

Dated 7 December 2016

Co-operation Agreement

Financial Conduct Authority,
United Kingdom

Hong Kong Monetary Authority,
Hong Kong Special Administrative Region



Contents

1. Definitions	3
2. Introduction	3
3. Purpose	4
4. Principles	4
5. Scope of Assistance.....	4
6. Confidentiality & Permissible Uses	5
7. Term	5
8. Amendment	6
Appendix 1: Authority-wide Contact Details.....	7

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Co-operation Agreement between
Financial Conduct Authority ("FCA")

and

Hong Kong Monetary Authority ("HKMA")

1. Definitions

For the purposes of this Co-operation Agreement, unless the context requires otherwise:

"Authority" means the FCA or HKMA; and collectively, shall be referred to as "the Authorities";

"Innovator Business" means an innovative financial business that has been offered support from an Authority through its Innovation Function, or would qualify for such support;

"Innovation Function" means the dedicated function established in each Authority to promote innovation in financial services in their respective markets;

"Receiving Authority" means the Authority that is receiving an Innovator Business referral or information relating to that referral;

"Referring Authority" means the Authority that is referring an Innovator Business to the Receiving Authority; and

"Regulations" means any regulation or regulatory requirement applicable in the jurisdiction of an Authority.

2. Introduction

2.1. The Authorities share a mutual desire to promote innovation in financial services in their respective markets. Both Authorities have established Innovation Functions in order to do so. The Authorities believe that through co-operation with each other, they will be able to further the promotion of innovation in their respective markets.

Background to the two Authorities Innovation Functions

- 2.2. The FCA launched 'Project Innovate' in October 2014, with the objective of encouraging innovation in financial services in the interests of consumers by supporting Innovator Businesses with a range of services. This is closely tied to the FCA's objective of promoting effective competition in the interests of consumers. Project Innovate is led by the FCA's Innovation Hub.
- 2.3. The HKMA established the Fintech Facilitation Office (FFO) to facilitate the healthy development of the fintech ecosystem in Hong Kong and to promote Hong Kong as a fintech hub in Asia. The roles of the FFO include acting as a platform for exchange of ideas and initiatives; an interface between market participants and the HKMA; and an initiator of relevant industry research.

3. Purpose

- 3.1. The purpose of this Co-operation Agreement is to provide a framework for co-operation and referrals between the Innovation Functions of each Authority. This Co-operation Agreement also sets out how the Authorities plan to share and use information on innovation in their respective markets.

4. Principles

- 4.1. The Authorities intend to provide the fullest possible mutual assistance to one another within the terms of this Co-operation Agreement. This Co-operation Agreement operates subject to the domestic laws and regulations of each Authority and does not modify or supersede any laws or regulatory requirements in force in, or applying to, Hong Kong or the United Kingdom. This Co-operation Agreement sets forth a statement of intent and accordingly does not create any enforceable rights, and is not legally binding.

5. Scope of Assistance

Referral mechanism

- 5.1. The Authorities will refer to each other Innovator Businesses that would like to operate in the other Authority's jurisdiction. The Receiving Authority intends to assist the Innovator Businesses in understanding the regulatory regime under the Receiving Authority's remit, and how such regimes may be relevant to them.

Information sharing

- 5.2. The Authorities intend to share information about innovations in financial services in their respective markets, where appropriate. This may include, but is not limited to:
 - 5.2.1. Emerging market trends and developments;
 - 5.2.2. Regulatory issues pertaining to innovation in financial services; and
 - 5.2.3. Information on organisations or bodies which lead efforts to promote innovation in financial services.

Potential joint innovation projects

5.3. The Authorities intend to consider participating in joint innovation projects on the application of novel financial technologies.

Expertise sharing and secondment

5.4. Each Authority may allow its staff, as appropriate, to give presentations and conduct training sessions for the other Authority to share expertise and knowledge.

5.5. Authorities may second their staff on attachment to the other Authority on a case-by-case basis, subject to such terms and conditions as may be agreed.

6. Confidentiality & Permissible Uses

6.1. Any information disclosed by one Authority to the other Authority under this Co-operation Agreement, unless otherwise stated, should be treated by the other Authority as confidential information.

6.2. A Referring Authority may only send information about an Innovator Business to a Receiving Authority if the Referring Authority has received prior consent from the Innovator Business that it may so do.

6.3. A Receiving Authority may use information about a referred Innovator Business only for the purpose of providing help to the referred Innovator Business through the Receiving Authority's Innovation Function and as allowed by the law of the Receiving Authority's jurisdiction.

6.4. The Authorities may use any information disclosed to it by the other Authority only for the purposes for which the information was disclosed, unless the other Authority consents to other uses.

6.5. If either Authority is required to disclose any information provided to it by the other Authority pursuant to a requirement of law, such Authority should, to the extent possible, notify the other Authority prior to complying with such a requirement and should, to the extent possible, assert all appropriate legal exemptions or privileges with respect to such information as may be available.

7. Term

7.1. This Co-operation Agreement takes effect from the date of execution and will continue to have effect until terminated by either of the Authorities by the giving of at least 30 days' written notice of termination to the other Authority.

7.2. Termination of this Co-operation Agreement does not affect obligations under any existing memorandum of understanding between the two Authorities.

7.3. In the event of the termination of this Co-operation Agreement, information obtained under this Co-operation Agreement will continue to be treated in the manner set out under paragraph 6.

8. Amendment

8.1. The Authorities intend to review the operation of this Co-operation Agreement and update its terms as required. The Authorities acknowledge that review may be required if there is a material change to the respective Innovation Functions of the Authorities.

8.2. This Co-operation Agreement may be amended if both Authorities agree in writing to do so.

Executed by the Authorities:

For HKMA

Shu-Pui LI
Executive Director
Financial Infrastructure Department
Hong Kong Monetary Authority

Date:

For the FCA

Christopher Woolard
Director of Strategy and Competition
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Financial Conduct Authority

Date:

Appendix 1: Authority-wide Contact Details

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