



FINANCIAL SERVICES AGENCY
GOVERNMENT OF JAPAN
3-2-1 Kasumigaseki Chiyoda-ku Tokyo 100-8967 Japan

Mr. Sopnendu Mohanty
Chief FinTech Officer
Monetary Authority of Singapore
10 Shenton Way MAS Building
Singapore 079117

Dear Mr Mohanty,

EXCHANGE OF LETTERS ON CO-OPERATION FRAMEWORK BETWEEN THE FINANCIAL SERVICES AGENCY OF JAPAN AND THE MONETARY AUTHORITY OF SINGAPORE

I recognise that further co-operation between the Financial Services Agency of Japan (FSA) and the Monetary Authority of Singapore (MAS) to support innovative business would be mutually beneficial, with a view to promote innovation in financial services in respective markets. I also acknowledge that providing assistance for businesses to operate in each jurisdiction through the referral mechanism between authorities is important, in view of the globalisation of financial activities by industries.

In this context, this letter confirms the interest of FSA in enhancing co-operation with MAS in a mutually beneficial manner, in accordance with the respective laws and regulations of Japan and Singapore. This letter is a statement of FSA's intent and does not create any legally binding obligations upon FSA or MAS. Nothing in this letter will affect the competence of FSA or MAS under their respective domestic laws and regulations.

FSA confirms its willingness to keep exchanging views and share information with MAS, in accordance with the Memorandum of Understanding between FSA and MAS dated 21st December 2001 ("MoU"). This Letter is intended to complement the mutual co-operation under the MoU in the context of supporting innovative industries, and is not intended to supersede the MoU or Regulations.

1. Definitions

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

"Authorisation" means the process of licensing, registering, approving, authorising or otherwise bringing an entity under either Authority's regulatory ambit so that they are authorised to carry on business in providing a financial service or issuing a financial product in the relevant Authority's jurisdiction;

"Authority" means FSA or MAS; and collectively 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 law 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. In December 2015, FSA established 'FinTech Support Desk' within FSA as a one-step contact point for FinTech businesses. With the co-operation of supervisory bureau and planning bureau, FinTech Support Desk supports Innovator Businesses through consultation and exchange of information on matters regarding their FinTech-related business such as applicability of financial regulation in order to promote financial innovation.
- 2.3. In August 2015, MAS formed a Financial Technology & Innovation Group (FTIG) within MAS to drive its Smart Financial Centre initiatives. FTIG is responsible for formulating regulatory policies and developing strategies to facilitate the use of technology and innovation to better manage risks, enhance efficiency, and strengthen competitiveness in the financial sector.

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. Ensure the Innovator Business understands 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 that are knowledgeable about financial innovation in their respective markets. This may also include implementation of a specialised process for Innovator Businesses.
- 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.

3. Purpose

- 3.1. The purpose of this Co-operation Framework is to provide a framework for co-operation and referrals between the Innovation Functions of each Authority. The framework centres on a referral mechanism which will enable the Authorities to refer Innovator Businesses between their respective Innovation Functions. 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 possible mutual assistance to one another within the terms of this Co-operation Framework. This Co-operation Framework operates subject to the domestic laws and regulations of each Authority and does not modify or supersede any Regulations. This Co-operation Framework 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, 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.

- 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; and
 - 5.5.2. regulatory issues pertaining to 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; and
 - 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 paragraphs 5.5 to 5.7, and any information contained in a referral under paragraphs 5.1 to 5.4, should be treated by the other Authority as confidential information.
- 6.2. Information about an Innovator Business should be included in a referral under paragraphs 5.1 to 5.4 and sent to a Receiving Authority only if the Innovator Business consents to that disclosure.
- 6.3. 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.
- 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 in writing 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. Duration

- 7.1. This Co-operation Framework commences from the date of execution and will continue 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 Framework does not affect obligations under the existing MoU between the two Authorities.
- 7.3. In the event of the termination of this Co-operation Framework, information obtained under this Co-operation Framework will continue to be treated in the manner set out under paragraph 6.

8. Modification

- 8.1. The Authorities will review the operation of this Co-operation Framework and update its terms as required. The Authorities acknowledge that review may be required if there is a material change to 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 the Authority's Criteria for Support.
- 8.2. This Co-operation Framework may be modified by the mutual consent of both Authorities in writing.

I believe that enhanced co-operation in accordance with the Framework set out in this letter will lead to a mutually beneficial relationship between FSA and MAS.

With my best regards.

Yours sincerely,

The Financial Services Agency of Japan

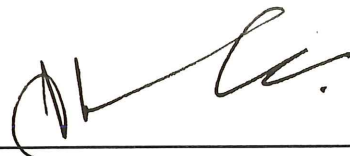
By 白川 隆介 S.D.

Shunsuke Shirakawa

Vice Commissioner for International Affairs

Dated: 10 March 2017

The Monetary Authority of Singapore

By 

Sopnendu Mohanty

Chief FinTech Officer

Dated: 10.03.2017

Appendix 1: Authority-wide Contact Details

FSA: [About Referral mechanism]

Policy and Legal Division, Planning and Coordination Bureau

Financial Services Agency of Japan

3-2-1 Kasumigaseki Chiyoda-ku

Tokyo, 100-8967

Japan

[About Information sharing]

Credit System Office, Planning and Coordination Bureau

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MAS: Financial Technology & Innovation Group

Monetary Authority of Singapore

10 Shenton Way MAS Building

Singapore 079117



Mr. Shunsuke Shirakawa
Vice Commissioner for International Affairs
Financial Services Agency of Japan
3-2-1 Kasumigaseki Chiyoda-ku
Tokyo, 100-8967
Japan

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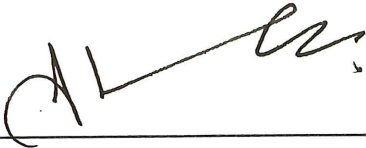
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Monetary Authority of Singapore

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Yours sincerely,

The Monetary Authority of Singapore

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Sopnendu Mohanty
Chief FinTech Officer

Dated: 10.03.2017

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