

A-Post

Mr. Nobuchika Mori
Commissioner
Financial Services Agency of Japan
3-2-1 Kasumigaseki Chiyoda-ku
Tokyo, 100-8967
Japan

Dear Mr. Mori,

EXCHANGE OF LETTERS ON CO-OPERATION FRAMEWORK BETWEEN THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY AND THE FINANCIAL SERVICES AGENCY OF JAPAN

The Swiss Financial Market Supervisory Authority (FINMA) would like to co-operate with the Financial Services Agency of Japan (FSA) in order to support innovation in our respective markets. Given the global nature of innovation in financial services, it is particularly important that we are able to both share information, and ensure the efficient entry of Financial Innovators into our respective markets.

We are therefore very pleased to enhance the FINMA's co-operation with the FSA on matters of innovation in financial services, as set out in this letter.

This letter is a statement of the FINMA's intent and does not create any legally binding obligations upon the FINMA or the FSA. Nothing in this letter will affect the competence of the FINMA or the FSA under their respective national laws.

This Exchange of Letters ("EoL") operates in accordance with, and complements, any existing EoLs. This letter does not supersede any existing EoL between the FINMA and the FSA.

1 Definitions

For the purpose 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, and "Authorised" has a corresponding meaning;

"Authority" means the FINMA or the FSA; and collectively, referred to as "the Authorities";

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

"Confidential Information" means any non-public information obtained by an Authority pursuant to this Co-operation Framework;

"Financial Innovator" means any entity which provides or intends to provide Innovative Financial Services in either of the Authorities' markets, and which 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 each Authority to support innovation in financial services in their respective markets;

"Receiving Authority" means the Authority that is receiving a Financial Innovator referral or information relating to that referral;

"Referring Authority" means the Authority that is referring a Financial Innovator to the Receiving Authority; and

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

2 Purpose

- 2.1 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 centers on a referral mechanism which will enable the Authorities to refer Financial Innovator between their respective Innovation Functions. It also sets out how the Authorities plan to share and use information on innovation in their respective markets.
- 2.2 The Authorities believe that by providing a framework of co-operating with each other, innovation in financial services will be enhanced in their respective markets. Enhanced co-operation between both Authorities will facilitate Financial Innovators to enter and provide Innovative Financial Services in the other jurisdiction.

3 FinTech Functions provided by the Authorities

- 3.1 The FINMA encourages innovation and competitiveness in the Swiss financial market. The FINMA is consistently removing unnecessary regulatory hurdles that may hinder Financial Innovators' market entry. It is also enabling Financial Innovators to have swift access to the Swiss financial market by providing specific support which includes:

- 3.1.1 A FinTech Desk as a single point of contact for Financial Innovators;

- 3.1.2 Specific assistance for Financial Innovators in understanding the Swiss regulatory framework and in establishing whether their business model requires Authorisation;
 - 3.1.3 A dedicated contact person for Financial Innovators during the pre-Authorisation or Authorisation process or both;
 - 3.1.4 Support to all Financial Innovators irrespective of whether they are domiciled in Switzerland or abroad.
- 3.2 The FSA encourages innovation that leads to further user convenience in the financial services in the Japanese financial market, while ensuring user protection as Authority in Japan. The FSA takes steps toward removing unnecessary regulatory hurdles that may hinder Financial Innovators' market entry. It is also enabling Financial Innovators to have swift access to the Japanese financial market by providing specific support which includes:
 - 3.2.1 'Fintech Support Desk' that has set out within the FSA as a one-stop contact point for Financial Innovators' businesses.
 - 3.2.2 With the co-operation of relevant bureaus in the FSA, FinTech Support Desk supports Financial Innovators 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.
 - 3.2.3 An innovation hub which is known as "FinTech PoC Hub" launched in September 2017 that aims to support innovative projects among financial institutions and Financial Innovators in the stage of proof-of-concept, which leads to further user convenience and productivity of companies and so forth.
 - 3.2.4 FinTech PoC Hub that acts as innovation hub entails support of Financial Innovators as well as financial institutions for facilitating pilot testing for an anticipated use case.

4 Principles

- 4.1 The Authorities intend to provide the fullest possible mutual assistance to one another within the scope of this Co-operation Framework. This Co-operation Framework is a statement of intent of the Authorities and accordingly does neither create any enforceable rights nor is intended to create any binding legal obligations, nor fetter the discretion of the Authorities in any way in the discharge of their functions. It is subject to the domestic laws

and regulations of each Authority and does not modify or supersede any laws or regulatory requirements in force or applicable in Switzerland or Japan.

5 Scope of co-operation

Information sharing

- 5.1 The Authorities intend, as appropriate and subject to applicable domestic laws and regulations, to exchange information about:
 - 5.1.1 Regulatory and policy issues on innovation in financial services;
 - 5.1.2 Emerging market trends and developments;
 - 5.1.3 Any other relevant issues on FinTech.
- 5.2 Pursuant to paragraph 6.2, the Authorities undertake, subject to applicable domestic laws and regulations, to share further information on a Financial Innovator which has been referred to a Receiving Authority for support through its Innovation Function by a Referring Authority.
- 5.3 The Authorities should notify each other of any material changes to:
 - 5.3.1 the support offered by a Receiving Authority's Innovation Function to a Financial Innovator referred by a Referring Authority pursuant to paragraph 5.4; and
 - 5.3.2 the Authority's Criteria for support.

Referral mechanism

- 5.4 The Authorities will refer to each other Financial Innovators that would like to operate in the other Authority's jurisdiction. Each Authority will provide Financial Innovators originating from the other jurisdiction with the same level of support that it provides to Financial Innovators originating from its own jurisdiction. The support that can be offered to referred Financial Innovators is set out in paragraph 3.
- 5.5 The Referring Authority acknowledges that a Financial Innovator 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 Financial Innovator will ultimately meet the requirements for Authorisation in its jurisdiction.

Dialogue and expertise sharing on FinTech and Innovative Financial Services

- 5.6 Representatives of the Authorities intend to meet or hold conference calls, where necessary, to discuss issues of common interest and share their experience in FinTech and Innovative Financial Services.
- 5.7 Each Authority may allow its staff as appropriate, to give presentations and conduct training sessions for the other Authority to share expertise and knowledge on a case by case basis, subject to such terms and conditions as may be confirmed.

6 Permissible use of information and confidentiality

- 6.1 The Authorities confirm that all persons dealing with, or having access to, Confidential Information are bound by the obligation of professional or official secrecy required by applicable domestic laws and regulations.
- 6.2 The Authorities may exchange information about a Financial Innovator and its business included in a referral under paragraphs 5.4 to 5.5 only with the prior written consent by that Financial Innovator to the disclosure.
- 6.3 The Authorities should use Confidential Information disclosed to it by the other Authority only for the purposes for which the Confidential Information was shared.
- 6.4 If an Authority intends to use any Confidential Information provided to it by the other Authority for purposes other than those for which such Confidential Information was provided, the Authority should have prior written consent from the other Authority which provided the information.
- 6.5 If an Authority is required to disclose any Confidential 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 Contact points

- 7.1 To facilitate cooperation under this Co-operation Framework, each Authority will designate a contact point as specified in Appendix 1.

8 Duration

- 8.1 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.
- 8.2 Termination of this Co-operation Framework does not affect obligations under any existing EoL between the two Authorities.
- 8.3 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.

9 Modification

- 9.1 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 Financial Innovator referred by a Referring Authority pursuant to paragraphs 5.4 to 5.5 or the Authority's Criteria for Support.
- 9.2 This Co-operation Framework may be modified if both Authorities confirm in writing to do so.

We believe that enhanced co-operation in accordance with this letter will lead to a mutually beneficial relationship between the FINMA and the FSA.

Yours sincerely,

The Swiss Financial Market Supervisory Authority

_____ Date: _____

Rupert Schaefer

Head of Strategic Services

_____ Date: _____

Dr. Thomas Bauer

Chair of the Board of Directors