
https://www.risk-compliance-association.com/Reading_Room.htm

3. *Training and Certification* – Become:

- a Certified Risk and Compliance Management Professional (CRCMP),

- a Certified Information Systems Risk and Compliance Professional (CISRCP),

- a Certified Cyber (Governance Risk and Compliance) Professional - CC(GRC)P,

- a Certified Risk and Compliance Management Professional in Insurance and Reinsurance - CRCMP(Re)I,

- a Travel Security Trained Professional (TSecTPro).

The CRCMP has become one of the most recognized certificates in risk management and compliance. There are CRCMPs in 32 countries.

Companies and organizations around the world consider the CRCMP a preferred certificate:

Senior Information Security Risk Analyst
Public Company Accounting Oversight Board - ★★★★☆ 10 reviews - Washington, DC
Professional designation in CISSP, CISA, CRISC, or CRCMP preferred. The PCAOB is a nonprofit corporation established by Congress to oversee the audits of public...

www.simplyhired.com/search?q=crcmp&job=BY_s7GxAbt4KwSJ_aJA_4KaruYRQSQ

SimplyHired

crcmp | City, Stat

Crcmp jobs

Sort by | Date Added | More Filters

Relevance | Anytime | None Selected

Risk Science Business Process Lead, Senior Associate

Capital One - McLean, VA
Est. $110,000 - $150,000 a year
Lean, Six Sigma, BPM, PMP, PRM, or CRCMP. McLean 1 (19050), United States of America, McLean, Virginia....

Application Security Advisor-Penetration Tester

USAA - San Antonio, TX
Est. $100,000 - $140,000 a year
Professional designation in CISSP, CISA, CRISC, CISM, CEH, GWAPT, GWEB, or CRCMP. Purpose of Job IMPORTANT:....

Senior Manager Vendor Risk Management

Johnson & Johnson Family of Companies ★★★★☆ 3,153 reviews - New Brunswick, NJ

Apply On Company Site

- Stay abreast of regulatory environment regarding VRM.

Qualifications

- A minimum of a Bachelor's degree or equivalent is required.
- Compliance Certification (CRCMP) designation is preferred.
- A minimum of 6 years experience in IT compliance, finance compliance and/or payroll compliance is required.
- Experience leading & executing SOX 404 compliance programs is required.
- Prior experience with vendor risk management preferred.
- Experience working with 3rd party vendors is preferred.

You can find more about the demand for CRCMPs at:
https://www.risk-compliance-association.com/CRCMP_Jobs_Careers.pdf

For the Certified Risk and Compliance Management Professional (CRCMP) distance learning and online certification program, you may visit:
https://www.risk-compliance-association.com/Distance_Learning_and_Certification.htm

For the Certified Information Systems Risk and Compliance Professional (CISRCP), distance learning and online certification program, you may visit:
https://www.risk-compliance-association.com/CISRCP_Distance_Learning_and_Certification.htm

For the Certified Cyber (Governance Risk and Compliance) Professional - CC(GRC)P, distance learning and online certification program, you may visit:
https://www.risk-compliance-association.com/CC_GRC_P_Distance_Learning_and_Certification.htm

For the Certified Risk and Compliance Management Professional in Insurance and Reinsurance - CRCMP(Re)I distance learning and online certification program, you may visit:
https://www.risk-compliance-association.com/CRCMP_Re_I.htm

For the Travel Security Trained Professional (TSecTPro), distance learning and online certification program, you may visit:
https://www.risk-compliance-association.com/TSecTPro_Distance_Learning_and_Certification.htm

Certified Cyber (Governance Risk and Compliance) Professionals - CC(GRC)Ps, have a 50% discount for the Travel Security Trained Professional (TSecTPro) program ($148 instead of $297).

You have a $100 discount after you purchase one of our programs. The discount applies to each additional program. For example, you can purchase the CRCMP program for $297, and then purchase the CISRCP program for $197 (instead of $297), the CC(GRC)P program for $197 (instead of $297), the CRCMP(Re)I program for $197 (instead of $297), and the TSecTPro program for $197 (instead of $297).

For *instructor-led* training, you may contact us. We can tailor all programs to meet specific requirements.