

20/06/2019

Regulatory Co-operation Agreement  
on FinTech



Reserve Bank of India



Financial Conduct Authority

## Contents

1. Definitions	3
2. Introduction	4
3. Purpose	4
4. Principles	5
5. Scope of assistance	5
6. Potential joint innovation projects	6
7. Confidentiality & Permissible Uses	6
8. Term	7
9. Amendment	7
Appendix 1: Authority-wide contact details	8

Reserve Bank of India

Central Office

SBS Marg, Fort

Mumbai - 400001

Financial Conduct Authority

12 ENDEAVOUR SQUARE STRATFORD London E12 1JN

Co-operation agreement between

Reserve Bank of India ("RBI")

Financial Conduct Authority ("FCA")

## **1 Definitions**

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

"Authority" means the RBI or FCA; 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 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 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;

"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 Reserve Bank of India (RBI) and the Financial Conduct Authority (FCA) have a mutual objective to promote innovation in financial services in their respective markets. The Authorities believe that through co-operation with each other, they will be able to further the promotion of innovation in their respective markets.

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 and ensuring firms do not face regulatory uncertainty with regards to innovation.

2.3 In a Joint statement signed by the Finance Minister of India and the Chancellor of the Exchequer, UK at the 9th UK-India Economic and Financial Dialogue held in Delhi on April 04, 2017, both sides recognised the important role FinTech will play in supporting both Digital India and Make in India, particularly following India's move towards a less cash society. Both sides agreed to deepen bilateral collaboration on FinTech and explore the possibility of a Regulatory Co-operation Agreement between the FCA and the RBI.

## **3 Purpose**

3.1 The purpose of this Co-operation Agreement is to provide a framework for collaboration and referrals between the Innovation Functions of each Authority. 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 best 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, or applying to, India 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, through their Innovation Functions, shall explore avenues for facilitating the Innovator Businesses that would like to operate in each other's jurisdiction.

5.2 A reference in writing shall be made by the Innovator Business seeking support to the concerned Authority and shall include information demonstrating that the Innovator Business meets the Referring Authority's Criteria for Support. These Criteria apply to new and existing Innovator Businesses and shall include the following:

5.2.1 The Innovator Business should offer truly innovative products that genuinely benefit the consumer, industry and/or society;

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.

### **Information sharing**

5.3 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:

5.3.1 Emerging market trends and developments;

5.3.2 Regulatory issues pertaining to innovation in financial services; and

5.3.3 Information on organisations or bodies which lead efforts to promote innovation in financial services.

## **6 Potential joint innovation projects**

6.1 Authorities intend to consider participating in joint innovation projects on the application of new financial technologies.

## **7 Confidentiality & Permissible Uses**

7.1 The Authorities recognise the importance and desirability of mutual assistance and exchange of information. Information should be shared to the extent reasonable and subject to any relevant statutory provisions, including those restricting disclosure.

7.2 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 and shall not be disclosed to any third party except with the prior written consent from the Authority.

7.3 An Authority that receives confidential information under this Co-operation Agreement will only disclose that information in accordance with the disclosure permitted under its applicable laws and requirements. The Authorities intend that the sharing or disclosure of confidential information will not constitute a waiver of privilege or confidentiality of such information.

7.4 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.

7.5 A Receiving Authority should use information about a referred Innovator Business only for the purpose of providing support to the referred Innovator Business through the Receiving Authority's Innovation Function and ensuring compliance with the law of the Receiving Authority's jurisdiction.

7.6 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.

7.7 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.

## **8 Term**

8.1 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 giving of at least 30 days' written notice of termination to the other Authority.

8.2 Termination of this Co-operation Agreement does not affect obligations under any other existing Agreements / Memorandum of Understanding between the two Authorities.

8.3 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 7.

## **9 Amendment**

9.1 The Authorities will review the operation of this Co-operation Agreement and update its terms as required.

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

### **Executed by the Authorities:**

For RBI

For the FCA

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Lily Vadera Executive Director

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

Date: 20/6/2019

Date: 20/6/2019

## **Appendix 1: Authority-wide Contact Details**

RBI:

Executive Director

Reserve Bank of India

Department of Banking Regulation

Central Office

SBS Marg, Fort

Mumbai-400001

FCA:

Executive Director of Strategy and Competition

Financial Conduct Authority

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