



# Explainable, Interpretable AI: The Future of Investment Management

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## Context: Interpretability vs Explainability

**Explainable complexity**  
(Explainable-AI or XAI)?



**Interpretable simplicity?**  
(Interpretable-AI)

# Context: Explain it ..... or bust

- "Quant managers must be **fully forthcoming about the risks** of their model-driven strategies, especially when errors occur and the **models don't work as predicted**," SEC's Division of Enforcement 2011
- "**reduced transparency** [of ML models] may lead to questions on the current Standards regarding Communications with Clients; Suitability; and Diligence and Reasonable Basis", CFA Institute consultation 2019
- "it will be important to **explain and justify investment decisions** made using AI at a specific point in time" CFA Inst consultation 2019
- "Applying **unexplainable ML algorithms** to refine a trading strategy could **expose the firm to unacceptable levels of legal and regulatory risk** [...]. Firms [...] should **appropriately disclose** the nature of the use of ML". IOSCO, 2020

The logo for Warwick Business School, featuring the lowercase letters 'wbs' in a white sans-serif font, followed by the words 'WARWICK BUSINESS SCHOOL' in a smaller, uppercase sans-serif font. The logo is set against a blue square background.

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**Explainable,  
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Investment  
Management**  
**19 November,  
2pm - 4pm**

## Key Note Session 14:10-15:25

1. **PROF CYNTHIA RUDIN**  
DUKE UNIVERSITY
2. **DR DANIELE MAGAZZENI**  
CITY UNIVERSITY OF LONDON
3. **PROF ARTUR D'AVILA GARCEZ**  
CITY, UNIVERSITY OF LONDON

## Spotlight Session 15:25 – 15:55

1. **DR TIMOTHY LAW** ROTHKO, UCL
2. **DR ADRIANO KOSHIYAMA** UCL
3. **DR PASQUALE MINERVINI** UCL

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