



ABU DHABI GLOBAL MARKET
سوق أبوظبي العالمي

FINANCIAL SERVICES REGULATORY AUTHORITY
سلطة تنظيم الخدمات المالية

Co-operation Agreement

between

Estonian Financial Supervision Authority

And

**The Abu Dhabi Global Market (ADGM)
Financial Services Regulatory Authority (FSRA)**

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Innovation Functions Co-operation Agreement

between

**The Estonian Financial
Supervision Authority ("EFSA")**

**and Abu Dhabi Global Market ("ADGM")
Financial Services Regulatory
Authority ("FSRA")**

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, and "Authorised" has a corresponding meaning;
- **"Authority"** means the FSRA or EFSA; and collectively, shall be 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 support 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. 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. On 29.02.2016 the EFSA established an in-house FinTech working group. The working group consists of several ad-hoc specialists from different divisions of the authority. The FinTech working group's aim is to facilitate an open dialogue with the companies applying innovative technologies to financial services/products. It means that the FinTech working group:
 - Offers direct contact with a specialist, whose task would be to understand the business plan and help to find answers to potential questions thereto.
 - Offer guidance regarding the relevant legal framework.
 - Help in qualifying the service and direction to the authorisation proceedings.
 - Address the legal barriers hindering the development of innovative financial technology.
- 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 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 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 who are knowledgeable about financial innovation in their respective markets, to consider the application. This may also include implementation of a specialised process for Innovator Businesses.

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, Abu Dhabi Global Market, United Arab Emirates, or Estonia. This Co-operation Agreement sets forth a statement of intent and accordingly does not create any enforceable rights, and is not legally binding.

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 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 consumer, investor and/or industry; and
 - 5.3.2. The Innovator Business should demonstrate that they have conducted sufficient background research on Regulations as it might apply to them.
- 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.

Potential joint innovation projects

- 5.6. The Authorities undertake to consider participating in joint innovation projects on the application of key technologies such as digital and mobile payments, blockchain and distributed ledgers, big data, flexible platforms (API), and other areas of new technologies.

Information sharing

- 5.7. 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:
 - 5.7.1. Emerging market trends and developments (including use of new technologies); and
 - 5.7.2. Regulatory issues pertaining to innovation in financial services.
- 5.8. 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).
- 5.9. 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 5.7 to 5.9, any information contained in a referral under paragraphs 5.1 to 5.4, and any information shared in connection with a joint innovation project as contemplated in paragraph 5.6 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 5.8 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.
- 6.4. A Receiving Authority should use any information disclosed to it by the Referring Authority only for the purposes for which the information was disclosed, unless the Referring Authority consents 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.