
Introduction

How To Use This Book

When I started law school some two decades ago, it was fashionable to say one wanted to practice “international corporate law.” After all, what could sound cooler. You’d imagine yourself hop scotching across Europe in business class, closing important deals, and washing it all down with dinner at a street side cafe in London or Prague.

I was a repeat offender of using this phrase until a kind and generous recruiter at a law firm pulled me aside and told me to stop. There was no such thing as international corporate law, he explained. They were all distinct practice areas and concepts. Saying that’s what I wanted to do was like saying my favorite food was popcorn with sushi with chocolate. In other words, he said in not so many words, I sounded like an idiot.

Likewise, despite the title of this book, “fintech law” is not really a thing. There’s no one overarching regulation that governs fintechs. What governs fintechs is really just an amalgamation of different regulatory regimes that one might stitch together like different colored patches into a quilt. For example, anti-money laundering obligations and the Bank Secrecy Act apply to financial institutions and sort of indirectly apply to fintechs, privacy regulations like the California Consumer Protection Act apply to all businesses above a certain size, and information security requirements aren’t really governed by any regulation or law but fintechs are expected to have an information security program because they

handle sensitive information. Each of these areas is governed by different experts, and by their own standards, they each carry their own weight.

As such, I see many fintech operators being pulled in many different directions when it comes to understanding their regulatory or compliance obligations. They either do very little because they feel paralyzed by all the obligations competing for their attention or, worse, they focus their attention in the wrong places.

As a fintech operator, you are like a general contractor in charge of building a tall skyscraper. Imagine that, one day in the middle of construction, the sub contractor in charge of all the building's door knobs comes to you and explains that all the door knobs in the building have a faulty design. If you don't fix them, they say, your building might fall apart one day. Now, you have no reason to doubt the door knob person. After all, they're the expert on door knobs, they went to school for it, they have studied them their entire life. But, you, and only you alone as the general contractor that can see everything, know that at some point the electrical wiring will also fail and you're going to have some plumbing issues the day before the building opens its doors to visitors. You know this because you are an experienced operator who has a holistic view of the entire operation.

So too with regulated fintechs and compliance obligations, you need to make sure you don't waste your time fixing door knobs when you should be watching for circuit breakers to fall apart.

This book is hopefully a guide to help you construct your own skyscraper scaffolding. Its aim is not to provide you the answer to every regulatory or compliance question that might ever come up with your fintech. Rather, the goal is to give you a framework so you can understand where to push, where to hold back, when to keep it manual and when to automate, and when to pay attention to what.

The book has a few components:

- **History.** Where relevant, I've tried to provide insight on where we've

been. Historical context can make these topics come more fully to life.

- **Overview of regulations.** If a law or regulation or compliance topic is involved, I've provided the basic parts of it. Because this is not meant to be a textbook, there will inevitably be parts that are left out.
- **Operator Takeaways:** These are summaries of sections with practical and actionable advice. If a section is not relevant or interesting to you, feel free to just skip to the operator takeaways.
- **Sidebars:** These are anecdotes, non-sequiturs, and real world examples of the topic being discussed. Think of it as being pulled away for a quick side conversation.

The best part of this book is the **Contributor's Corner:** contributions by current and ex-operators of their own insights and journeys. These are friends and colleagues I've met along the way in my own fintech journey. They are current and former General Counsels, CEOs, Chief Compliance Officers, operators at the top of their game. Among them, they have seen almost everything that's happened in fintech over the last couple decades. Their advice and insights are as seasoned as they come.

Finally, a couple necessary disclaimers because, you know, lawyers. Fintech regulation is evolving constantly. It's quite possible that by the time you read this, some things written here will be outdated.

Second, while this book won't shy away from providing practical and operator friendly advice, please don't take anything written here as written legal advice whether provided by me or any of the contributors who have shared their insights. You should do your own homework to figure out what works best for your company.

With that out of the way, let's get started!