

Dated 22 March 2018

# Innovation Hubs Enhanced Co-operation Agreement

United Kingdom



Australia



**ASIC**

Australian Securities & Investments Commission

## Contents

Definitions	3
Introduction	3
Purpose	5
Principles	5
Scope of assistance (Referrals & Information Sharing)	5
Joint Innovation Projects	6
Confidentiality & Permissible Uses	6
Term	6
Amendment	6
Appendix 1: Authority-wide contact details	7

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Enhanced Innovation Hubs Co-operation Agreement between

Financial Conduct Authority ("FCA")

and

Australian Securities and Investments Commission ("ASIC")

## 1. Definitions

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

**"Authorisation"** means the process of licensing an entity such that they are authorised by an Authority to provide a service or issue a financial product in their jurisdiction;

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

**"Criteria for Support"** means the criteria published from time to time by each Authority that details when their Innovation Hubs will offer support to innovative financial businesses operating or seeking to operate in their respective jurisdictions.

**"Innovation Hub"** means the dedicated avenue for regulatory assistance offered by both Authorities to Innovator Businesses in their respective jurisdictions;

**"Innovator Business"** means a financial business that has been offered support from an Authority through its Innovation Hub;

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

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

**"Regulatory Sandbox"** means a testing environment offered by an Authority to Innovator Businesses;

**"Referring Authority"** means the Authority that is referring an Innovator Business to the Receiving Authority.

## 2. Introduction

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

### Background

- 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 interest of consumers.
- 2.3. In March 2015, ASIC announced that it would establish an online Innovation Hub to assist innovative Fintech businesses navigate ASIC's regulatory system. Through its Innovation Hub, ASIC engages with the Fintech community, provides assistance to innovative Fintech start-ups and liaises with Fintech experts through ASIC's Digital Finance Advisory Committee.
- 2.4. The Authorities entered into a Co-operation Agreement dated 23 March 2016 to promote innovation in financial services between the jurisdictions. The Authorities now wish to enhance the terms of that Co-operation Agreement. Accordingly, the Authorities agree that this Enhanced Co-operation Agreement supersedes the 23 March 2016 Co-operation Agreement.

### Support offered through the Innovation Hubs

- 2.5. The support offered by the Authorities to Innovator Businesses through their Innovation Hubs includes:
  - 2.5.1. A dedicated team and/or a dedicated contact for each Innovator Business;
  - 2.5.2. Help for Innovator Businesses to understand the regulatory framework in the relevant Authority's jurisdiction, and how it applies to them;
  - 2.5.3. Assistance during the pre-authorisation application phase to:
    - 2.5.3.1. Discuss the authorisation application process and any regulatory issues that the Innovator Business has identified; and
    - 2.5.3.2. Ensure the Innovator Business understands the relevant Authority's regulatory regime and what it means for them;
  - 2.5.4. An authorisation process for Innovator Businesses that efficiently deals with applications for authorisation, including:
    - 2.5.4.1. Consideration by relevant authorisation staff of any assistance provided to the Innovator Business during the pre-authorisation application phase. This may include

implementation of a specialised authorisation process for Innovator Businesses; and

2.5.4.2. The allocation of authorisation staff to consider the application that are knowledgeable about financial innovation in their respective markets;

2.5.5. A dedicated contact and the provision of assistance for a period of one year after an Innovator Business is authorised as and when circumstances require it.

### **3. Purpose**

3.1. The purpose of this Enhanced Co-operation Agreement is to provide a framework for co-operation and referrals between the Innovation Hubs of each Authority. The framework centres on a referral mechanism, and mutual access to regulatory sandbox testing environments which will enable the Authorities to refer innovative financial services businesses between their respective Innovation Hubs. It 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 mutual assistance to one another within the terms of this Enhanced Co-operation Agreement. This Enhanced 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, Australia or the United Kingdom. This Enhanced Co-operation Agreement sets forth a statement of intent and accordingly does not create any enforceable rights, and is not legally binding. This Enhanced Co-operation Agreement does not affect any arrangements under existing Memoranda of Understanding between the two Authorities.

### **5. Scope of Assistance**

#### Referral mechanism

5.1. The two Authorities, through their Innovation Hubs, will refer to one another those Innovator Businesses who would like to enter the others' market.

5.2. Referrals will be made in writing, and will include information demonstrating that the Innovator Business seeking to operate in the Receiving Authority's jurisdiction meets the Referring Authority's Criteria for Support.

5.3. Following referral, the Receiving Authority's Innovation Hub will offer support to the Innovator Business in accordance with Section 2.5 above.

5.4. The Authorities will explore opportunities to enable quicker processing in terms of authorisation of innovative businesses that are already authorised in the other jurisdiction.

5.5. The Authorities acknowledge that an Innovator Business benefiting from their respective Innovation Hub's assistance during the pre-authorisation phase

may or may not meet the requirements for authorisation, and that in providing assistance through their Innovation Hubs the Authorities are not expressing an opinion about whether an Innovator Business will ultimately meet the requirements for authorisation in their jurisdiction.

#### Regulatory Sandbox participation

- 5.6. An Authority may refer an Innovator Business to the other Authority for the purposes of participation in the other Authority's Regulatory Sandbox.
- 5.7. Where an Innovator Business is a participant in either Authority's Regulatory Sandbox and would like to enter the other Authority's Regulatory Sandbox, the Authorities will endeavour to facilitate that participation.
- 5.8. This may include exploring opportunities to simplify and expedite Innovator Businesses testing in both Sandboxes, in order to improve access and efficiency when testing in both markets.

#### Information sharing

- 5.9. The Authorities intend to share information about innovations where appropriate. This may include, but is not limited to:
  - 5.9.1. Emerging market trends and developments;
  - 5.9.2. Regulatory issues pertaining to innovation in financial services;
  - 5.9.3. Further information on Innovator Businesses subject to the referral scheme set out in 5.1.
- 5.10. The Authorities intend, subject to applicable domestic laws and regulations, to share further information on regulatory technology (regtech) developments, including experiences with trialling regtech solutions for regulatory purposes.
- 5.11. Material changes to the support offered by an Authority's Innovation Hub, or material changes to an Authority's Criteria for Support will be notified to the other Authority.

#### Mutual approaches

- 5.12. The two Authorities will endeavour to reach shared approaches, understandings and positions on key complex and emerging issues posed by financial and regulatory technology developments.
- 5.13. The Authorities will pursue and advocate for global adoption of their shared approaches, understandings and positions in multilateral forums.

#### Expertise sharing and secondment

- 5.14. Each Authority may allow its staff as appropriate, to give presentations and conduct training sessions for the other Authority to share expertise and knowledge about innovations in financial services, including regtech, and the operation of an Authority's Regulatory Sandbox.

- 5.15. An Authority may second staff with expertise in the regulation of innovative financial services businesses to the other Authority on a case-by-case basis, subject to such terms and conditions as may be agreed.

## **6. Joint Innovation Projects and Events**

- 6.1. The Authorities will consider hosting joint innovation events to explore the application of key and emerging technologies.
- 6.2. The Authorities will consider undertaking joint trials, projects, experiments or research on emerging financial and regulatory technologies. The Authorities will also endeavour to publish the outcomes of any such trials, projects, experimentation or research for the benefit of industry.

## **7. Confidentiality & Permissible Uses**

- 7.1. Any information disclosed by one Authority to the other Authority as contemplated by Section 5, and including information contained in a referral, will be treated by the Receiving Authority as confidential information.
- 7.2. Information about an Innovator Business will be included in a referral and sent to a Receiving Authority only if the Innovator Business consents to that disclosure.
- 7.3. A Receiving Authority will use information about a referred Innovator Business only for the purpose of providing assistance to the referred Innovator Business through the Receiving Authority's Innovation Hub and ensuring compliance with the law of the Receiving Authority's jurisdiction.
- 7.4. A Receiving Authority will use other information disclosed to it by a Referring Authority only for the purposes for which the information was referred, unless the Referring Authority consents to other uses.
- 7.5. If a Receiving Authority is required to disclose any information provided to it by a Referring Authority by a requirement of law, the Receiving Authority will notify the Referring Authority prior to complying with such a requirement.

## **8. Term**

- 8.1. This Enhanced 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, until terminated by mutual agreement, or superseded by mutual agreement.
- 8.2. This Enhanced Co-operation Agreement may be executed by the Authorities in counterparts. Each counterpart is deemed to be an original of this Enhanced Co-operation Agreement and all together constitute one agreement.
- 8.3. In the event this Enhanced Co-operation Agreement is terminated or superseded, information obtained under this Enhanced Cooperation Agreement will continue to be treated in the manner set out under paragraph 7.

## **9. Amendment**

- 9.1. The Authorities will review the operation of this Enhanced 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 Criteria for Support used by either Authority, or material changes to the support offered to Innovator Businesses by an Authority.
- 9.2. This Enhanced Co-operation Agreement may be amended if both Authorities agree in writing to do so.



**Executed by the Authorities:**

**For ASIC**

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Mark Adams, Senior Executive Leader  
Strategic Intelligence  
Coordinator, Innovation Hub

Date:

**For the FCA**

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Christopher Woolard, Director of  
Strategy and Competition and Member  
of the Board

Date:

## Appendix 1: Authority-wide Contact Details

FCA: Head of Department, Innovate  
Financial Conduct Authority  
25 The North Colonnade  
London, E14 5HS  
United Kingdom

ASIC: International Cooperation Requests

[international@asic.gov.au](mailto:international@asic.gov.au)  
cc: [innovationhub@asic.gov.au](mailto:innovationhub@asic.gov.au)

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Australia