

**Interpreting Regulation:  
Snippets from a Methodology**

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# Introduction

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- A few examples to illustrate a practical methodology for interpretation of regulation, being developed by:
  - GRCTC, Cork
  - Model Systems
  - Business Semantics Ltd
- The focus is on developing business language representations that are:
  - Unambiguous and consistent
  - Semantically coherent
  - Sufficiently formal to managed and validated with computer-based tools
  - Traceable back to the source text of regulations
- The target audience is SMEs

# SBVR work products

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Terminological  
Dictionary  
(Vocabulary)

Noun Concepts  
Verb Concepts  
Definitional Rules  
Advices of Possibility

Rulebook

Behavioral Rules  
Advices of Permission

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Definitional Rules

- True by definition
- Cannot be 'broken'

Behavioral Rules

- Govern activity
- Can be violated
- Need an enforcement regime

# Snippets

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- Who enforces?
- Remove complementary qualifications
- Remove lists of examples
- “Tie up loose ends”
- Create composite concepts

# Who enforces?

## 31 CFR §1022.380 (e) Consequences of failing to comply with 31 U.S.C. 5330 or the regulations thereunder

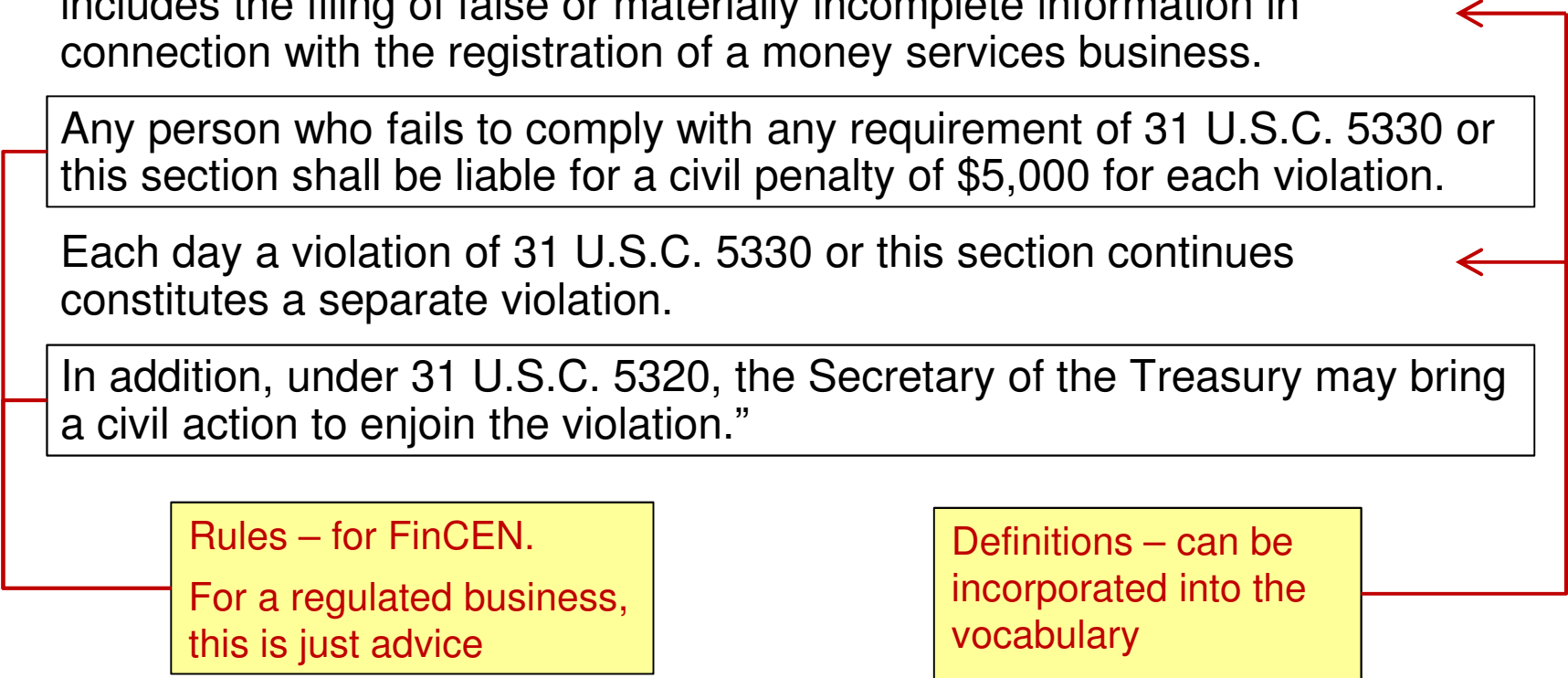
“It is unlawful to do business without complying with 31 U.S.C. 5330 and this section. **Narrative – can be ignored (or added as comment)**

A failure to comply with the requirements of 31 U.S.C. 5330 or this section includes the filing of false or materially incomplete information in connection with the registration of a money services business.

Any person who fails to comply with any requirement of 31 U.S.C. 5330 or this section shall be liable for a civil penalty of \$5,000 for each violation.

Each day a violation of 31 U.S.C. 5330 or this section continues constitutes a separate violation.

In addition, under 31 U.S.C. 5320, the Secretary of the Treasury may bring a civil action to enjoin the violation.”



# Remove complementary qualifications

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## 31 CFR §1010.100 (m) Currency

“The coin and paper money of **the United States or of any other country** that is designated as legal tender and that circulates and is customarily used and accepted as a medium of exchange in the country of issuance. Currency includes U.S. silver certificates, U.S. notes and Federal Reserve notes. Currency also includes official foreign bank notes that are customarily used and accepted as a medium of exchange in a foreign country.”

### currency

Definition: *coin and paper money of a country that is designated as legal tender in the country and that circulates and is customarily used and accepted as a medium of exchange in the country*

Example: Coin and paper money of the United States, U.S. silver certificates, U.S. notes and Federal Reserve notes.

Example: Official foreign bank notes that are customarily used and accepted as a medium of exchange in a foreign country.

# Remove lists of examples

## 31 CFR §1010.350 (c)(1) Bank Account

“The term “bank account” means a savings deposit, demand deposit, checking, **or any other account** maintained with a person engaged in the business of banking”

### bank account

Definition: *account that is maintained with a person that is engaged in the business of banking*

### savings deposit account

Concept Type: implicitly-understood concept  
General Concept: bank account

Styled in this way if the terms are needed formally in other entries

### :demand deposit account

Concept Type: implicitly-understood concept  
General Concept: bank account

‘Implicitly-understood’ means that the everyday meaning of the term is accepted

### checking account

Concept Type: implicitly-understood concept  
General Concept: bank account

# “Tie up loose ends”

## 31 CFR §1010.100 (ff)(4) Provider of prepaid access

“(i) In general. A provider of prepaid access is the participant within a prepaid program that agrees to serve as the principal conduit for access to information from its fellow program participants. The participants in each prepaid access program must determine a single participant within the prepaid program to serve as the provider of prepaid access.”

### prepaid program

Synonym prepaid access program

### participant is in prepaid program

Synonymous Form: participant is within prepaid program

Resolving ambiguity, selecting preferred terminology

### provider of prepaid access

Definition: participant that is in a prepaid program and agrees to serve as the principal conduit for access to information from program participants that are in the prepaid program

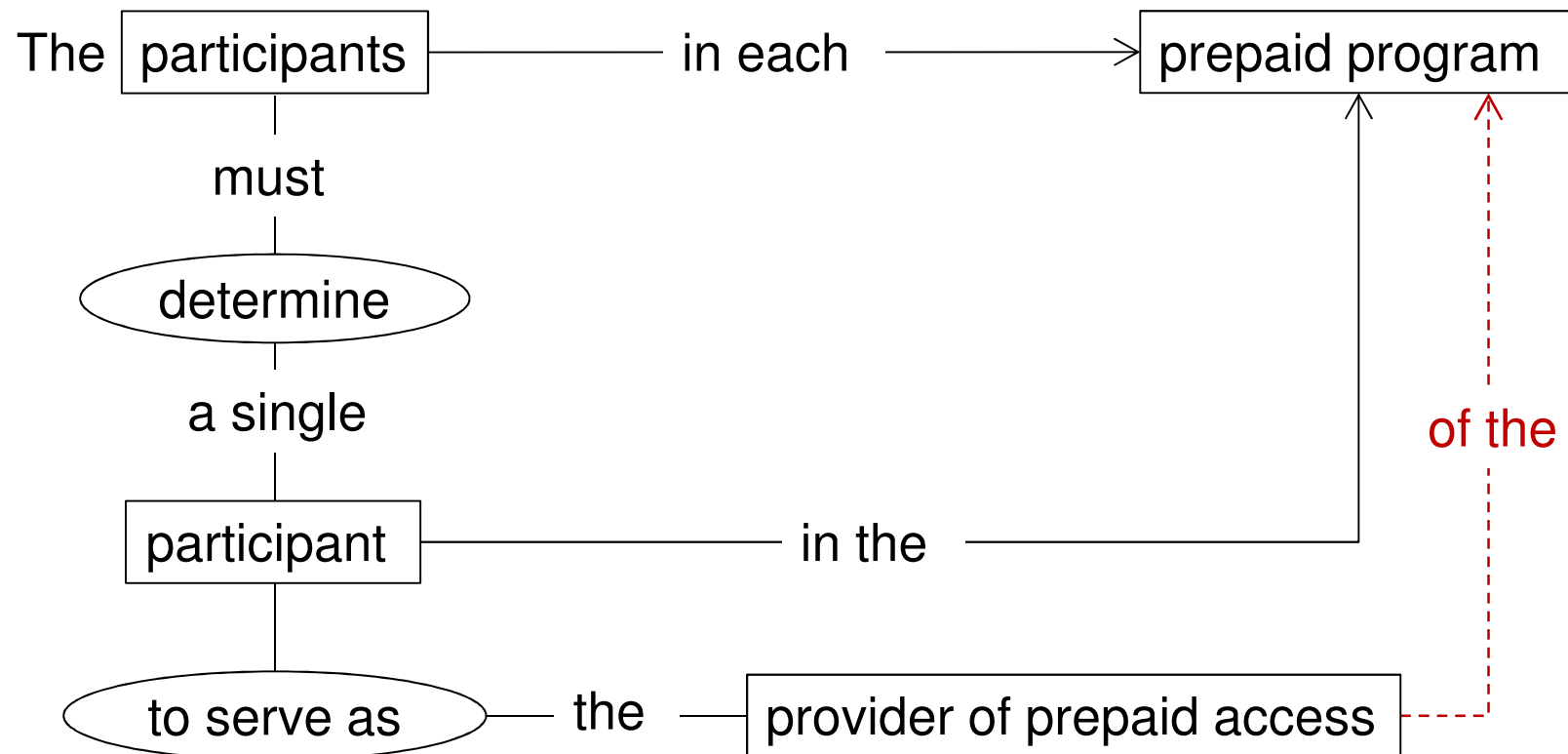
**The participants that are in each prepaid program must determine exactly one participant that is in the prepaid program as the provider of prepaid access of the prepaid program.**

For compliance testing, this rule is independent of other rules



# Sentence Diagramming

A technique from high school English grammar



**To what?**

See Clause 9 (Logical Formulation of Semantics) of the SBVR specification

# Create Composite Concepts

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## 31 CFR §1010.100 (t) Financial institution

Each **agent, agency, branch, or office** within the United States of any person doing business, whether or not on a regular basis or as an organized business concern, in one or more of the capacities listed below:

...

### financial institution

Definition: agent agency or branch or office) *that is within the United States and is of a person that is doing business ...*

The group of four concepts is used in the same way in several different places in 31 CFR (8 times in §1010.100). They can be grouped into a composite.

### agent agency branch or office

Definition: agent or agency or branch or office

### financial institution

Definition: agent agency branch or office *that is within the United States and is of a person that is doing business ...*

This reflects typical use of language - and simplifies the syntax of definitions and rules

# SBVR Tools

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- Designs for Management™  
<http://www.designsformanagement.com>
- Three tools:
  - Smart Glossary™ (vocabulary)
  - Clear Guidance™ (behavioral rules)
  - Smart Documentation™ (HTML source editing)
- Three ways to input SBVR content:
  - MS Word template
  - Forms-based direct editing
  - Source text editing

# Word Template

Includes styles for SBVR elements

SBVR Necessity	¶		
SBVR Note	¶		
SBVR Possibility	¶		
SBVR Reference Scheme	¶		
SBVR Referenced Vocabulary	¶		
SBVR See	¶		
SBVR Source	¶		
SBVR Speech Community	¶		
SBVR Statement	¶		
SBVR Subject Field	¶		
SBVR Supporting Verb Conce	¶		
SBVR Synonym	¶		
SBVR Synonymous Form	¶		
SBVR Synonymous Stmt	¶		
SBVR URI	¶		
SBVR Verb Symbol	¶		
SBVR Vocabulary Name	¶		

<p><b>SAR-MSB</b></p> <p>Definition: <u>report that is submitted by a money s transactions or suspicious travelers c transactions</u></p>
<p><b>SAR-MSB Form</b></p> <p>Definition: <u>form for a money services business t check or suspicious money transfer tr</u></p> <p>Synonym: <u>Suspicious Activity Report by Money</u></p> <p>Synonym: <u>FinCEN 109</u></p> <p>Note: SAR-MSB forms are submitted via <u>FinC</u></p> <p>Source: FinCEN Definitions <u><a href="http://www.fincen.g">http://www.fincen.g</a></u></p>
<p><b>suspicious transaction</b></p> <p>Definition: <u>transaction that a money services bus funds derived from illegal activity.</u></p>

Edit from source text off-line and import

# Editing directly via forms

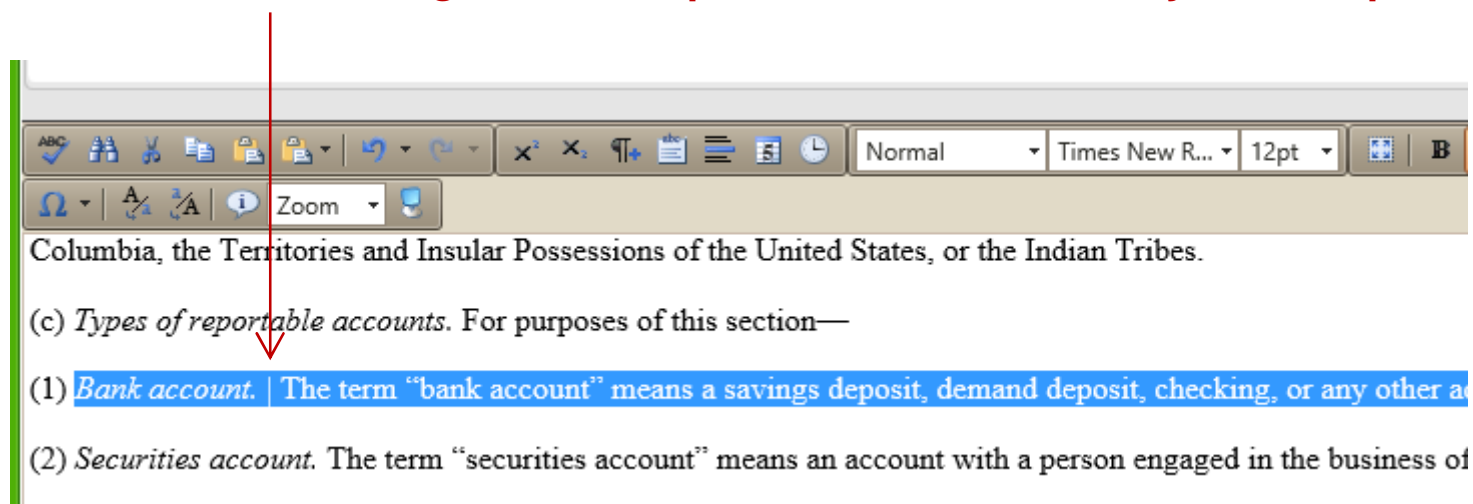
The screenshot shows the 'MEANING and REPRESENTATION Explorer' application. On the left, a tree view lists several terms: [account](#), [bank](#), [bank account](#), [other financial account](#), [person](#), [securities account](#), [The United States](#), and [United States person](#). The 'Entry Form' window is open, displaying the following information:

- Status: Existing Meaning
- GENERAL NOUN (C)
- Select(ed) Meaning: [account](#)
- Preferred Term (Common Noun): [account](#)
- Term Disambiguation Contexts:
  - Context Subject Field:
  - Disambiguation Context Concept:
  - Implicitly Understood: False
- Meaning Subject Field:
- Definition: [dep](#) deposit or credit account with a [bank](#) that is

# HTML Editor

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This ‘|’ character separates a term and its definition (the selected text) in the source document. A right-mouse option will create an entry in the repository



The definition can be edited in the HTML source or in the forms-based editors (or both)

# Summary

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- We have seen a few examples to give the flavor of a practical methodology for interpretation of regulation
- Methodology is still in development
- The focus is on creating interpretations in business-friendly (if sometimes slightly stilted) English:
  - Acceptable to SMEs
  - Traceable back to the source regulatory text
  - With rules that can be tested independently of each other
- Rules in SBVR are declarative:
  - Define the states a business should be in, rather than being parts of processes – i.e. not production rules)
  - Good for compliance testing

# Contact

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