

## **NOTICE OF CO-OPERATION AGREEMENT CONCERNING INNOVATIVE FINTECH BUSINESSES WITH THE ABU DHABI GLOBAL MARKET FINANCIAL SERVICES REGULATORY**

**October 26, 2017**

The Ontario Securities Commission, together with the Québec Autorité des Marchés Financier, British Columbia Securities Commission, the Alberta Securities Commission, the Financial and Consumer Affairs Authority of Saskatchewan, the Manitoba Securities Commission, the Financial and Consumer Services Commission (New Brunswick) and the Nova Scotia Securities Commission, have recently entered into a Co-operation Agreement (“the Agreement”) with the Abu Dhabi Global Market Financial Services Regulatory Authority (“FSRA”) concerning co-operation and information sharing between authorities regarding their respective innovation functions. The Agreement provides a comprehensive framework for cooperation and information sharing and referrals related to the innovation functions which were established through the CSA regulatory Sandbox initiative and by FSRA.

The Agreement is subject to the approval of the Minister of Finance. The Agreement was delivered to the Minister of Finance on October 24, 2017.

### **Questions may be referred to:**

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# **Innovation Functions Co-operation Agreement**

**between**

**The Abu Dhabi Global  
Market  
Financial Services  
Regulatory Authority**

**The Québec Autorité des  
Marchés Financiers**

**The Ontario Securities  
Commission**

**The Alberta Securities  
Commission**

**The Financial and Consumer  
Affairs Authority of  
Saskatchewan**

**The Manitoba Securities  
Commission**

**The Financial and Consumer  
Services Commission (New  
Brunswick)**

**The Nova Scotia Securities  
Commission**

**British Columbia Securities  
Commission**

# Contents

1	Definitions.....	3
2	Introduction.....	3
3	Purpose.....	4
4	Principles.....	4
5	Scope.....	5
6	Confidentiality & Permissible Uses.....	5
7	Term.....	6
8	Amendment.....	6
9	Additional Parties to the Agreement.....	6
	Appendix A: Designated Innovation Functions Contact Persons.....	7

# Innovation Functions Co-operation Agreement

## 1 Definitions

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

- **"Authorisation"** means the process of licensing, registering, approving, authorising, granting exemptive relief, or otherwise bringing an entity under an 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 FSRA or the Canadian Authority (and, collectively, "the Authorities");
- **"Canadian Authority"** means a securities regulatory authority established in Canada under provincial or territorial statute, that is a signatory to this Co-operation Agreement as described in Article 9;
- **"Criteria for Support"** means the criteria of a Referring Authority that an Innovator Business is required to meet before the Referring Authority refers 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 by an Authority to support innovation in financial services in their respective markets;
- **"Receiving Authority"** means:
  - (a) Where the Referring Authority is the FSRA, any Canadian Authority to which a referral is made under the agreement; or
  - (b) Where the Referring Authority is a Canadian Authority, the FSRA
- **"Referring Authority"** means the Authority that is referring an Innovator Business to the Receiving Authority; and
- **"Regulations"** means any regulation, regulatory requirement or guidelines 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.
- 2.2 On February 23, 2017, all the Canadian securities regulatory authorities launched the CSA Regulatory Sandbox, an initiative that supports innovative businesses across Canada through its Innovation Function. The Regulatory Sandbox will help in developing an in-depth understanding of new securities-related business models that use technology solutions.

- 2.3 The FSRA launched the Regulatory Laboratory (“RegLab”) in November 2016 to provide a controlled environment for Innovator Businesses to develop and test innovative solutions that promote efficiency and consumer choices in the financial sector, and to support the FSRA in the development of risk-appropriate and effective regulations for such innovation.

#### **Support offered through the Innovation Functions**

- 2.4 The support offered by the Authorities to Innovator Businesses through their Innovation Functions may include:
  - 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 Regulations in the relevant Authority's jurisdiction, and how they apply to their business and them;
  - 2.4.3 Assistance during the pre-Authorisation application phase to:
    - 2.4.3.1 Discuss the Authorisation application process and any Regulations issues that the Innovator Business has identified; and
    - 2.4.3.2 Ensure the Innovator Business understands the relevant Authority's Regulations and what it means for them.
  - 2.4.4 Support during the Authorisation process, including the allocation of Authorisation staff who are knowledgeable about financial innovation in their respective markets, to consider the application.
  - 2.4.5 A dedicated contact person after an Innovator Business is Authorised.

### **3 Purpose**

The purpose of this Co-operation Agreement is to provide a framework for co-operation and referrals between the Innovation Functions of FSRA and any Canadian Authority. The framework centres on a referral mechanism which will enable the Authorities to refer Innovator Businesses to 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 shall be subject to the domestic laws of each Authority and shall not modify or supersede any applicable laws in force in, or applicable to, any such Authority's respective jurisdiction. 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 is intended to complement, but not affect or alter the terms and conditions of any other multilateral or bilateral arrangements concluded between the Authorities or between the Authorities and third parties.
- 4.2 This Co-operation Agreement is a bilateral arrangement between each Canadian Authority and the FSRA and should not be considered a bilateral agreement between any Canadian Authority.

## 5 Scope

### 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 shall 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 shall offer innovative financial products or services that benefit the consumer, investor and/or industry; and
  - 5.3.2 The Innovator Business shall demonstrate that they have conducted sufficient background research on the Receiving Authority's Regulations as they might apply to it.
- 5.4 Following referral, and provided the Innovator Business meets the Criteria for Support, the Receiving Authority's Innovator Function may offer support to the Innovator Business in accordance with paragraph 2.4 above.
- 5.5 The Referring Authority acknowledges that when a Receiving Authority provides assistance to an Innovator Business, 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:
  - 5.6.1 share information about innovations in financial services in their respective markets, where appropriate. This may include, but is not limited to:
    - 5.6.1.1 Emerging market trends and developments (including use of new technologies); and
    - 5.6.1.2 Regulatory issues pertaining to innovation in financial services.
  - 5.6.2 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); and
  - 5.6.3 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 the FSRA to a Canadian Authority or by a Canadian Authority to FSRA under paragraph 5.6, 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 5.6 should be sent to a Receiving Authority only if the Innovator Business consents to that disclosure in writing and provides such consent to both the FSRA and to the Canadian Authority. Such consent can be withdrawn by the Innovator Business at any time.

- 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 If any Canadian Authority is required to disclose any information provided to it by the FSRA or if the FSRA is required to disclose any information provided to it by any Canadian 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 from the date of execution for all parties, or on the date determined in accordance with the each Authority's applicable legislation.
- 7.2 If this Co-operation Agreement is terminated by one or more of the Canadian Authorities, it will continue to have effect as between the FSRA and the remaining Canadian Authorities until it is terminated by any Authority by giving at least 30 days' written notice of termination to the other Authority.
- 7.3 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 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 Innovator Businesses referred by a Referring Authority pursuant to paragraph 5.1 or to the Authority's Criteria for Support.
- 8.2 This Co-operation Agreement may be amended if Authorities agree in writing to do so.

## **9 Additional Parties to the Agreement**

Any other Canadian securities regulatory authority may become a party to this Co-operation Agreement by executing a counterpart hereof together with the FSRA and providing notice to the other signatories which are parties to this Co-operation Agreement.

## Executed by the Authorities:

This Co-operation Agreement will be effective from the date of its signing by the Authorities or on the date determined in accordance with each Authority's applicable legislation.

For the FSRA

*"Richard Teng"*

Richard Teng  
Chief Executive Officer

Date

For the AMF Québec

*"Louis Morisset"*

Louis Morisset  
President and CEO

Date

For the Ontario Securities Commission

*"Maureen Jensen"*

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Chair and CEO

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For the Alberta Securities Commission

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Name : Rick Hancox  
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Date :

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Date :

For the Nova Scotia Securities  
Commission

*"Paul Radford"*

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Name: Paul Radford  
Chair

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Date

## Appendix A: Designated Innovation Functions Contact Persons

### Mr. Philippe Richard

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