

Dated 1 November 2016

Co-operation Agreement

Australia



ASIC

Australian Securities & Investments Commission

Ontario



ONTARIO
SECURITIES
COMMISSION

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Australian Securities and Investments Commission
Level 5, 100 Market Street
Sydney NSW 2000

Ontario Securities Commission
20 Queen St. West, 22nd Floor
Toronto, Ontario, Canada
M5H 3S8

Innovation Functions Co-operation Agreement between
Australian Securities and Investments Commission ("ASIC")
and
Ontario Securities Commission ("OSC")

1. Definitions

For the purposes of this Co-operation 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;

"Authority" means:

1. the ASIC;
2. the OSC; or
3. any other Canadian securities regulatory authority or regulator which has established an Innovation Function and that becomes a party to this Co-operation Agreement in the manner set forth in section 8.

"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 the 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 Authorities share a mutual desire to promote innovation in financial services in their respective markets. The 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. 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.
- 2.3. On October 24, 2016, the OSC announced "OSC LaunchPad" to engage with Fintech businesses, provide the opportunity for support in navigating the securities requirements and strive to keep regulation in step with digital innovation. OSC LaunchPad will support innovation while fulfilling its mandate to provide protections to investors and promote confidence in its markets. OSC LaunchPad will initially operate as a pilot project.

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 team and/or a 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.
 - 2.4.5. A dedicated contact and the provision of assistance 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 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 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 in, or applying to, Australia or Canada. 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 any existing Memorandum of Understanding, including Multilateral Memoranda of Understanding.

5. Scope of Assistance (Referrals & Information Sharing)

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.
- 5.3. The Criteria for Support should include the following:
 - 5.3.1. The Innovator Business should offer innovative financial products or services that benefit the financial consumer, investor and/or industry;
 - 5.3.2. The Innovator Business should demonstrate that they have conducted sufficient background research on Regulations as they might apply to them; and
 - 5.3.3. The Innovator Business is a startup or an authorised financial services provider in its first year of operation since obtaining its authorisation.
- 5.4. Following referral, the Receiving Authority's Innovation Function should offer support to the Innovator Business in accordance with paragraph 2.4 above.
- 5.5. 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

- 5.6. The Authorities undertake, subject to applicable domestic laws and regulations, 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 market 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 Innovator Businesses which have been referred to a Receiving Authority for support through its Innovation Function by a Referring Authority (including the nature of the support to the Innovator Business by the Referring Authority pursuant to paragraph 2.4.).
- 5.8. The Authorities should notify each other of any material changes to the other Authority's Criteria for Support.

6. Confidentiality & Permissible Uses

- 6.1. Any information disclosed by one Authority to the other Authority under paragraphs 5.6 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 included in a referral under paragraphs 5.1 to 5.4 and shared under paragraph 5.7 should be 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, unless the Referring Authority consents to other uses.
- 6.4. 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 on the later of the date of execution by ASIC and the date determined in accordance with the OSC's applicable legislation and notified to ASIC. For an Authority that becomes a party to this Co-operation Agreement under section 8, this Co-operation Agreement takes effect for ASIC and that Authority on the date of execution of the counterpart referred to in section 8.
- 7.2. The Co-operation Agreement can be terminated by an Authority by the giving of at least 30 days' written notice of termination to the other Authority or Authorities.

- 7.3. Termination of this Co-operation Agreement does not affect obligations under any existing Memorandum of Understanding between the Authorities.
- 7.4. 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. 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. Any Canadian securities regulatory authority or regulator which has established an Innovation Function may become a party to this Co-operation Agreement by executing a counterpart hereof together with the ASIC and providing notice to the other Canadian securities regulatory authorities or regulators which are parties to this Co-operation Agreement.
- 8.3. This Co-operation Agreement may be amended if each Authority agrees in writing to do so.

Executed by the Authorities:

For OSC



Maureen Jensen, Chair and CEO

Date: 1/11/16

For ASIC



John Price, Commissioner

Date: 1/11/2016