



Innovation Cooperation Agreement

Between

Securities Commission Malaysia

and

Finansinspektionen Sweden

Contents

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

Innovation Cooperation Agreement between
Securities Commission Malaysia (SC)
and
Finansinspektionen Sweden (FI)

1. Definitions

For the purposes of this Cooperation Agreement, 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, and "Authorised" has a corresponding meaning;

"Authority" means the SC or FI; and collectively, shall be referred to as "the Authorities";

"Financial technologies", or "Fintech", is used to describe a variety of business models and emerging technologies that have the potential to bring about innovation within the financial services industry;

"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 act as the centralized contact point for Innovator Businesses;

"Laws and regulations" means any law, regulation or regulatory requirement applicable in the jurisdiction of an Authority;

"Receiving Authority" means the Authority that is receiving an Innovator Business referral or information relating to that referral; 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 stay abreast of innovation in financial services in their respective markets. Both Authorities have established Innovation Functions in order to do so:
 - 2.1.1. In September 2015, SC launched the 'alliance of FINtech community' (aFINity) initiative to engage with the tech entrepreneur community on innovative digital finance business models and technology related regulatory and policy matters.
 - 2.1.2. In March 2018, FI launched the Innovation centre. The main objective for the Innovation Centre is to establish a communication channel to the financial industry to ensure a close dialogue to businesses working with innovative services. The Innovation Centre will serve as a dedicated point of contact when the regulatory framework is perceived as unclear in the context of new innovation.

Support offered through the Innovation Functions

- 2.2 The support offered by the Authorities to Innovator Businesses through their Innovative Functions includes:
 - 2.2.1 A dedicated team for Innovative Businesses;
 - 2.2.2 Help for Innovator Businesses to understand the regulatory framework in the relevant Authority's jurisdiction, and how it applies to them;
 - 2.2.3 Assistance during the pre-Authorisation application phase to:
 - 2.2.3.1 Discuss the Authorisation application process and any regulatory issues that the Innovator Business has identified;
 - 2.2.3.2 Ensure the Innovator Business understands the relevant Authority's regulatory regime and what it means for them; and
 - 2.2.3.3 Where relevant, refer the Innovator Business to the relevant authorities within its jurisdiction for assistance.

3. Purpose

- 3.1. The purpose of this Cooperation Agreement is to provide a framework for cooperation 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 fullest possible mutual assistance to one another within the terms of this Cooperation Agreement. This Cooperation 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, Malaysia and Sweden. This Cooperation Agreement sets forth a statement of intent and accordingly does not create any enforceable rights, and is not legally binding. This Cooperation Agreement does not affect any arrangements under any existing Memorandum of Understanding between the two Authorities.

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.
- 5.2. In deciding whether to refer an Innovator Business, the Referring Authority will consider, including but not limited to, the terms in 5.2.1 to 5.2.3:
 - 5.2.1. The Innovator Business should offer innovative financial products or services that benefit the consumer, investor and/or industry;
 - 5.2.2. The Innovator Business should demonstrate that it has conducted sufficient background research on Laws and Regulations of the Receiving Authority's jurisdiction as they might apply to it; and
 - 5.2.3. The Innovator Business should demonstrate that it has considered the feasibility of its business model in the jurisdiction of the Receiving Authority.
- 5.3. Following referral, the Receiving Authority's Innovation Function should offer support to the Innovator Business in accordance with paragraph 2.2 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.

Potential joint innovation projects by the Authorities

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

Information sharing

- 5.6. 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:
 - 5.6.1. Emerging trends and developments; and
 - 5.6.2. Regulatory issues pertaining to innovation in financial services.
- 5.7. The Authorities undertake, subject to applicable domestic laws and regulations, to share further information on an Innovator Business which has been referred to a Receiving Authority for support through its Innovation Function by a Referring Authority (including the nature of the support to the Innovative Business by the Referring Authority).
- 5.8. Where on an Innovator Business from either Authority's jurisdiction intends to operate a joint innovative financial business with an entity from the other Authority's jurisdiction, the Authorities undertake to share, where appropriate, information on the entity operating the Innovator Business, including the experience and fitness and probity of the entity's promoters and principal officers .
- 5.9. The Authorities should notify each other of any material changes to the other Authority's considerations in referring an Innovator Business as set out in paragraph 5.2.

6. Confidentiality and Permissible Uses

- 6.1. Any information disclosed by one Authority to the other Authority under this Cooperation Agreement, unless otherwise stated, should be treated by the other Authority as confidential information.
- 6.2. An Authority that receives confidential information under this Cooperation 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.
- 6.3. 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.
- 6.4. 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 to seek to ensure compliance with the law of the Receiving Authority's jurisdiction.

- 6.5. 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.
- 6.6. 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 assert all appropriate legal exemptions or privileges with respect to such information as may be available to keep confidential any information that the Referring Authority had identified to be prejudicial to its interest should disclosure occur. Such authority should also notify the other Authority as soon as practicable of the disclosure of information pursuant to any requirement of law.

7. Term

- 7.1. This Cooperation 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 Cooperation Agreement does not affect obligations under the existing Memorandum of Understanding between the two Authorities.
- 7.3. In the event of the termination of this Cooperation Agreement, information obtained under this Cooperation 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 Cooperation Agreement 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 Innovator Businesses referred by a Referring Authority pursuant to paragraphs 5.1 to 5.4.
- 8.2. This Cooperation Agreement may be amended if both Authorities agree in writing to do so.

Executed by the Authorities:

For SC



Ranjit Ajit Singh
Chairman
Securities Commission Malaysia

Date:

12/6/18

For FI



Erik Thedéen
Director General
Finansinspektionen Sweden

Date: 25.06.18

Appendix 1: Authority-wide Contact Details

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