

Dated 27 June 2018

Co-operation Agreement

United Kingdom



Republic of Korea



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

Financial Services Commission of the Republic of Korea ("FSC")

1. Definitions

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

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

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

"Criteria for Support" means the criteria of a Referring Authority that an Innovator Business is required to meet before the Referring Authority will refer the Innovator Business to a Receiving Authority;

"Innovator Business" means any entity which provides or intends to provide innovative financial services in either of the Authorities' jurisdictions;

"Innovation Function" means the dedicated function established by both-Authorities 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;

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

"Referring Authority" means the Authority that is referring an Innovator Business to the Receiving 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 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 interest of consumers. Project Innovate is led by the FCA's Innovation Hub.
- 2.3. The Government of the Republic of Korea announced its Fintech Policy in January 2015 and upgraded it in March 2018, as part of the Financial Reform initiative. The FSC is making policy efforts to invigorate the fintech sector with the aim of enhancing financial sector competitiveness and consumer benefits. The Fintech Center was launched as part of this in March 2015 to support fintech firms and create a fintech ecosystem.

Support offered through the Innovation Functions

- 2.4. The support offered by the Authorities to Innovator Businesses through their Innovation Functions includes:
 - 2.4.1. A dedicated team and/or a dedicated contact for each Innovator Business;
 - 2.4.2. Help for Innovator Businesses to understand the regulatory framework in the relevant Authority's jurisdiction, and how it applies to them;
 - 2.4.3. Assistance during the pre-Authorisation application phase to:
 - 2.4.3.1. Discuss the Authorisation application process and any regulatory issues that the Innovator Business has identified; and
 - 2.4.3.2. Help the Innovator Business to understand the relevant Authority's regulatory regime and what it means for them;
 - 2.4.4. Support during the Authorisation process, including the allocation of Authorisation staff to consider the application who are knowledgeable about financial innovation in their respective markets.
 - 2.4.5. 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 Co-operation Agreement is to provide a framework for co-operation and referrals between the Innovation Functions of each Authority. The Agreement sets out how the Authorities plan to share and use information to promote innovation in their respective markets. It also sets out a referral mechanism which will enable the Authorities to refer innovative financial service businesses between their respective Innovation Functions.

4. Principles

- 4.1. 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, Korea 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. This Co-operation Agreement does not affect any arrangements under the existing 2013 Memorandum of Understanding between the Authorities.

5. Scope of Co-operation

Referral mechanism

- 5.1. The Authorities, through their Innovation Functions, will refer to each other Innovator Businesses that would like to operate in the other's jurisdiction.
- 5.2. Referrals will be made in writing, and should include information demonstrating that the Innovator Business seeking to operate in the Receiving Authority's jurisdiction meets, or would meet, the Referring Authority's Criteria for Support. Each Authority should maintain its own Criteria for Support. The Criteria for Support applies to new and existing Innovator Businesses and should include the following:
 - 5.2.1. the Innovator Business should offer innovative products that benefit the consumer and/or industry;
 - 5.2.2. the Innovator Business should demonstrate that they have conducted sufficient background research; and
 - 5.2.3. the Innovator Business should have a genuine need for support.
- 5.3. Following referral, the Receiving Authority's Innovation Function should offer support to the Innovator Business in accordance with paragraph 2.4 above.
- 5.4. The Referring Authority acknowledges that an Innovator Business benefiting from the Receiving Authority's Innovation Function's assistance during the pre-authorisation phase may or may not meet the requirements for authorisation, and that in providing assistance through the Innovation Function, the Receiving Authority is not expressing an opinion about whether an Innovator Business will ultimately meet the requirements for authorisation in its jurisdiction.

Information sharing

- 5.5. The Authorities undertake to share information about innovations in financial services in their respective markets, where appropriate. This may include, but is not limited to:
 - 5.5.1. emerging market trends and developments;
 - 5.5.2. regulatory issues pertaining to innovation in financial services; and
 - 5.5.3. information on organisations or bodies who lead efforts to promote innovation in financial services;

- 5.6. Subject to paragraph 6.2, the Authorities undertake to share further information on Innovator Businesses which have been referred to a Receiving Authority for support through its Innovation Function by a Referring Authority pursuant to paragraph 5.1.
- 5.7. The Authorities should notify each other of any material changes to:
 - 5.7.1. the support offered by a Receiving Authority's Innovation Function to an Innovator Business referred by a Referring Authority pursuant to paragraph 5.1; or
 - 5.7.2. the Authority's Criteria for Support.

6. Confidentiality & Permissible Uses

- 6.1. Any information disclosed by one Authority to the other Authority under paragraph 5.1, and including information contained in a referral should be treated by the other Authority as confidential information. Any request for information should specify both (1) the information which is requested; and (2) the reason why this information is being requested
- 6.2. 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.
- 6.3. 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 Function and ensuring compliance with the law of Receiving Authority's jurisdiction.
- 6.4. The Authorities should 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 notify the other Authority prior to complying with such a requirement and should 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 the existing 2013 Memorandum of Understanding between the 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 will review the operation of this Co-operation Agreement and update its terms as required.

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

Executed by the Parties:

For the FSC

For the FCA

Kim Yongbeom, Vice Chairman

Andrew Bailey, Chief Executive Officer

Date:

Date:

Appendix 1: Party-wide Contact Details

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

FSC: Director, Electronic Finance Division
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209 Sejong-daero
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