FINTECH BRIDGE JOURNAL

Market Entry to the UK and APAC

Fintech Bridge Agreements and Requirements to Successfully Enter New Markets

AUSTRALIA

CHINA

HONG KONG

SINGAPORE

SOUTH KOREA

UK

2nd Edition
October 2019

In partnership with:

ALLEN & OVERY SHIN&KIM

Foreword

Welcome to our second FINTECH Bridge Journal. Since the first Fintech Bridge agreement was signed in 2016 between the UK and Singapore, more than 46 Fintech cooperation agreements have been put in place between 23 jurisdictions globally. The UK signed eight of these agreements, five of which are official Fintech Bridge agreements with Australia, China, Hong Kong, Singapore and South Korea.

The first FINTECH Bridge Journal provided a global overview on all Fintech Bridges, with a special focus on China. The publication was successfully launched during FINTECH Circle's inaugural FINTECH Bridge China-UK Conference in December 2018 in London. This second issue is going a step further to support global fintech entrepreneurs with practical advice and guidance on how to leverage Fintech Bridges and expand into a market where an agreement with the UK exists. Specifically, we provide market entry assessment on the UK, Australia, China, HK, Singapore and South Korea.

We have seen good progress along many Fintech Bridges. During London's Fintech Week in 2019, the Department of International Trade in partnership with Her Majesty's Treasury, announced two Fintech Bridge pilot programmes, building upon the UK's agreements with Hong Kong and Australia.

As the leading fintech community and platform, FINTECH Circle is focused on global partnerships and we aim to empower fintech entrepreneurs world-wide with knowledge and insights to scale up their businesses. We're very thankful to our partner Allen & Overy for sharing their valuable legal expertise in this issue.

I hope you enjoy our second FINTECH Bridge Journal. If you would like to discuss these topics in person, please feel free to reach out to our team, via email info@fintechcircle.com. We look forward to hearing from you,

Susanne Chishti

Susanne Chishti is the CEO of FINTECH Circle, Europe's 1st Angel Network focused on fintech opportunities & Founder of the FINTECH Circle Institute. She is also the Co-Editor of the Bestsellers "The FINTECH Book" which has been translated into 10 languages and is sold across 107 countries, The WealthTECH Book and The InsurTECH Book, all published by Wiley.

@SusanneChishti

Since 2016, the UK has signed Fintech Bridge agreements with Australia, Hong Kong, China, Singapore and South Korea. These bridges set the groundwork for collaboration between the governments at both ends of the bridge, cooperation between regulatory bodies and connectivity between two markets and ecosystems. The fintech bridges are a key element of the UK government's international fintech policy, which aims to facilitate trade, enable international growth and increase access to new pools of capital. Meanwhile, for fintechs already seeing success in their local market, international expansion offers access to new customers and markets as well as to new talent pools and different sources of capital. It can be a hugely exciting and richly rewarding time in the journey of a scaling company – but at the same time, it is not without risk.

We hope that this new edition of the FINTECH Bridge Journal proves useful for any fintech contemplating taking advantage of the Fintech Bridge initiative and expanding into new markets. Jurisdiction-by-jurisdiction we look at some of the fundamental considerations around setting up a company, the regulatory environment and legal frameworks for data protection, employment and intellectual property – all important areas for fintechs to grapple with.

Beyond legal and regulatory issues however, we would encourage any fintech reading this guide to also put significant time into understanding their new market – adapting your offering to the new environment is a make or break factor in successful international expansion. Focus on understanding the local competition, and the pain points and needs of your new customer base; work hard to find local partners and build your networks in the new location; and as you build your new team, think about how to carry the culture of your original organisation into the new location

I hope you enjoy this edition of the journal, and that it provides support and inspiration to all internationally-minded fintechs reading it.

William Samengo-Turner

Will is a partner at Allen & Overy. His practice focuses on corporate and commercial matters with emphasis on the technology sector, and henceforth fintech. Will advises on a range of issues including M&A, joint ventures and corporate finance. In the fintech space, his recent work includes advising an international consortium of investors on the establishment of R3, and advising on the development of the pioneering blockchain-based platform "Forcefield" which is being launched by a consortium comprised of Accenture, CMST, Anglo American, ING Bank and Mercuria amongst others.

@samengo

Table of Contents

Overview of UK's five Fintech Bridges

Since the first Fintech Bridge agreement was signed back in 2016 between the UK and Singapore, a number of other countries have followed suit. Now there are 46 Fintech Bridges in place between 23 jurisdictions. The UK holds eight of these cooperation agreements, five of which are official Fintech Bridge agreements with Australia, China, Hong Kong, Singapore and South Korea. The remaining are cooperation agreements which have been reached with Canada, Japan and the USA; these are the foundations for Fintech bridges. Of the agreements listed, six have been established via the FCA while the HM Treasury established the other two with Hong Kong and Australia. Subsequently, the FCA has enhanced the already established cooperation agreements with Australia and Hong Kong with the Australian Securities and Investments Commission and the Hong Kong Monetary Authority.

The UK-Australia and UK-Hong Kong Fintech Bridges were originally established between the governments but have subsequently been enhanced by agreements between the financial regulators. The remainder of the cooperation agreements have all been between regulators. Of the eight cooperation agreements set out, six include a referral system for companies entering the respective markets, which aims to reduce regulatory uncertainty and time to market. The UK has set up this system with Australia, Canada, Singapore, Japan, Hong Kong and the USA. The remaining agreements with South Korea and China focus on the sharing of regulatory information and market trends to help companies enter the market.

The UK-Hong Kong Fintech Bridge celebrated its one-year anniversary with the Department for International Trade (DIT) and Invest HK at the end of 2018. During the London Fintech Week 2019, the DIT, in partnership with Her Majesty's Treasury (HMT), announced two Fintech Bridge Pilot Programmes, building upon the UK's Fintech Bridge agreements with Hong Kong and Australia. This follows the Government's Fintech Bridge agreements signed with the five jurisdictions and aim to bolster existing frameworks, providing tailored, structured support for each company within the cohort. The Programmes are highly competitive, with industry experts selecting just ten

companies to take part in each this year (20 companies in total) [24].

On the back of the UK-South Korea Fintech Bridge, the Lord Mayor of London has plans to visit South Korea to further build on the success of the Fintech Bridge marking the dedication of South Korea to boost their Fintech ecosystem. Similarly, the UK and Singapore engaged in their 4th Financial Dialogue at the end of 2018, a main aspect of which was to build on their Fintech Bridge raising its profile and increasing measures of support to Fintech firms.

The UK Fintech Bridge with China has also grown. The 10th UK-China Economic Financial Dialogue (EFD) took place in June 2019 in London, and resulted in significant milestones:

- The launch of the London-Shanghai Stock Connect, allowing UK-listed companies to sell shares in China – the first time any foreign company has been able to do so in mainland China;
- A new UK-China Fund, targeting £1 billion, delivered in partnership by Charterhouse, CIC and HSBC to invest in UK SMEs with growth plans linked to China;
- The first ever green loan facility from a Chinese bank – Industrial and Commercial Bank of China – which complies with the Green Loan Principles, to be managed from London by BNP Paribas and HSBC and worth up to $400 million; and
- A new digital payments platform, worth £100 million, to be developed by Multipass and UnionPay International to expand the acceptance of China's UnionPay branded cards outside mainland China, creating over 100 jobs in the UK commercial agreements, worth over £500 million, in vital areas like tech, education and financial services [25].

Fintech Bridge Markets Overview: UK, Australia, Hong Kong, China, Singapore and South Korea

The UK has been strategic in establishing official Fintech Bridges with highly innovative countries - Hong Kong, China and Singapore - as well as countries with rapidly developing Fintech environments, Australia and South Korea.

UK

As a global leader in Fintech, the UK combines active government support for the sector, a technologically sophisticated workforce and the presence of London, one of the world's leading financial centres, which makes it an ideal environment for established and emerging Fintech businesses. The UK Fintech market covers almost all subsectors.

The UK Fintech sector attracted USD$ 3.3 billion of investment in 2018, over 68% of a total of USD$ 4.8 billion recorded across Europe. Combined with M&A, investment activity in UK Fintech soared to USD$ 20.7 billion in 2018, representing over 20% of the global activity of USD$ 111 billion. The UK Fintech market is estimated to be worth USD$ 26.2 billion in annual revenue and continues to enjoy active governmental support and impressive growth.

With an increasing number of Fintech firms exporting globally from the UK, the UK is continuing to set the global standard on technology and innovation in the financial services sector [8].

Australia

Australia's Fintech ecosystem is thriving and has seen strong growth in recent years. With 579 Fintech firms, Australia offers an impressive Fintech ecosystem, and Sydney has grown into a major Fintech hub [10]. Government regulations have been supportive through extensive tax incentives and policies such as the Implementation of Open Banking. These are set to help the development of Australia's Fintech ecosystem.

Investment in 2018 reached $600 million across 28 deals[34]. 2018 is Australia's second-highest year on Fintech after a drop in 2017. The largest transaction for the year (top ten of Asia), was the $245 million acquisition of Avoka, a transaction management platform by Temenos[33]. In terms of VC activity, Australia-based Data Republic raised $22 million funding led by Singapore-based Innov8 and Singapore Airlines. Furthermore, ANZ announced a Series A funding round from Bud, a UK open banking platform[22].

The key Fintech Subsectors in Australia are Payments, Wealth Management and Big Data. 2018 saw a significant interest from investors in its open banking and open data regime. This is mainly because Australia is developing its open banking policies and focused on customer data. In aligning with the development of the open banking regime, Australia has also seen increasing interest that enable open banking, such as Fintech solutions focused on data sharing, consent management and digital identity verification[34].

One growing sector in Australia is insurtech with the insurance industry undergoing extensive change due to new customer needs, low market growth and rapid technological development. The payment sector is also thriving with Fintech companies such as Prospa, ZipMoney, CoinJar and Airwallex[13].

For Australian Fintech Firms, it has been noted that the UK offers the biggest potential for expansion. An enhanced UK-Australia Fintech Bridge was signed in March 2018[3]. It defines four inter-related pillars to promote Fintech in each jurisdiction, which are:

1) Government-to-government;
2) Regulator-to-regulator;
3) Trade and investment;
4) Business-to-business collaboration opportunities. [3]

China

For many, China is considered one of the most dominant forces in Fintech and is leapfrogging Western countries leading the world in technological innovation[45]. China is already home to the largest and

most developed e-commerce market that represents 47% of global sales[10]. Of the global Fintech hubs, a Cambridge Judge Business School report (2018) found that four out of the top ten were in China: Beijing, Shanghai, Shenzhen, Hangzhou. The global Fintech hubs offer massive opportunities for both established and start-up Fintech companies. The same report found that on average, large cities in China have adoption rates of nearly 80%[31]. Nationally, with nearly 1.5 billion digital users, the Fintech adoption rate of 66% in 2017 was the highest in the world dwarfing its key competitors, the UK and the US with 42% and 33%, respectively, according to EY Global[11].

It is not only consumers who are driving the Fintech environment but also large corporations and SMEs. In order to stay ahead of the changing financial sector, each of China's big four state-owned banks have made a point of partnering with Fintech firms[49]. China is therefore able to benefit from its thriving domestic Fintech sector. 2018 also saw large corporations that have set their sights on expansion out of China[7]. Expansion out of China is expected to be a major driver as the industry continues to grow. Ant Financial has made its first big move into Europe with the acquisition of London headquartered payments company WorldFirst at around $700 million[43]. Tencent launched a local digital wallet application in Southeast Asia and invested in N26, a global challenger bank founded in Germany. Smaller Chinese Fintech companies also expanded initially across Southeast Asia.

In 2018, China remained the leader for global Fintech investment with a total value of $25.5 billion across 83 deals[33]. Ant Financial's $14 billion funding accounted for over half of China's total Fintech investment, which was followed by Du Xiaoman Financial – Baidu's spinoff, which raised $4.3 billion via two transactions and Lufax– a subsidiary of Ping An, which raised $1.3 billion in December.

With its high adoption rates, China's Digital Payments and Alternative Lending sectors have reached a value of $1,269 billion. With a growth rate of 19.4%, these sectors are expected to reach a valuation of $3 trillion by 2023[39]. However, due to the maturation of the payment and lending sectors there was less interest from investors and small players, instead the market was dominated by big giants. Meanwhile, other subsectors such as biometric tech, big data and data analytics for credit checking/scoring attracted more interests from investors[33].

In 2017 and 2018, the Chinese Government further opened up the financial market to foreign investment.

Followed by reduced restrictions on foreign investment in the financial sector announced by the Vice Minister of Finance of China in 2017, decisions on implementation measures for administrative licensing of foreign-funded banks were announced by the China Banking Regulatory Commission (CBRC) in 2018, which shows that China will continue to support foreign banks to actively participate in the Chinese market and create a fair and transparent policy framework for foreign and Chinese banks.

Hong Kong

Hong Kong is one of the three global financial centres and plays an important role in global trade and technological innovation[31]. Along with its role as a global financial centre, Hong Kong is considered the best hub in Asia for both Asset Management and Insurance. It has also been deemed Asia's most competitive economy with 157 licensed banks and a low unemployment rate of 2%[47]. Hong Kong is home to over 550 Fintech firms and start-ups across a diverse range of subsectors[27], with particularly strong growth in the fields of artificial intelligence, blockchain, regtech, wealthtech, insurtech and cyber-security[21]. Since 2010, these companies have raised over USD 1.1 billion. The Hong Kong government recently committed more than USD 12 billion to ensuring Hong Kong's position as a world leader in Fintech, artificial intelligence and related innovations[28].

Favourable regulations have been a major driving force for the development of the Hong Kong Fintech ecosystem. The Hong Kong Monetary Authority, HKMA, recently launched seven smart banking initiatives, key ones being the Faster Payments

System, the Open API Framework, the Enhanced Fintech Supervisory Sandbox and Virtual Banking[47]. Funding in Hong Kong is also readily available both privately and through government investment. The Hong Kong government operates two large funds helping to develop the Fintech ecosystem, one worth USD 64 million and another worth USD 637 million[2].

Market participants in Hong Kong enjoy access to one of the world's leading financial centres, with more than 150 banks operating in the market, as well as the benefits of operating in the world's freest economy. Hong Kong also has a highly efficient transport and tele-communications infrastructure as well as a technologically sophisticated workforce. The combination of exceptional market fundamentals and continuing govern-mental and regulatory initiatives aimed at ensuring a facilitative environment for Fintech development, means Hong Kong is increasingly the destination of choice for Fintech companies looking to establish a Greater China or regional presence[44].

Hong Kong is a member of the Greater Bay Area, a grouping of the 9+2 principal cities in the Pearl River Delta, namely: Guangzhou, Shenzhen, Zhuhai, Foshan, Dongguan, Zhongshan, Jiangmen, Hui-zhou and Zhaoqing in the PRC, as well as the special administrative regions of Hong Kong and Macao. The Chinese government is in the process of implementing a variety of initiatives aimed at promoting closer cooperation between the participating cities with the ultimate aim of creating a contiguous, cohesive economic market in the Greater Bay Area. Fintech has been identified as a key priority in the Outline Development Plan for the "Guangdong - Hong Kong-Macao Greater Bay Area" (GBA Blueprint), as the China government seeks to promote the GBA as an alternative to Silicon Valley in the US. Fintechs based in Hong Kong are expected to play an important role in this combined future market, which has a population larger than the UK and a combined GDP of USD 1.5 trillion.

Singapore

Ranked as the ninth biggest global Fintech hub, Fintech in Singapore has witnessed a recent surge in activity[31]. Interestingly, Singapore has a low Fintech adoptions rate of 25%; however, there is massive growth opportunity. Of Singapore's 220,000 companies, it is estimated that 99% are SMEs. Additionally, thanks to its locations and role as a harbour and trade city, the city benefits from a massive foreign exchange market driving cross-border online

payments[31]. The government is also very supportive in creating an active fintech ecosystem.

Ranked number one for Fintech support, Singapore formed dedicated offices already in 2015 such as the Fintech & Innovation Group and the Fintech Office to assist Fintech firms[13]. The government also introduced the Financial Sector Technology & Innovation Scheme specifically assisting start-ups with their proof of concept. Recent introductions of the Regulatory Sandbox, the Regtech Initiative and the use of Blockchain for interbank payments make Singapore an ideal location for Fintech firms.

Fintech investments in Singapore more than doubled to $365 million in 2018 from $180m in 2017 experiencing growth for the fourth year in a row, which is among the top five Fintech markets by funds raised in Asia Pacific, after China, India, Australia and Japan[29]. The number of deals in Singapore rose to 71 in 2018 from 61 in 2017. The increase made Singapore the third busiest market in the region, behind only China and India[29].

The top 10 largest deals included $60 million raised by Deskera; insurer Singapore Life's $52 million and the $32 million by Terra. Other key Fintech companies operating in Singapore are Validus Capital, Quoine, SmartKarma and InstaRem[41]. In terms of subsectors, 28% of the funds went to firms in Lending, followed by Payments for 26% and InsurTechs for 20%[42].

With the fourth Financial Dialogue between the UK and Singapore in September 2018, the Fintech collaboration is expected to increase between both jurisdictions. Building on the existing UK-Singapore Fintech Bridge, both sides agreed to work towards raising the profile of the Bridge and measures that will support Fintech firms looking to operate across both markets. It also agreed to set up a Supervisory Tech Alliance to encourage collaboration on regulatory efficiency [26].

South Korea

Ranked as the 20th most influential Fintech hub, South Korea has recently exploded on the Fintech scene[31]. This is predominantly thanks to their work with crypto currencies. South Korea now has one of the largest crypto currency markets in the world. As a response, the South Korean government has made a move towards more transparency on crypto currency transactions[10]. Along with this new regulation, the South Korean government has stated that it plans to review over 200 regulatory edicts that may hinder Fintech innovation[20]. The current financial services market is valued at $500 billion and operates

almost entirely offline. The easing of regulations since 2015 will open this market to Fintech companies hoping to disrupt the market[17]. In doing so, there are also plans for a $2 million investment into a regulatory sandbox to be introduced in 2019 to assist Fintech start-ups to test their applications[20] [37]. Other activity includes the announcement to use the "Seoul Innovation Growth Fund" by the Seoul Metropolitan Government for start-ups to support investments into Series A funding rounds. More than $1 billion will be invested in blockchain and Fintech start-ups by 2022[8] [46].

Like China, South Korea has high Fintech adoption rates which doubled since 2017[31]. The key driver in digital payment adoption rates have been payment solutions and the introduction of digital only banks that acquired millions of users, such as K-bank[13]. Recently, South Korea reported its first Fintech unicorn after Toss closed its USD 80 million funding round with a value of USD 1.2 billion. Toss is a financial services platform that facilitates peer-to-peer payments[5] [33]. Alongside Toss, South Korea has a number of other exciting Fintech firms such as Aergo, Fantom and Terra. Large corporations have also engaged with the Fintech scene, such as Hyundai with "HDAC", the Hyundai Digital Asset Company, and Kakao, South Korea's largest instant messaging service, with Kakao Pay [17].

South Korea and the UK are working ever more closely to promote the Fintech trade. The Lord Mayor of London has called for increased cooperation with South Korea on Fintech and green finance, in a meeting with first vice minister of economy and finance in central Seoul last year. Both agreed to take measures to scale up Fintech firms internationally via facilitating the Fintech

Bridge– a bilateral agreement launched in 2016 to make it easier for the two countries to invest and collaborate in Fintech[48].

Market Entry to the UK

The UK is a global leader in Fintech. The combination of active government support for the sector, a technologically sophisticated workforce and the presence of London, one of the world's leading financial centres, makes it an ideal environment for established and emerging Fintech businesses. A defining feature of the UK Fintech market is its depth and breadth. It covers almost all subsectors including payments, lending, robo-advisors and personal financial management (part of wealthtech), trading and fund management, blockchain and digital currencies, insurtech and regtech.

Fintech has been one of London's standout success stories. The UK Fintech sector attracted USD$ 3.3 billion of investment in 2018, over 68% of a total of USD$ 4.8 billion recorded across Europe. Combined with M&A, investment activity in UK Fintech soared to USD$ 20.7 billion in 2018, representing over half of total investment across Europe's USD$ 37.5 billion and representing over 20% of the global activity of USD$ 111 billion. The market is estimated to be worth USD$ 26.2 billion in annual revenue and continues to enjoy active governmental support and impressive growth. With an increasing number of Fintech firms exporting globally from the UK, the country continues to set the global standard on technology and innovation in the financial services sector[8].

Requirements of Setting Up a Company

The process of incorporating a limited company in the UK is generally straightforward and can be achieved on a same-day basis if necessary. In terms of certain key aspects:

Share Capital – There are no requirements as to the size of a company's issued share capital and can be incorporated with shared capital of as little as a fraction of a penny. There is no tax or duty payable on an issuance of shares (although stamp duty may be payable on share transfers).

Constitution – The constitution of an English company (its articles of association) is binding upon each shareholder of the company. It must be filed with the registrar of companies and is a matter of public record.

Directors – A private limited company must have at least one director (although it is common to have at least two). There is no need for the directors to be British

nationals or residents in the United Kingdom (subject to any relevant tax considerations).

Registered Address – The company must have a "registered office" in the UK to which any official notices or communications may be sent. The registered office does not need to be an address from which the company operates – for example, it could be an address provided by a service provider (there are a number of service providers for this in the UK).

Shareholders – A company is required to have at least one shareholder. There is no requirement for a shareholder to be a UK national or resident in the United Kingdom. Companies must keep an up-to-date register of people with significant influence or control over the company, which is a matter of public record.

Fintech Regulations

The UK was one of the first jurisdictions to develop regulatory standards and policies specifically for Fintech firms. As such, it is a recognised leader in open and progressive regulation of the industry.

The key regulatory authorities that are responsible for the financial services sector are the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA). The PRA is responsible for the prudential supervision and regulation of the largest financial services firms, including banks, insurers and large investment firms. The FCA is responsible for the licensing and supervision of firms that fall outside the remit of the PRA and is typically the relevant regulator for Fintech firms in the UK.

Fintech is promoted in the UK by a range of initiatives from both the FCA and the Bank of England (BoE). The FCA launched "Project Innovate" in 2014 to support new technology in financial regulation. It includes the Regulatory Sandbox, Direct Support and the Advice Unit. The BoE is also looking broadly at Fintech and has a Fintech Accelerator Project.

The FCA has signed cooperation arrangements relating to Fintech with various local regulators. It also intends to set up the "global sandbox" with 11 other financial regulators based in (among others) Dubai International Financial Centre (DIFC), Hong Kong and Singapore. The global sandbox project will: (i) allow collaboration between regulators, incl. on emerging technologies and business models; (ii) provide a forum for joint policy work and discussions; and (iii) provide firms with an environment in which to trial cross-border solutions.

Fintech firms will fall within the regulatory perimeter if they carry on certain regulated activities as a business in the UK and do not fall within the scope of an exclusion. While the UK has introduced some bespoke regimes for new Fintech business models (e.g. peer-to-peer lending and crowdfunding), it primarily adopts a "technology neutral" approach to regulation. Accordingly, Fintech firms will have to examine if their activities fall within the regulatory perimeter – whether a particular activity triggers the licensing requirement can be a complex question and, in case of doubt, Fintech firms should seek legal advice.

The process for authorisation depends on the type of licence applied for. However, as a general summary:

- for some applications, e.g. banks or insurers, the regulator will hold pre-application meetings;
- applicants must complete certain prescribed forms which require information on the firm's regulatory business plan, senior managers, key shareholders, compliance procedures (including AML) and IT / security arrangements;
- the firm's directors and senior managers must be individually approved by the regulator;
- licensed firms must meet prescribed initial and ongoing capital requirements, which are dictated by the local regulator;
- the assessment period for the application will range from three months (e.g. for payments or insurance distribution activities) to six months (for investment firms and asset managers). The "clock" will start upon receipt of a complete application; and
- once the applicant receives its licence, details of the authorisation will be made available on the PRA and/or FCA website (though this will not include details of shareholders or senior managers).

As an alternative or complement to local licensing, Fintech firms often partner with

other traditional financial services providers for delivery of services, e.g. by way of "white label arrangement" which allows firms to offer third party regulated products under their own brand.

Foreign Ownership of Companies

There are no general restrictions on foreign ownership of companies in the UK. While the UK Government is currently consulting on proposals to introduce powers to intervene in transactions (including acquisitions of minority stakes and acquisitions of assets) that may raise national security concerns, this is not likely to be relevant in the context of most Fintech businesses.

Other Forms of Partnership/Collaboration

UK financial institutions and corporates looking to embrace technology may collaborate with start-ups in the following ways:

Commercial cooperation – An established company and a start-up cooperate to develop the relevant technology on the basis of a commercial contract between them, such as a collaboration agreement or similar.

Joint venture/consortium – A group of investors/corporates work together through an incorporated or un-incorporated entity as a joint venture, allowing investors/corporates to develop the technology together.

Minority/Venture Investment – A corporate or financial investor acquires a minority stake in an early stage start-up company, often established by one or more individual founders. Generally, the technology already exists and is mature enough to be incorporated into a business. The investment provides additional growth capital and/or access to know-how to assist with the development of the technology. Investors get access to technology that is not developed internally; saving time, resources and enabling engagement in riskier ventures in an external entity with more limited exposure.

Acquisition – A corporate or investor acquires a controlling interest in, or the entire share capital of, an established company. Generally, this tends to be later in the lifecycle of a technology company when the technology is well developed and has an established market.

Intellectual Property

The UK's IP environment provides effective enforcement of both traditional IP rights (such as trademarks, copyright, patents and designs) and also less traditional rights such as database rights and trade secrets. The UK's IP law is

significantly harmonised with the EU which can aid portfolio management and exploitation across the area. However, deviations do remain, particularly in the case of the new Copyright Directive (2019/790), where the local implementation of the Directive across the EU is likely to be varied. Whether or not the UK implements the Copyright Directive at all will depend on the progress of Brexit.

Patents currently require national application via the UK IPO or, alternatively, via a system of central application at the European Patent Office.

Registration of trademarks and designs can be obtained both at a UK-specific and an EU-wide level. The UK is also a member of the Madrid and Hague systems, which streamline the application process for global filings. There is no system for registration of copyright.

More than one form of IP right may subsist in a Fintech product (e.g. database rights, copyright, patent or confidential information) and protection of each is prudent, through registration as well as through contractual obligation (for example to keep information confidential). Contractual arrangements are also required to ensure that IP can be effectively and efficiently exploited. The Fintech firms should avoid granting IP assignments or licences that inadvertently restrict anticipated value creation (for example through further licensing of IP in the firm's Fintech products to multiple platforms or financial institutions) and should aim to avoid commercial agreements that limit use of third party in-licensed IP in a way that restricts anticipated business development. This includes taking care when using open source software, where licence terms may require open licensing of IP further developed by the firm in Fintech products.

The rules regarding ownership of IP, such as if an employer automatically benefits from and owns the IP developed by an individual, will depend on (among other things) the nature of the relationship between the Fintech firm and the developer (e.g. employee or contractor), the nature of the IP (for example, different rules apply for transferring ownership of patents yet to be invented as opposed to future assignment of trademarks), the context in which the IP was created (in the course of employment or otherwise) and the terms of any employment or contracting agreement. A Fintech firm should not assume that IP subsisting in deliverables that it has commissioned will necessarily be owned by it without further action and should address the issue of ownership, assignment and associated formalities in the relevant development, contract or employment agreement.

Similarly, when entering into joint ventures or collaboration arrangements with third parties, clarity regarding the ownership of existing and developed IP before, during and after the arrangement is essential and Fintech firms should seek to enter into agreements addressing ownership as well as any licensing necessary for use. Exploitation of certain jointly owned IP may require the consent of the joint owner, resulting in additional administrative, commercial and / or operational hurdles.

Data Protection

The General Data Protection Regulation (GDPR) acts as the main piece of legislation for the protection of personal data throughout the EU. The UK's Data Protection Act 2018 supplements and should be read alongside the GDPR to address local derogations and specific conditions applicable for compliance in the UK. Unlike most European legislation, the GDPR has extraterritorial effect, meaning that it also applies to processing personal data of individuals who are in the EU by companies that are not within the EU, but whose processing activities relate to the offering of goods or services to individuals based in the EU or the monitoring of their behaviour. Companies that understand their data protection obligations and seek to meet them in an intelligent way will be best placed to utilise the benefits of the personal data they hold.

A Fintech firm collaborating or entering data-related arrangements, particularly with established financial institutions, should expect to be subject to data protection-related due diligence. As such, it is not only a regulatory requirement but also commercially prudent to ensure that appropriate internal policies, documentation and compliance arrangements are in place and actively operated from the outset.

To enable effective negotiations with third parties (clients or supply chain) as well as regulatory compliance, it's important, particularly for data rich companies, to have a good understanding of the nature of any personal data processed (especially sensitive personal data), the purposes for which it was collected, the pertinent personal data flows and storage and the roles of each entity (including any group entities) in the arrangement. Cutting edge technology and an extensive financial ecosystem can make this a complex task but detailed knowledge is essential to minimise risk and maximise opportunity. With greater emphasis on accountability under the GDPR, clarity and allocation of responsibility between parties is essential.

As well as meeting technical specifications and regulatory standards when developing data rich Fintech products, data protection principles should be at the forefront of considerations, including, for example, ensuring processing takes place in a fair and transparent manner, the rights of data subjects are addressed, data processing is minimised, security of personal data is built into technology from the outset (by design and default) and that data processing using such technology is compliant with the broader requirements of the legislation and associated guidance. Data rich companies may wish to consider whether data, in particular sensitive personal data, should be anonymised to ensure its security.

Personal data must be adequately protected when transferred cross-border. While transfers within the EU are relatively straightforward (due to the application of the GDPR across the area), transfers outside the EU should only be made if adequate safeguards are in place. The nature of the acceptable safeguards (standard contractual clauses, binding corporate rules, consent, and reliance on Privacy Shield certification in the US, for example) will depend on factors such as the location of transfer (some countries are considered to offer "adequate protections" without additional action required), the nature of personal data transferred and the type of entity to which personal data is provided. As a result of Brexit, the UK would constitute a country outside the EU and so, to aid the ease of personal data transfer, it will seek to become an 'adequate' jurisdiction through a European Commission (EC) adequacy decision (or similar). This would

avoid the need for firms to put in place alternative transfer mechanisms such as standard contractual clauses or a Privacy Shield-type model when transferring personal data to the UK. However, the process for obtaining an adequacy decision has typically been lengthy and so alternative measures may be required in the interim.

While a licence is not required for data protection-related matters, UK Fintech firms that determine the purpose and means of processing personal data (i.e. who are "data controllers") should pay the requisite ICO Data Protection Fee, the specific sum being determined by the size and turnover of the firm and currently no more than GBP 2,900.

Employment

In England, the employment relationship is governed principally by the employment contract, which in addition to express terms has various terms implied into it by law. Post-termination restrictions (such as preventing competition, poaching of staff, solicitation of customers and misuse of confidential information) are legally enforceable without the need for compensation during the restricted period subject to the restrictions going no further than is necessary to protect the employer's legitimate business interests.

Employment law is contained in various statutes and regulations, and in cases decided by the courts.

Companies in the UK operate in a highly regulated environment and there are extensive laws and regulations, including health and safety laws, data privacy rights and other employee rights (such as the right not to be discriminated against and protection for those who blow the whistle on corporate wrongdoing). For example, it can be difficult for companies to dismiss employees without cause and companies proposing reorganisations may be required to follow time consuming procedures to implement their plans. Upon a transfer of a business, most rights and obligations arising under employment agreements or relationships with employees assigned to the business immediately before the sale are transferred from the seller to the buyer (the "automatic transfer principle").

Unlike the rest of the EU, work councils in the UK are relatively rare and instead employee representation tends to arise in the form of trade union recognition (although this is also rare in the Fintech sector). When employers are required to collectively consult with employees, it is more common for them to ask affected employees to elect representatives from among the workforce where there is no recognised union and no works council.

Other Important Considerations

Formally launched in early 2019, the GFIN is a collaborative knowledge-sharing initiative aimed at advancing financial technology and ideas by sharing experiences, working jointly on lessons learned and facilitating responsible cross-border experimentation of new innovations. Members participating in cross-border trials include regulators from Australia, Bermuda, Canada, Hong Kong, Singapore and the UK.

This aims to support trials of Fintech and regtech in a less stringent regulatory environment. Regulators will individually ensure applicants meet the requirements in their jurisdiction to participate in the trials – cross-border participants taking advantage of this in the UK for example will need to meet the regulatory sandbox licensing exemption discussed above. The first tests are currently running and will do so for a six-month period unless extended by the regulators.

Requirements of Setting Up a Company

A company is only one of the many business structures that can be used to carry on business in Australia. A company incorporated in Australia is regulated by the Corporations Act 2001 (Cth) and enables its members (shareholders) to limit their personal liability in the company to any unpaid amount on their shares in the company. Although a company is owned by its members, it is managed by its directors. A company's directors are subject to strict and specific obligations including certain duties to act in the best interests of the company, and can be personally liable for a company's obligations in some instances (for example insolvent trading).

The most common type of Australian company is the company limited by shares. These companies may be either proprietary (i.e. privately owned) or public. A proprietary company is not subject to many of the reporting and administrative obligations imposed on public companies and therefore can be simpler and cheaper to run; however, proprietary companies are subject to some operating and capital-raising restrictions. A public company must include at the end of its name "Limited" or "Ltd" and a proprietary company must include in its name "Proprietary Limited" or "Pty Limited".

Constitution – Only certain types of companies require a constitution ('no liability' and 'special purpose' companies). All other companies do not and can function under a set of rules contained in the Corporations Act known as 'Replaceable Rules'. Alternatively they may use a constitution or a combination of both the Replaceable Rules and a constitution. The constitution of an Australian company is a binding contract between the company and each member, director, and secretary and between a member and every other member. If a proprietary company has just one officeholder, the Replaceable Rules do not apply.

Share Capital – there are no general minimum capital requirements for an Australian company. It is not uncommon therefore for Australian Proprietary Limited companies to be incorporated with nominal share capital.

Directors and Officeholders – The Corporations Act requires a company have at least one Australian resident director. Public companies require at least three directors with at least two

residents in Australia. A nominated Public Officer for tax purposes is also required.

Shareholders – All companies are required to have at least one shareholder which must be a person, a body corporate, or a body politic. Proprietary companies must have less than 50 members that are not employees of a company while there is no limit on the number of members a public company may have. Minimum age for shareholders are not specified by the Corporations Act, but a company can make its own determination as to minimum age. There are no residency restrictions on shareholders.

Registered Address – Companies are required to have a registered office address within Australia which cannot be a post office box address. Companies must also provide their principal place of business address.

Fintech Regulations

The key regulators for the Fintech industry in Australia are:

Regulator	Responsibility
The Australian Securities and Investment Commission (ASIC)	Regulation of companies, financial services and consumer lending
The Australian Prudential Regulation Authority (APRA)	Prudential regulation of banks, insurance companies and superannuation funds
The Reserve Bank of Australia (RBA)	Regulation of payment systems
The Australian Transaction Reports and Analysis Centre (AUSTRAC)	Administration of anti-money laundering and counter-terrorism laws

Fintech firms will fall within the regulatory perimeter of a regulator if they carry on certain regulated activities (specified in legislation) and such activities have the requisite jurisdictional nexus with Australia (specified in legislation) and do not fall within the scope of an exclusion. While Australia has introduced some bespoke regimes for new Fintech business models (e.g. peer-to-peer lending and crowdfunding), it primarily adopts a "technology neutral" approach to regulation. Accordingly, Fintech firms will have to examine whether their activities fall within the regulatory perimeter – this can involve complex legal analysis and, in

the case of doubt, Fintech firms should seek advice.

The licences or registrations required, and the time required in order to apply for such licences or registrations, can vary. As a general guide, authorisations to obtain licences to carry on banking business or insurance business would involve the most intensive and time consuming licensing process. APRA generally recommends that any person seeking to apply for such licences should engage with APRA at an early stage prior to the submission of an application. We would ordinarily expect this process to take around 6 to 12 months.

Applying for a licence to carry on financial services (an Australian financial services licence or AFSL) or a licence for consumer credit (an Australian credit licence or ACL) is generally less involved than applications for banking or insurance authorisations. Generally, such processes are commenced by the applicant submitting a written application to ASIC (which can be submitted in paper or via an electronic portal) along with certain supporting documents. We would ordinarily expect this process to take around three to six months, but it can take significantly longer if ASIC raises additional issues or queries in its assessment. The process for registering with AUSTRAC differs depending on whether or not the activities of the applicant involve money remittance. Registering for money remittance is can take up to 90 days (and can be extended for a further period of 30 days). If the decision is not made within this time frame the registration is deemed to be refused.

It is rare for an entity to be regulated directly by the RBA and as such it is difficult to predict the exact process and timing.

Regulatory Initiatives

It has been a focus of the Australian government to facilitate the entrance of Fintech companies to foster competition in the financial industry. Both APRA and ASIC have implemented limited licensing regimes to provide new entrants with a more streamlined process to commence their business and test their ideas.

ASIC has implemented a regulatory sandbox in connection with an initiative involving a number of international regulators. This allows eligible companies to test certain products or services for up to 12 months without an AFSL or ACL. APRA has also implemented a restricted licensing system which allows a new entrant a maximum of two years to develop their resources or capabilities in order to obtain a full licence.

Foreign Ownership of Companies

Foreign companies need to be registered with ASIC to do business in Australia. They then have ongoing reporting obligations which vary depending on the operation of the company. Some of the key requirements are to maintain a registered office in Australia, use a local agent and file documents annually with ASIC.

Alternatively, a foreign company may set up an Australian subsidiary by incorporating a new company in Australia or acquiring a local company.

A proposal to acquire an Australian company or land or (in some cases) to start an Australian business may require approval by the Australian Foreign Investment Review Board (FIRB).

Other Forms of Partnership/Collaboration

Australian financial institutions and corporates looking to embrace technology may collaborate with start-ups in the following ways:

Commercial cooperation – An established company and a start-up cooperate to develop the relevant technology on the basis of a commercial contract between them, such as a collaboration agreement.

Joint venture / consortium – A group of investors / corporates work together through an incorporated or un-incorporated entity as joint venture, allowing investors/corporates to develop the technology together.

Minority/Venture Investment – A corporate or financial investor acquires a minority stake in an early stage start-up. Generally, the technology already exists and is mature enough to be incorporated into a business. The investment provides additional growth capital and/or access to know-how to assist with the development of the technology. Investors get access to a product that is not developed internally; saving time, resources and enabling engagement in riskier ventures in an external entity with more limited exposure.

Acquisition – A corporate or investor acquires a controlling interest in, or the entire share capital of, an established company. Generally, this tends to be later in the lifecycle of a technology company when the technology is well developed and has an established market.

Intellectual Property

Intellectual property rights in Australia are primarily protected and enforced through the following federal legislation:

Legislation	
Copyright Act 1966	Confers exclusive rights (e.g. the right to reproduce, perform, adapt, communicate to the public etc.) on owners of copyright in respect of certain types of material (known as 'works', for example literary and artistic works). With some exceptions, copyright will generally subsist in a work for 70 years after the death of the author of the work. There is no system of copyright registration in Australia (i.e. copyright will subsist 'automatically' on creation of a work).
Patents Act 1966	Governs the protection and registration of patents in Australia. Patents must be registered with IP Australia.
Designs Act 2003	designs must be registered with IP Australia. To be eligible for registration under this Act, a design must be 'new' and 'distinctive'.
Trademarks Act 1995	Governs the circumstances in which a trademark can be registered, as well as common exclusions (such as in the case of geographical indications and descriptive words). Australia uses the Nice Classification system to register marks in respect of classes of goods and services.
Circuit Layouts Act 1989	Confers protection on layout designs or plans of integrated circuits used in computer-generated designs – registration is not required.

IP Australia is the federal government agency responsible for granting registration of rights in patents, trademarks, designs and plant breeder's rights. Australia is also a member state of the WIPO and is a party to a number of treaties governing intellectual property. In

addition to specific intellectual property legislation and registrable rights:

The common law tort of 'passing off' may be used to defend against the use of an unregistered trademark by a third party where the third party wrongly suggests a connection, in the course of trade, with another's goods or services. However, the plaintiff in a passing off action will need to prove that such a misrepresentation caused actual damage.

Under the Australian Consumer Law a person, including a company, is prohibited, in trade or commerce, from engaging in misleading or deceptive conduct, which may include using another party's unregistered trademarks in a manner such that "the relevant section of the public would be misled, or likely to be misled".

Trade secrets, as well as proprietary and confidential information, are recognised and protected under Australian common law.

Software code created by Fintech firms will generally be protected by copyright as an original 'literary work'. The author of the code will need to demonstrate that they have used their skill and labour in creating the code. Website content and user interfaces may also be protected by copyright, though they will often consist of multiple elements or 'works' (for example, text, images and source code of a website will be protected as separate 'works'). Copyright infringement will occur when a substantial part of such a 'work' is reproduced by someone other than the copyright owner without their permission. When designing websites and user interfaces, Fintech firms should note that the 'look and feel' of a website may also be protected by copyright in Australia (although this issue has not been definitively settled). As a result, to avoid copyright infringement, Fintech firms should ensure that source code, branding elements and website layout are not copied wholesale from a third party. That being said, the 'idea' (functionality) behind a website / platform itself will not be protected by copyright – only the expression of the idea is protected.

Importantly, registering a business name and/or domain name does not grant the registering party a right to use the name exclusively in the course of business. In addition to registering a business name and domain name, Fintech firms should ensure that their brand name, products and other intellectual property are protected under one or more of the above. When entering into contractual arrangements (including joint ventures or outsourcing agreements), Fintech firms should ensure that any licences granted to its intellectual property do not restrict its ability to exploit the intellectual property in the future. The issue of who

owns IP created by a third party pursuant to such an agreement, but derived from the firm's IP, should also be dealt with contractually.

If security interests over intellectual property are created pursuant to an agreement, they should be registered under the Personal Properties Securities Act 2009 (Cth), to ensure the security interest is perfected and enforceable against third parties. If a Fintech firm is purchasing intellectual property, a search of the PPS register should be conducted to ensure there is no existing security interest.

In relation to ownership of IP created by employees, this will depend on the type of IP in question, whether the IP was created in the course of employment, the nature of the employee's duties and the terms of any employment contract. The Copyright Act specifically provides that an employer will own copyright if the employee made the work 'in pursuance of the terms of his employment by another person under a contract of service or apprenticeship'. However the existence of an employment relationship by itself is generally not enough to prove that the employer owns the IP, rather a rebuttable presumption may be created to this effect. For this reason, it is advisable that Fintech firms ensure that any employment contracts specify (where applicable) that an employee's duties include creating intellectual property and/or a duty to invent (in the case of patents), and that any IP belongs to the employer on creation or is otherwise automatically assigned to the employer.

Data Protection

The Privacy Act 1988 (Cth) (PA 1988) (including the APPs)) acts as the main piece of legislation for the protection of personal information in Australia. The Privacy Act extends to any act done, or practice engaged in, by an organisation that is incorporated or headquartered in Australia or by an individual who is an Australian citizen or permanent resident, even if such act or practice was done or engaged in outside of Australia. Companies that understand their data protection obligations and seek to meet them in an intelligent way will be best placed to utilise the benefits of the personal information they hold.

A Fintech firm collaborating or entering into data-related arrangements, particularly with established financial institutions, should expect to be subject to data protection-related due diligence. As such, it is not only a regulatory requirement but also commercially prudent to ensure that appropriate internal policies, documentation and

compliance arrangements are in place and actively operated from the outset.

To enable effective negotiations with third parties (clients or supply chain) as well as regulatory compliance, it is important, particularly for data rich companies, to have a good understanding of the nature of any personal information processed (especially sensitive personal data), the purposes for which it was collected, the pertinent personal information flows and storage and the roles of each entity (including any group entities) in the arrangement. Cutting edge technology and an extensive financial ecosystem can make this a complex task but detailed knowledge is essential to minimise risk and maximise opportunity. Clarity and allocation of responsibility between parties is essential to ensure that the risk of any transaction is sufficiently addressed and mitigated against. As well as meeting technical specifications and regulatory standards when developing data rich Fintech products, data protection principles should be at the forefront of considerations, including, for example, ensuring that the management of personal information is fair, open and transparent, the rights of data subjects are addressed, reasonable steps are taken to protect the personal information it holds from loss or unauthorised access, and that data processing using such technology is compliant with the broader requirements of the Privacy Act and APPs, as well as associated guidance issued by the Office of the Australian Information Commissioner. Data rich companies may wish to consider whether data, in particular sensitive personal data, should be anonymised to ensure its security.

The transfer of personal information out of Australia is subject to restrictions under the Privacy Act and the APPs (in particular APP 8). The transfer of personal information outside of Australia is only permitted if the Australian organisation takes reasonable steps to ensure that the overseas recipient does not breach the Privacy Act and APPs, or the personal information is transferred to an overseas recipient that is subject to a substantially similar law or binding scheme. Alternatively, an Australian organisation may also transfer personal information outside of Australia as long as it expressly informs its data subjects that

their personal information will be transferred outside of Australia (and may no longer be subject to the protections of the Privacy Act and APPs), and obtains their consent to do so.

Employment

In Australia both federal and state laws apply to employment relationships. The employment of most employees is governed by the Fair Work Act, which creates a federal minimum wage, as well as new minimum employment conditions for employees. These include various leave entitlements, a maximum of 38 ordinary hours per week plus "reasonable additional hours", the right to request flexible work arrangements, the right to workplace information and minimum notices of termination and severance pay. The Fair Work Act also introduced industrial instruments called "modern awards" which generally apply to non-management employees. These, together with the NES, comprise a safety net of minimum entitlements that prevail over any letter of offer or employment agreement that is less favourable. Industrial awards have been created by the federal industrial tribunal known as the Fair Work Commission, which generally apply on a whole-of-industry basis and will specify minimum terms and conditions of employment. Employers generally can't contract out of minimum conditions, which include minimum rates of pay, hours of work and, types of leave, and regulate termination of employment. Awards are often supplemented by collectively negotiated enterprise agreements (commonly known as Collective Agreements). These enable employers to set appropriate T&C's of employment tailored to their particular enterprise. The Fair Work Act continues to permit employers to negotiate Collective Agreements, subject to new rules requiring parties to negotiate in good faith. There are other industrial instruments besides awards that may provide for the terms of employment, but these generally only apply if an employer is a party to them.

There are extensive health and safety laws, anti-discrimination laws and data privacy rights which protect employees, while employee representation occurs in the form of trade unions who act as employee representatives during workplace disputes and as a bargaining representative during bargaining negotiations.

Requirements of Setting Up a Company

Key aspects of the general requirements for setting up a company in China are:

Registered Capital – The concept of registered capital is the PRC equivalent of the more widely accepted concept of share capital. In general, there are no requirements as to the minimum registered capital of a PRC company unless otherwise stipulated by law.

Constitution – The constitution of a PRC company is binding upon each shareholder of the company. It must be filed with the PRC company registrar (the local Administration for Market Regulation) but is not generally available to the public.

Directors – A private limited company must have at least one director. In general, there are no education, professional experience or skills requirements for directors of a PRC company unless otherwise stipulated by law in certain special sectors such as the financial industry. There is no need for the directors to be PRC nationals or residents.

Registered Address – A company must have a registered address in the PRC to which any official notices or communications may be sent. The address of a registered office should be the principal place of business of the company

Shareholders – A company is required to have at least one shareholder. In general, there are no requirements as to the qualification of the shareholder(s) of a PRC company. Companies must keep an up-to-date register of shareholders, which is a matter of public record.

In addition to the general requirements set out above, depending on the type of businesses the Fintech companies are carrying out, special requirements may apply such as minimum registered capital, shareholder or director qualifications, specific corporate governance structure and minimum experience of executive officers, etc. For instance, the minimum registered capital requirement for a third party payments company is RMB 100 million if it carries out a third party payments business nationwide and any shareholder holding an equity interest of 10% or more in a third party payments company is required to be a legal entity that has been carrying out information processing and supporting services for

financial institutions or e-commerce businesses for over two years.

Legal advice should be sought in advance to identify the requirements applicable in setting up a company in the PRC carrying out specific Fintech businesses.

Fintech Regulations

The PRC government has previously adopted the strategy of allowing Fintech businesses to grow in a relatively flexible regulatory environment, and to only begin to regulate it when the Fintech business reached a certain scale. In response to the high growth of Fintech businesses in China over recent years, the Chinese government has continued to strengthen its regulatory control over Fintech businesses to mitigate against perceived systematic risks brought in by the application of Fintech technology. In general, no single regulatory body has specific oversight of the "Fintech" industry in China. Which regulatory body is relevant depends on the specific nature of the Fintech business being carried out. In 2015, People's Bank of China (PBOC) and eight other regulatory agencies jointly issued the Guiding Opinions on Promoting the Healthy Development of Internet Finance (Internet Finance Guidelines), which was the first guideline to regulate the Fintech industry in China. The Internet Finance Guidelines defined internet finance as a new financial business model in which traditional financial institutions and internet businesses use internet technology and information and communications technology to provide loans, payments, investments and information intermediary services. Under the Internet Finance Guidelines, each relevant financial regulator is required to supervise Fintech businesses carried out in sectors under its jurisdiction and there is a general requirement that regulated activities may only be undertaken by licensed entities. The Ministry of Industry and Information Technology (MIIT) and the Cyberspace Administration of China (CAC) exercise jurisdiction over matters concerning telecoms networks, internet information and content services.

The Internet Finance Guidelines in general categorise Fintech business into the following areas and specify that the regulator for each area is as set out below:

Third party payment services: the PBOC.

Online lending (including peer-to-peer lending and micro-credit lending), online insurance, online trust and other forms of online consumer finance: China Banking and Insurance Regulatory Commission (CBIRC).

Equity crowdfunding and online fund sales: China Securities Regulatory Commission (CSRC).

Fintech firms will fall within the regulatory perimeter if they carry on certain regulated activities (specified in legislation) by way of business in China. While the regulators have introduced some bespoke regimes for new Fintech business models (such as the ones listed above), China primarily adopts a "technology neutral" approach to regulation. Accordingly, Fintech firms will have to examine whether their activities fall within the existing regulatory perimeter – whether a particular activity triggers the licensing requirement can be a complex question and, in the case of doubt, companies should seek legal advice.

The process for authorisation depends on the type of licence applied for. Regulatory approval from or filing with the competent regulator may be needed. The format of the specific licence application is provided in the relevant regulation and should be followed by applicants. As a general requirement, Fintech firms providing value-added internet-based information services to online users (which is very typical) should apply for an Internet Content Provider Licence (ICP). Fintech firms applying for an ICP Licence must have a certain required level of funding and staff for its business activities, the reputation or capability to provide long-term services for the users, necessary premises, facilities and technical plans, and must meet minimum registered capital requirements as well as other criteria stipulated by the regulators. The regulator's review of the application is required to be completed within 60 days after receipt of the application.

When applying for licences required for carrying out certain regulated financial business, such as a payment licence or a fund sales licence, applicants must satisfy a series of pre-requisite conditions, for example:

- Regulatory business plan, senior managers, key shareholders, compliance procedures (including AML) and IT/security arrangements: applicants are usually required to provide sufficient supporting documents to prove that the relevant requirements are satisfied, such as an audit report on the soundness of IT and cyber-security facilities and arrangements.

- To be licensed, firms must meet prescribed initial and ongoing capital requirements, which are dictated by the competent regulator.

The assessment period for an application may range from 60 days (in the case of an ICP Licence) to six months (for a licence to carry out business as an insurance company). The "clock" starts running on acceptance of a complete application by the relevant regulator.

Foreign Ownership of Companies

There are no general restrictions on foreign ownership of companies in the PRC. However, China maintains an official Negative List updated on an annual basis by the Ministry of Finance, listing certain industries in which foreign investments are prohibited or restricted.

Under the 2018 Negative List, foreign investments in businesses of information transmission, software, information technology services and financial industry are subject to various restrictions. Foreign investors are prohibited from investing in internet news information services, online publishing services, network audio-visual programme services, internet cultural management and internet public information services (except for those promised as part of China's WTO accession). That said, "value-added telecom businesses" associated with Fintech have been generally opened to foreign investors.

In the financial industry, the 2018 Negative List required that the foreign ownership of companies, that carry out business activities regulated by the CSRC (such as security brokerage, underwriting, proprietary trading, securities investment advisory and asset management), or in the public securities investment fund management, futures and life insurance subsectors, does not exceed 51% (but the government has made a commitment to lift these restrictions in 2021). Other subsectors such as third party payments are technically no longer subject to foreign ownership restrictions. In certain circumstances, regulators may impose restrictions or specific requirements where one of the shareholders is a foreign investor. However, this approach to regulation has been gradually dropped, as China is gradually extending national treatment to foreign investors in the pre-establishment phase on a more frequent basis.

Depending on the nature of the firm's business, foreign investors should seek legal advice in advance to understand if any restriction applies.

Other Forms of Partnership / Collaboration

Strategic or financial investors looking to embrace technology may collaborate with PRC start-ups in the following ways:

Commercial cooperation – An established company and a start-up cooperate to develop the relevant technology on the basis of a commercial contract between them, such as a collaboration agreement or similar.

Joint venture – A group of investors/corporates work together through an incorporated or unincorporated entity as a joint venture, allowing investors/corporates to develop the technology together.

Minority/Venture Investment – A corporate or financial investor acquires a minority stake in an early stage start-up company, often established by one or more individual founders. Generally, the technology already exists and is mature enough to be incorporated into a business. The investment provides additional growth capital and/or access to know-how to assist with the development of the technology. Investors get access to technology/a product that is not developed internally; saving time, resources and enabling engagement in riskier ventures in an external entity with more limited exposure.

Acquisition – A corporate or investor acquires a controlling interest in, or the entire equity of, an established company. Generally, this tends to be later in the lifecycle of a technology company when the technology is well developed and has an established market.

Intellectual Property

China has an established legal system to protect different types of IP rights, including patents, trademarks, copyright as well as trade secrets, domain names, and integrate circuit layout designs.

Different conditions apply before a specific IP right is protected in China.

Patents are protected once granted in China. The applicant needs to file an application with the national IP office. The PRC IP office recognises the Patent Cooperation Treaty (PCT) application pathway, which would secure an early international filing date. There are three types of patents in China: invention, utility model and design. Software may be protected as an invention patent if it satisfies the patentable requirements.

China implements a “first to file” system for trademarks. Generally speaking, the registered trademark owner is entitled to

enforce its right even though it is not the first one who uses that mark. Though from a legal perspective, the PRC Trademark Law provides protection for both registered and unregistered trademarks, in practice, the vast majority of enforcement cases are based on registered marks and enforcing unregistered marks is difficult in China.

China has a registration system for copyrightable works. Nevertheless, the work is automatically protected under Chinese copyright law if the work is completed within a member state of the Berne Convention. It is common for Fintech firms to rely heavily on copyright protection for its proprietary software, given it is not always easy to obtain a patent for software in China (as it is also in many other countries).

Several other types of IP rights (such as trade secrets, trade dress and domain names) are protected under the Anti-Unfair Competition Law. China has recently amended the Anti-Unfair Competition Law to strengthen protections for trade secrets, which includes technical-, operational information and other business information. Database rights are not a separate set of IP rights in China. It may be protected under the copyright law if it satisfies the copyrightable requirements.

Foreign investors should bear in mind that Chinese law imposes export restrictions on certain technologies. The transfer of, or the grant of exclusive licence rights over, IP rights by a domestic Chinese entity to a foreign party may be subject to review by the PRC government. A Fintech firm or potential investor may wish to obtain prior clearance in respect of these restrictions before granting IP licences to, or entering into joint ventures with, a Chinese entity. In addition, a Fintech firm should seek to avoid entering into commercial agreements that risk being regarded as an illegal monopoly of technology or as impeding the development of technology. Mandatory grant-back obligations and no-challenge clauses in licensing agreements risk falling foul of these restrictions.

As in other jurisdictions, Fintech firms should also be cautious about using open source software in its products.

The rules regarding ownership of IP, such as whether an employer automatically benefits from and owns the IP developed by an individual employee, will depend on (among other things) the nature of the relationship between the employer and the developer (i.e. whether the developer is an employee or contractor), the nature of the IP right in question (for example, the rules applicable to patents are

different to those that apply to copyright), the context in which the IP right was created (in the course of employment or otherwise) and the terms of any employment or contractor agreement. A Fintech firm should not assume that IP rights subsisting in deliverables that it has commissioned will necessarily be owned by it without further action. Inventors or developers who create or contribute to the invention have statutory rights to claim financial compensation (in addition to their salary). A Fintech firm should be mindful of these issues when entering into any development, contractor or employment agreement.

Data Protection

There is no specific data protection legislation in China. That said, there are a number of different laws that govern different aspects of the collection and use of personal information, such as the General Principle Rules of Civil Law, the PRC Tort Liability Law, the Consumer Protection Law and the PRC Cyber Security Law etc.

China has been strengthening its data protection rules in recent years. The Cyber Security Law passed in 2017, together with a wide range of accompanying measures and standards published or to be published, form the

main legislative framework for the protection of personal data in China.

The Cyber Security Law imposes certain requirements for the protection of personal information on "network operators" (which term is interpreted very broadly), requiring network operators to provide clear information to the user regarding the use of the information and to obtain the user's express consent to the type, purpose and manner in which it intends to use and disclose data.

Fintech firms (which are very likely to be network operators) collaborating or entering into data related arrangements, particularly with established financial institutions, should expect to be subject to data protection-related due diligence. As such, it is not only a regulatory requirement but also commercially prudent to ensure that appropriate internal policies, documentation and compliance arrangements are in place and actively operated from the outset.

To facilitate effective negotiations with third parties as well as regulatory compliance, it is important, particularly for data rich companies, to have a good understanding of the nature of any personal data processed (especially sensitive personal data), the purposes for which it was collected, the pertinent personal data flows and storage and the roles of each entity (including any group entities) in the arrangement. Cutting edge technology and an extensive financial ecosystem can make this a complex task but detailed knowledge is essential to minimise risk and maximise opportunity. With greater emphasis on accountability under the Cyber Security Law and other data protection laws and rules in China, clarity and allocation of responsibility between parties is essential.

The Cyber Security Law also imposes restrictions on transfers of personal data and important business data outside of the PRC.

Under the Cyber Security Law, personal information and important data generated and collected within the territory of China by operators of critical information infrastructure (CIIs) during the course of their operations must be stored within China. If the data needs to be transferred overseas for business reasons, the transfers should be subject to security assessments, with the requirements to be set out in the Data Cross-Border Transfer Rules. The CIIs include, among others: public communications and information service systems; energy systems, transportation, hydro (water) systems; finance, public service sectors; electronic government service platforms; and other significant industries and areas. This category also includes important information infrastructure facilities that, if destroyed, disabled or subject to data leakage, may cause significant damage to national security, the national economy, people's livelihoods or the public interest in China. A consultation draft of the Data Cross-Border Transfer Rules has been circulated by the PRC government for comment but no final rules have been issued. Therefore, it is still uncertain whether, how and to what extent security assessment should be carried out in the event of a cross-border data transfer.

As the definition and scope of CIIs is subject to discretionary interpretation by the relevant regulator, legal advice should be sought in advance to assess the likelihood of a Fintech company being identified as an operator of CII and to understand the relevant data protection standard that will be applicable.

Employment

In China, the main sources of employment law include various statutes and regulations at both national and provincial level, interpretation from the Supreme People's Court of the PRC as well as rules and normative documents issued by the competent labour administrative departments.

Employment law protects workers who establish labour relations with entities registered in China. A written labour contract should be entered into between the employer and worker to establish a full-time labour relationship.

The law provides comprehensive and stringent rules governing everything from hiring to termination so there is little room for the parties in an employment relationship to agree bespoke arrangements on employment matters in addition to the statutory rules. Any arrangement that is contradictory to statutory employment law is invalid and unenforceable. For instance, the circumstances in which an employer may unilaterally terminate an employment relationship are set out in law. If the conditions for termination agreed in an employment contract are inconsistent with the law, the relevant contractual provisions will be invalid.

Companies in China operate in a highly regulated environment and there are extensive laws and regulations protecting employee rights (such as rights against discrimination and privacy rights, although the relevant laws in this respect are still in development). Certain minimum standard employment terms and conditions (relating to working time, minimum wage, statutory leave allowances, social insurance etc.) are set out in law.

While trade unions and employee representative assemblies (roughly equivalent to a European-style works council) are recognised in China, they are generally only seen in Chinese state owned entities and are relatively rare in private companies such as Fintech companies.

Requirements of Setting Up a Company

The process of incorporating a limited company in Hong Kong is straightforward and can be achieved on a same-day basis if necessary. The key requirements to note are:

Share Capital – Hong Kong companies have a high degree of flexibility as to how to structure their capital. There is no concept of nominal value and no minimum requirements as to the size of a company's issued share capital and capital may also be denominated in a currency other than Hong Kong dollars. There is no tax or duty payable on an issuance of shares (although stamp duty may be payable on share transfers).

Constitution – Hong Kong companies are governed by a constitutional document known as the articles of association. This document is binding upon the company and each shareholder. It must be filed with the Companies Registry and is a matter of public record, with private companies often operating with simplified model articles.

Directors – A private company must have at least one director. A body corporate may be an appointed director of a private company; however, at least one director must be a natural person.

There are no nationality restrictions on directors and no requirement for directors to be resident in Hong Kong. An up-to-date register of directors must be kept by the company.

Company Secretary – A private limited company must appoint a company secretary. If the company secretary is a natural person, he or she must be ordinarily resident in Hong Kong. However, it is possible to appoint a corporate entity, such as a service provider, to act as company secretary. This entity must have its registered or principal office in Hong Kong. An up-to-date register of secretaries must be kept by the company.

Registered Address – The company must have a "registered office" in Hong Kong to which any official notices or communications may be sent. The registered office does not need to be an address from which the company operates – for example, it could be an address provided by a service provider (there are a number of service providers for this in Hong Kong).

Shareholders – A company is required to have at least one shareholder. There is no requirement for a shareholder to hold a Hong Kong identity card or be resident in

Hong Kong. Hong Kong companies must keep an up-to-date register of members and a register of people with significant influence or control over the company (which includes indirect stakeholders). These registers are not a matter of public record.

Business Registration – Every company incorporated in Hong Kong is required to obtain a business registration certificate, even if it is not actually carrying on any business in Hong Kong. Overseas companies that carry on business in Hong Kong must also be registered. Companies can elect to obtain a one-year or three-year business registration certificate. The Business Registration Office will prompt for renewal prior to the expiry of a current business registration certificate.

Fintech Regulations

In Hong Kong, there is no overarching Fintech legislation and no regulator that specifically oversees Fintech market participants. Whether or not a Fintech firm is required to be licensed will depend on the extent to which the type of activity it conducts falls within the scope of a regulated activity. If a Fintech firm is required to be licensed, then it will be regulated by the relevant regulator of that type of regulated activity (which may then have specific standards and policies relating to the use of technology).

A Fintech firm may need to be licensed if it conducts any of the following activities (and is not able to rely on a relevant exemption):

Remittance and money changing – these are regulated by the Customs and Excise Department under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance.

Deposit-taking, banking and money broking – these are regulated by the Hong Kong Monetary Authority (HKMA) under the Banking Ordinance.

The issuance of stored value facilities (e.g. e-wallets) – this is regulated by the HKMA under the Payment Systems and Stored Value Facilities Ordinance.

Activities relating to securities or futures (and other specified regulated activities under the Securities and Futures Ordinance (SFO)) – these are regulated by the Securities and Futures Commission (SFC) under the SFO (although note that the HKMA remains the primary regulator for authorised institutions (e.g. banks) that carry on SFO-regulated activities).

Insurance – this is regulated by the Insurance Authority (IA) under the Insurance OrdinanceMoney lending – this is regulated by the Companies Registry under the Money Lenders Ordinance.

Each regime is different and, while licensing is usually triggered when a person conducts regulated activities as a business in Hong Kong, this may not be the only trigger. For example, in some cases, the licensing regime may also be triggered as a result of active marketing from offshore to the Hong Kong public. Certain regulators are more visibly seen as spearheading the Fintech movement in Hong Kong. For example, the HKMA's "New Era of Smart Banking" initiative has led to the launch of the Faster Payment System, as well as the recent issuance of virtual bank licences. Separately, the SFC has been proactive in their approach to virtual assets and is currently exploring a conceptual framework for regulating virtual asset trading platforms. Market participants should also be aware that the HKMA, SFC and IA each operate their own Fintech sandboxes, which are all designed to drive Fintech adoption and support innovation.

The process for authorisation depends on the type of licence applied for. However, as a general summary:

1) For some applications, e.g. banks, licensed corporations (i.e. corporations that are licensed by the SFC) or insurers, the regulator will hold pre-application meetings
2) Applicants must complete certain prescribed forms which require information on the firm's regulatory business plan, senior managers, key shareholders, compliance procedures (including AML) and IT/security arrangements
3) The firm's directors and senior managers are usually individually approved by the regulator
4) Licensed firms may need to meet prescribed initial and ongoing capital requirements. The assessment period for the application will range from three months (e.g. for remittance, money changing or money lending services) to eight months (for banks, licensed corporations and insurers). The "clock" will start upon receipt of a complete application.

As an alternative or complement to local licensing, Fintech firms can partner with traditional financial services providers for the delivery of services ("white label arrangement") which allows firms to offer third party regulated products under their own brand.

Foreign Ownership of Companies

There are no general restrictions on foreign ownership of companies in Hong Kong. There are a very limited number of specific sectors which may be subject to

foreign ownership restrictions (e.g. in respect of certain broadcasting licenses), but these are not likely to be relevant in the context of most Fintech businesses.

Other Forms of Partnership/Collaboration

The Hong Kong legal system is extremely flexible and allows market entrants to participate in the Fintech market in multiple ways. Traditional Hong Kong financial institutions and corporates often apply the same "Build, Buy, Collaborate" mindset seen in other jurisdictions, when thinking about disruptive technology, and often seek to collaborate with start-ups in the following ways:

Commercial cooperation – many Fintech companies based in Hong Kong or overseas enter the Hong Kong market by way of a collaboration with a traditional financial services market participant. These collaborations often take the form of a commercial contract, as this can allow for a high degree of flexibility around ownership of the underlying technology as well as bespoke financial arrangements.

Joint venture/consortium – joint ventures are also common in Hong Kong, allowing multiple parties to jointly develop relevant technology or pursue a business objective. These can be incorporated (i.e. based on ownership interests in a joint venture entity) or unincorporated (i.e. based on a form of agreement).

Minority/Venture Investment – this is typically used when a traditional financial institution or corporate or financial investor acquires a minority stake in an early stage start-up company, often established by one or more individual founders. Generally, the technology already exists and is mature enough to be incorporated into a business. The investment provides additional growth capital and/or access to know-how to assist with the development of the technology. Investors get access to technology/a product that is not developed internally; saving time, resources and enabling engagement in riskier ventures in an external entity with more limited exposure.

Acquisition – a corporate or investor acquires a controlling interest in, or the entire share capital of, an established company. Generally, this tends to be later in the lifecycle of a technology company when the technology is well developed and has an established market.

Intellectual Property

The constitution provides Hong Kong with autonomy to develop and enforce its own policies and legislation in relation to intellectual property. Against this background, Hong Kong has developed an intellectual property regime that is entirely independent from that which applies in the People's Republic of China. The intellectual property regime in Hong Kong is based on the English system and provides effective enforcement of both traditional IP rights such as trademarks, copyright, patents and designs, and also less traditional rights such as plant varieties and trade secrets.

The patent registration system of Hong Kong provides territorial protection. Two types of patents are granted in Hong Kong: standard patents and short-term patents. A standard patent has a term of up to 20 years and is based on the prior grant of its corresponding patent by the State Intellectual Property Office, PRC, the European Patent Office (in respect of a patent designating the UK) or the UK Patent Office. A short-term patent has a term of up to eight years and an application for a short-term patent can be made in its own right via application to the Patents Registrar in Hong Kong.

Trademarks and designs can be registered at the Intellectual Property Department. Hong Kong is a member of the Paris Convention and the World Trade Organisation so that applicants for trademarks in Hong Kong can enjoy a right of priority in respect of their corresponding applications in a Paris Convention country or a WTO member. The Hong Kong government is also seeking to implement the international

registration system for trademarks under the Madrid Protocol.

There is no system for registration of copyright.

More than one form of IP right may subsist in a Fintech product (e.g. copyright and patent) and protection of each is prudent, through registration as well as through contractual obligations (for example, to keep information confidential). Contractual arrangements are also required to ensure that IP can be effectively and efficiently exploited. The firm should avoid granting IP assignments or licences that inadvertently restrict anticipated value creation (for example through further licensing of IP in the firm's Fintech products to multiple platforms or financial institutions) and should aim to avoid commercial agreements that limit use of third party in-licensed IP in a way that restricts anticipated business development. This includes taking care when using open source software, where licence terms may require open licensing of IP further developed by the firm in Fintech products.

The rules regarding ownership of IP, such as whether an employer automatically benefits from and owns the IP developed by an individual, will depend on (among other things) the nature of the relationship between the Fintech firm and the developer (employee or contractor), the nature of the IP (for example, different rules apply for transferring ownership of patents yet to be invented as opposed to future assignment of trademarks), the context in which the IP was created (in the course of employment or otherwise) and the terms of any employment or contracting agreement. A Fintech firm should not assume that IP subsisting in deliverables that it has commissioned will necessarily be owned by it without further action and should address the issue of ownership, assignment and associated formalities in the relevant development, contract or employment agreement.

Similarly, when entering into joint ventures or collaboration arrangements with third parties, clarity regarding the ownership of existing and developed IP before, during and after the arrangement is essential and Fintech firms should seek to enter into agreements addressing ownership as well as any licensing necessary for use. Exploitation of certain jointly owned IP may require the consent of the joint owner, resulting in additional administrative, commercial and / or operational hurdles.

Data Protection

The main Hong Kong legislation relating to data protection is the Personal Data (Privacy) Ordinance (PDPO). The Office of the Privacy Commissioner for Personal Data (PCPD) is an independent statutory body set up to oversee the enforcement of the PDPO. While it is not made clear on the face of the legislation, the PDPO is not generally considered to have extra-territorial application and so is only considered to apply to data users who control the collection, holding, processing or use of personal data from within Hong Kong.

Generally speaking, data users must not do any act, or engage in any practice, that contravenes any of the data protection principles set out in Schedule 1 of the PDPO, unless an exemption applies. The data protection principles cover the following areas:

1) the purpose and manner of collection of personal data;
2) the accuracy and duration of retention of personal data;
3) use of personal data;
4) the security of personal data;
5) general availability of information; and
6) access to personal data. Apart from the high-level principles, the PDPO also prescribes rules in relation to the following:

Use and provision (including to third parties) of personal data for direct marketing purposes. Third party processing of personal data.

Section 33 of the PDPO prohibits the transfer of personal data outside of Hong Kong except in certain circumstances (including, where consent has been given, or the transfer is to a place which has laws substantially similar to the PDPO). However, Section 33 is not yet in force and there's no clarity as to when it will be brought into force. Therefore, the PDPO doesn't currently regulate the transfer of personal data to places outside of Hong Kong. As a matter of good practice, most regulators require their regulated entities to treat Section 33 as if it were in force and so market entrants are advised to expect cross-border data transfers to be regulated.

Companies that understand their data protection obligations and seek to meet them in an intelligent way will be best placed to utilise the benefits of the personal data they hold. A firm collaborating or entering into data-related arrangements, should expect to be subject to data protection-related due diligence. As such, it's not only a regulatory requirement but also commercially prudent to ensure that appropriate internal policies, documentation and compliance arrangements

are in place and operationalised from the start.

To enable effective negotiations with third parties (clients or supply chain) as well as regulatory compliance, it's important, particularly for data rich companies, to have a good understanding of the nature of any personal data processed, the purposes for which it was collected, the pertinent personal data flows and storage and the roles of each entity in the arrangement. Cutting edge technology and an extensive financial ecosystem can make this a complex task but detailed knowledge is essential to minimise risk and maximise opportunity.

As well as meeting technical specifications and regulatory standards when developing data rich products, the data protection principles should be at the forefront of considerations.

Employment

The employment relationship is governed principally by the employment contract, which in addition to express terms has various terms implied into it by law. Post-termination restrictions (such as preventing competition, poaching of staff, solicitation of customers and misuse of confidential information) are legally enforceable without the need for compensation during the restricted period subject to the restrictions going no further than is necessary to protect the employer's legitimate business interests. Employment law is contained in various ordinances and regulations, and in cases decided by the courts.

Overall, the employment regime is relatively pro-employer, but market entrants should note that, given the competition for talent in the Fintech industry, companies typically offer employee rights and benefits which far exceed the minimum standards conferred by the employment-related ordinances and regulations.

Companies operate in a highly-regulated environment with extensive laws and regulations, including data privacy rights and other employee rights (such as the right not to be discriminated against, and protection from unlawful or unreasonable termination of employment contracts under certain circumstances), as well as health and safety laws. For example, employees who have been employed by an employer for a continuous period of no less than 24 months may be able to challenge a dismissal, requiring the employer to show a valid reason.

Labour unions are very rare. If there is no recognised labour union and if employers wish to discuss employment-related matters with employees, it is more common for this to be done with the affected employees collectively.

Market Entry to Singapore

Requirements of Setting Up a Company

The process of incorporating a limited company in Singapore is generally straightforward and can be achieved on a same-day basis if necessary. In terms of certain key aspects:

Share Capital – There are no requirements as to the size of a company's issued share capital, and a company can be incorporated with a share capital of $1. There is no tax or duty payable on an issuance of shares (although stamp duty may be payable on share transfers).

Constitution – The constitution of a company incorporated in Singapore is binding upon each shareholder of the company. It must be filed with the Accounting and Corporate Regulatory Authority and is a matter of public record.

Directors – A private limited company must have at least one director (although it is common to have at least two). Directors must be at least 18 years of age and must be natural persons. There needs to be at least one Singapore resident director (i.e. at least a Singapore citizen, permanent resident or employee with an employment pass).

Registered Address – The company must have a "registered office" in Singapore to

which any official notices or communications may be sent. The registered office does not need to be an address from which the company operates – from example, it could be an address provided by a service provider (there are a number of service providers for this in Singapore).

Shareholders – A company is required to have at least one shareholder. There are no nationality requirements for the shareholder. Singapore companies are also required to keep a register of controllers (i.e. persons who have control over the company, and which includes indirect stakeholders). Although this information is not a matter of public record, it must be made available to ACRA at ACRA's request.

Fintech Regulations

The main regulatory body for the financial sector is the MAS. The MAS acts as the central bank of Singapore, has oversight over the conduct of monetary policy, the issuance of currency, payment systems,

and serves as banker to, and financial agent of, the Singapore government. In addition, it is the integrated supervisor of financial services and has a developmental function, whose primary responsibility is to develop Singapore as an international financial centre.

As noted above, the MAS has led the way in Singapore in the promotion of Fintech initiatives. In addition to the Fintech cooperation arrangements signed by the MAS with over 30 local regulators, the MAS is also currently involved in the cross-border testing work-stream of the Global Financial Innovation Network and is working together with the Financial Conduct Authority, among others, to set up a "global regulatory sandbox" with 11 other financial regulators based in (among others) Dubai International Financial Centre (DIFC), Hong Kong and the United Kingdom. The global regulatory sandbox will: (i) allow collaboration between regulators, including on emerging technologies and business models; (ii) provide a forum for joint policy work and discussions; and (iii) provide firms with an environment in which to trial cross-border solutions.

Fintech firms will fall within the regulatory scope of the MAS if they carry on certain regulated activities (specified in legislation) as a business in Singapore and no licensing exemptions apply. In this regard, the MAS has clearly stated that it is "technology-neutral" and does not seek to favour one technology over another – there are therefore no specific exemptions included solely for Fintech firms. Accordingly, Fintech firms will have to examine whether their activities fall within the regulatory perimeter. Whether a particular activity triggers a licensing requirement can be a complex question and, in the case of doubt, Fintech firms should seek legal advice.

The process for licensing depends on the type of licence applied for. However, as a general summary:

For some applications, e.g. banks or insurers, it is recommended that pre-application meetings with the regulator are held prior to the submission of the formal application.

Applicants must complete certain prescribed forms which require information on the firm's business plan, directors and chief executive officers, key shareholders, compliance procedures (including AML) and IT/security arrangements.

The firm's directors and chief executive officers must be individually approved by the regulator.

Licensed firms must meet prescribed initial and ongoing capital requirements, which are prescribed by the MAS.

The time taken for approval of a licence ranges from four to nine months, depending on the nature of the application being submitted, and the business model proposed.

Once the applicant receives its licence, its licensing status will be reflected on the MAS' Financial Institutions Directory.

For completeness, the MAS has introduced a Fintech regulatory sandbox, which remove certain specific legal and regulatory requirements which would otherwise apply to the Fintech firms. The regulatory sandbox is generally available for a fixed period only, and Fintech firms are expected to gradually graduate to comply with the regulatory requirements applicable to regulated financial institutions.

Foreign Ownership of Companies

There are no general restrictions on foreign ownership of companies in Singapore.

Other Forms of Partnership/Collaboration

Financial institutions and corporates in Singapore looking to embrace technology may collaborate with start-ups in the following ways:

Commercial cooperation – An established company and a start-up cooperate to develop the relevant technology on the basis of a commercial contract between them, such as a collaboration agreement or similar.

Joint venture/consortium – A group of investors/corporates work together through an incorporated or un-incorporated entity as a joint venture, allowing investors/corporates to develop the technology together.

Minority/Venture Investment – A corporate or financial investor acquires a minority stake in an early stage start-up company, often established by one or more individual founders. Generally, the technology already exists and is mature enough to be incorporated into a business. The investment provides additional growth capital and/or access to know-how to assist with the development of the technology. Investors get access to the technology/a product that is not developed internally; saving time, resources and enabling engagement in riskier ventures in an external entity with more limited exposure.

Acquisition – A corporate acquires a controlling interest in, or the entire share capital of a company. Generally, this tends to be later in the lifecycle of a technology company.

Intellectual Property

The IP protection framework in Singapore has been recognised as a leading regime and Singapore has been ranked among the top five by the World Economic Forum's Global Competitiveness Index for its strength in intellectual property protection.

Intellectual Property	Protection
Patents	Registered through an application filed with the Registry of Patents within the Intellectual Property Office of Singapore (IPOS) or an international application filed in accordance with the Patent Cooperation Treaty with the Registry of Patents acting as the receiving office for the application.
Trademarks	Registered through an application filed with the Registry of Trademarks within IPOS or an international application filed in accordance with the Madrid Agreement Concerning the International Registration of Marks as well as the Protocol Relating to the Madrid Agreement (1989) designating that Singapore is a country where protection is sought.
Industrial Designs	Registered through an application filed with the Registry of Designs within IPOS or an international application filed in accordance with the Geneva Act of the Hague Agreement Concerning the International Registration of Industrial Designs Protocol designating that Singapore is a country where protection is sought.

There is no system for registration of copyright in Singapore.

More than one form of IP right may subsist in a Fintech product (e.g. copyright, patent or confidential information) and protection of each is prudent, through registration as well as through contractual obligations (for example, to keep information confidential). Contractual arrangements are also required to ensure that IP can be effectively and efficiently exploited.

The rules regarding ownership of IP, such as whether an employer automatically benefits from and owns the IP developed by an individual, will depend on (among other things) the nature of the relationship with the developer (e.g. employee or contractor), the nature of the IP (for example, different rules apply for

transferring ownership of patents yet to be invented as opposed to future assignment of trademarks), the context in which the IP was created (in the course of employment or otherwise) and the terms of any employment or contracting agreement. A Fintech firm should not assume that IP subsisting in deliverables that it has commissioned will necessarily be owned by it without further action and should address the issue of ownership, assignment and associated formalities in the relevant development, contract or employment agreement.

Similarly, when entering into joint ventures or collaboration arrangements with third parties, clarity regarding the ownership of existing and developed IP before, during and after the arrangement is essential and Fintech firms should seek to enter into agreements addressing ownership as well as any licensing necessary for use. Exploitation of certain jointly owned IP may require the consent of the joint owner, resulting in additional administrative, commercial and/or operational hurdles.

Data Protection

The data privacy regime in Singapore is primarily governed by the Personal Data Protection Act 2012 (PDPA). The PDPA regulates the collection, use and disclosure of personal data by recognising both the rights of individuals to protect their personal data and the needs of organisations to collect, use or disclose personal data for purposes that a reasonable person would consider appropriate in the circumstances. Broadly, the PDPA sets out nine main obligations which organisations are required to comply with, including a consent obligation (requiring organisations to obtain consents of individuals before collecting, using or disclosing that person's personal data) and a protection obligation (which requires organisations to protect personal data in its possession or under its control by making reasonable security arrangements to prevent unauthorised access, collection, use, disclosure, copying, modification, disposal or similar risks).

A Fintech firm collaborating or entering into data-related arrangements, particularly with established financial institutions, should expect to be subject to data protection-related due diligence. As such, it is not only a regulatory requirement but also commercially prudent to ensure that appropriate internal policies, documentation and compliance arrangements are in place and put into operation from the start.

To enable effective negotiations with third parties (clients or supply chain) as well as regulatory compliance, it is

important, particularly for data rich companies, to have a good understanding of the nature of any personal data processed, the purposes for which it was collected, the pertinent personal data flows and storage and the roles of each entity (including any group entities) in the arrangement. Cutting edge technology and an extensive financial ecosystem can make this a complex task but detailed knowledge is essential to minimise risk and maximise opportunity.

The PDPA requires that an organisation does not transfer any personal data to a country or territory outside Singapore except in accordance with requirements prescribed under the PDPA. This is to ensure that organisations provide a standard of protection to personal data transferred outside Singapore comparable to the protection under the PDPA. In this regard, before transferring personal data to a country outside Singapore, the organisation must take appropriate steps to comply with the PDPA while the personal data remains in possession or under the control of the organisation. The organisation must also take appropriate steps to ascertain whether, and to ensure that, the recipient of the personal data in a country outside Singapore is bound by legally enforceable obligations to provide to the transferred personal data a standard of protection that is at least comparable to the protection under the PDPA.

Employment

In Singapore, the employment relationship is governed principally by the employment contract. Post-termination restrictions (such as preventing competition, poaching of staff, solicitation of customers and misuse of confidential information) are prima facie void and the employer seeking to enforce the restrictions must be able to show that the restrictions go no further than is

necessary to protect the employer's legitimate business interests. Employment law is contained primarily in the Employment Act, which sets out certain basic requirements with regards to employment terms and rest days, although employers are free to offer its employees a higher standard of benefits.

As a general observation, the employment law regime in Singapore is one focused on collaboration. Tripartism (i.e. partnership) between the unions (represented by the National Trades Union Congress), employers (represented by the Singapore National Employers Federation) and the government (represented by the Ministry of Manpower) is a key driver for the adoption of fair and responsible practices. The tripartite partners agree and adopt guidelines, advisories and standards which supplement the statutory legislation and employers are encouraged to adopt these guidelines and advisories. These requirements relate to re-employment of older employers, fair employment practices, workplace harassment and flexible work arrangements although a failure to adopt these guidelines do not automatically result in a breach of the law.

Employee representation tends to take the form of trade union recognition (albeit this is rare in the Fintech sector). There are limited circumstances when employers are required to collectively consult with employees, and it is more common for them to ask affected employees to elect representatives from among the workforce where there is no recognised union.

Requirements of Setting Up a Company

There are several types of legal forms which a foreign investor may choose from to establish a company in Korea. Most foreign investors use a corporate entity such as a joint stock company (chusik hoesa; CH) or a limited corporation (yuhan hoesa; YH). The choice will depend largely on the business objectives of the investors and the interplay with applicable rules under the Korean Commercial Code (the KCC). There are also other types of entities such as a general partnership (hapmyung hoesa) and a limited partnership (hapcha hoesa) under the KCC. However, these types of partnerships are not commonly used in Korea.

The general features of CH established in Korea are as follows:

- A CH requires that there be at least three directors (or a minimum of one director, if paid-in capital is less than KRW (Korean Won) 1 billion) and one statutory auditor (no statutory auditor is required if the paid-in capital is less than KRW 1 billion)
- A CH requires board and shareholder meetings to be convened in person, although video conferencing is possible. It is not possible for the board of directors to act by written resolution. Written shareholder resolutions are not permitted either, however a shareholder may vote at a shareholders' meeting by proxy or by submitting its vote in writing
- If paid-in capital is less than KRW 1 billion, written shareholder resolutions are permitted with the unanimous consent of the shareholders
- The issuance of debt securities is permitted in accordance with to the procedure in the KCC.

On the other hand, if a subsidiary is to be established in the form of a YH:

- The company would need a minimum of only one director. In such case, such sole director will represent the company.
- The KCC does not require a statutory auditor for a YH, but if desired, the statutory auditor must be a natural person and registered with the courts.
- A YH is not required to have a board of directors. If the company is to have a board of directors, the shareholder may define rights and obligations of the board of directors in the articles of incorporation of the company.

- Board and shareholder meetings do not need to be convened in person and resolutions may be passed by way of written resolution.
- The issuance of debt securities is not permitted.

There is no residency or citizenship requirement for directors. However, the company's headquarters must be located in Korea.

While the Commercial Act of Korea stipulates that a CH/YH's price per unit/share must be KRW 100 or more, there is no minimum capital requirement.

Under the Foreign Investment Promotion Act (FIPA), a foreign investor investing more than KRW 100 million in the capital of a Korean company must file a foreign investment report with a designated foreign exchange bank. If a foreign investor is investing in a Korean company through the procedures under the FIPA to take advantage of certain tax benefits, the investment must be for a minimum of KRW 100 million.

Furthermore, where a company wishes to apply for a particular licence to carry out regulated activities (for example, to register as a small amount overseas remittance service operator or an electronic financial business operator), in some cases it must satisfy minimum capital requirements required by the relevant laws.

Fintech Regulations

Fintech firms may need to apply for particular licences if the business they intend to carry out in Korea involves regulated activities. For example, electronic payment processing applications may require "payment gateway" registration under the Electronic Financial Transactions Act and "stored value instrument" registration may be required if the Fintech firm's business activity involves the issuance and management of a stored value (e.g. points, mileage, etc.). In addition, any Fintech firm whose business involves payment transfers may require a separate "small amount overseas remittance services" registration. There are several different government agencies that oversee the regulation of the Fintech industry. In addition to specific licence requirements, certain Fintech businesses will also be subject to other more general financial

regulations in Korea. Please see below for further details.

"Payment gateway" registration or "stored value instrument" registration

Fintech businesses involving "Payment gateways" (i.e. electronic payment processing services) and "stored value instruments" (i.e. electronic instruments that store items with specific monetary value in the form of a point, mileage or e-money etc.) are classified as electronic financial businesses and are regulated under the Electronic Financial Transaction Act (the EFTA). The FSC and the FSS are the regulatory authorities for the EFTA.

The minimum capital requirement to register as a Payment Gateway business is KRW 1 billion. The minimum capital requirement to register as a Stored Value business is KRW 2 billion and, to register as both, the requirement is KRW 3 billion.

An application to register must be made to the FSC. The FSC is required to confirm in writing whether registration has been completed within 20 days of the date of the application. However, in practice, there is an unofficial prior consultation period with the FSC meaning that the completion of registration procedure can often take more than two months.

"Small amount overseas remittance services" registration

Any person or entity which is registered as a "small amount overseas remittance services" business operator with the Ministry of Economy and Finance may carry out a payment transfer business with a maximum permitted payment amount of USD 3,000 per transaction and an annual limit of USD 20,000 per customer regardless of whether such person or entity is a financial company. "Small amount overseas remittance services" businesses are regulated under the Foreign Exchange Transaction Laws of Korea, which requires the applicant to have paid-in capital of KRW 2 billion or more. An entity or person who wishes to conduct a "small amount overseas remittance" business only and carries out payments of up to a total amount of KRW 15 billion per quarter only is classified as a "small-scale operator" and is subject to a minimum paid-in capital requirement of KRW 1 billion.

Crypto-currency businesses

The Korean government currently restricts domestic ICOs. Crypto-currency exchanges are currently conducting business in Korea by registering as a mail order distribution business with the relevant authority although there are no

explicit government guidelines authorising this approach.

Crowdfunding businesses

Reward-based crowdfunding businesses also conduct business in Korea by registering as mail order distribution businesses with the relevant authority. However, since January 2016, equity or debt crowdfunding businesses (which, in principle, are categorised as an "investment brokerage business" under the Financial Investment Services and Capital Markets Act of Korea) have been conducting business as "crowdfunding brokers" following the implementation of a registration system that eased the restrictions on investment brokerage for crowdfunding businesses (for instance, the minimum required capital to conduct an investment brokerage business for non-professional investors is at least KRW 3 billion; however, for those that conduct crowdfunding activities, the minimum required capital is only KRW 500 million).

Other applicable laws

Note that, even where a licence is not required for the Fintech business itself, a Fintech firm's operations may be affected by general financial industry laws that financial companies are required to comply with (for example, the Banking Act, the Insurance Services Act, the Financial Investment Services Act and the Capital Markets Act) and other relevant laws and regulations applicable to all businesses (for example, laws related to privacy or security, regulations for outsourcing by financial companies). The result of this is that Fintech businesses will often be directly or indirectly regulated by the FSC and the FSS in Korea.

Cross-border Fintech business operations may also be subject to the Foreign Exchange Transaction Laws, which are enforced by the Ministry of Economy and Finance or the Bank of Korea.

Foreign Ownership of Companies

As a general rule, foreign persons can undertake foreign investment in Korea without restrictions in the absence of a special regulation containing specific restrictions. While foreign investment can be restricted if it: (i) threatens national security and public order; (ii) has harmful effects on public health and sanitation or environmental preservation or is against Korean morals and customs; or (iii) violates an act or a statute of the Republic of Korea, there is no specific or targeted exclusion which would prevent foreign investment in Korean Fintech businesses.

Other Forms of Partnership / Collaboration

There are examples of international venture capital funds investing in Korean Fintech firms by way of equity investment for preferred stock capital. Examples published by the FSS include Toss, a mobile payments app, which received a total of KRW 220 billion at the end of 2018 (apparently making it Korea's fourth unicorn with a post-investment valuation of $1.2 billion) and Lendit, an online lending platform for unsecured personal loans, which received foreign investment of KRW 25.4 billion from a US venture capital fund.

As it is difficult for foreign companies to provide payment services directly to the domestic market in Korea, there have been instances where foreign businesses have entered into partnerships with domestic financial institutions as a route to market.

Intellectual Property

Intellectual property rights in Korea are largely divided into industrial property rights (patent rights, utility model rights, design rights and trademark rights) and copyright. Industrial property rights fall under the jurisdiction of the Korean Intellectual Property Office and copyright falls under the jurisdiction of the Ministry of Culture, Sports and Tourism.

In case of industrial property rights, the right becomes effective upon filing an application with the Korean Intellectual Property Office, but copyright does not require a separate filing and becomes effective upon its creation. Note that, while copyright exists from its creation, certain legal benefits (such as rights against third parties) are only acquired when it is registered with the Copyright Commission.

Korea is a signatory to the Patent Co-operation Treaty, therefore it's possible to submit an international application directly to the WIPO or to the Korean Intellectual Property Office.

Creation of certain IP rights by employees is regulated under the Invention Promotion Act. Employees must immediately notify their employer in writing of any invention created by them and, once notified, the employer must provide written notice to the relevant employee(s) within a certain time-period if it intends to claim the rights to the invention in question for itself. The rights to the invention in question will be deemed to have been assigned to the employer from the date of delivery of the employer's written notice. In the event that employees are given patent rights for their inventions, patent rights according to contracts or work regulations to their employer or are granted an exclusive

licence, employees have the right to receive fair compensation from the employer.

Data Protection

Data protection in Korea is governed by:

1) the Personal Information Protection Act of Korea (PIPA), which sets out the general legal framework for data protection;
2) the Credit Information Use and Protection Act, which sets out additional requirements applicable to the financial companies in particular; and
3) the Act on Promotion of Information and Communications Network Utilization and Information Protection, etc., which sets out requirements applicable to businesses which involve the provision or transfer of relevant information on the internet (the Network Act). In addition, there are other laws that separately contain provisions relating to data protection, such as the Specialized Credit Finance Business Act and the Act on Real Name Financial Transactions and Confidentiality.

As data protection law in Korea is set out in many acts and provisions, each of which containing slightly different requirements and, in some cases, overlapping with other requirements, it is important for Fintech businesses to establish exactly which acts and provisions of law are applicable depending on its particular circumstances. It is important to note that the processing (i.e. collecting, using, possessing, value-adding, providing etc.) of any Korean resident registration number (even in the case where consent has been obtained from the relevant data subject) is restricted under PIPA, other than in exceptional circumstances.

Pursuant to PIPA and the Network Act, prior to transferring or providing the personal information of a data subject to a third party outside of Korea, it is necessary to notify the data subject and obtain the data subject's express consent to the transfer.

Under the Regulation on the Business Delegation by the Financial Institutions, a financial institution intending to outsource information processing activity

must take protective measures in respect of identifiable information of individual customers (e.g. encryption) and must ensure that the identifiable information is not transferred outside Korea.

Employment

Labour laws in Korea can be divided into four categories:

1) law relating to the employment relationship between the employer and the individual (i.e., the Labour Standard Act, the Minimum Wage Act, the Occupational Safety and Health Act, the Industrial Accident Compensation Insurance Act, the Equal Employment Opportunity and the Work-Family Balance Assistance Act);

2) law relating to unions and collective labour relations applicable to all businesses (principally the Trade Union and Labour Relations Adjustment Act);

3) collaborative employment relationship law applicable only to businesses with 30 or more employees (i.e., the Act on the Promotion of Workers' Participation and Cooperation which requires a labour-management discussion committee to be established); and

4) other employment-related laws such as the Act on the Collection of Insurance Premiums, for Employment Insurance and Industrial Accident Compensation Insurance, the Act on the Employment Promotion and Vocational Rehabilitation of Persons with Disabilities and the Act on Prohibition of Age Discrimination in Employment and Elderly Employment Promotion.

Bespoke T&C's must be agreed between the employee and employer but must not be below the minimum standards required by law.

Pay must be at least the minimum wage, which is currently KRW 8,350 per hour or KRW 66,800 per day (on the basis that an employee works for eight hours a day).

Working hours must not exceed 40 hours a week and eight hours a day (excluding breaks), unless there is a separate agreement between the parties. Employers are required to pay employees 150% of their wage for any overtime.

Employers must not, without justifiable cause, dismiss, lay off, suspend or transfer an employee, reduce his or her wages or take other punitive measures against the employee. If an employer intends to do so, they must have a reason acceptable in light of customary practice. If an employer has 30 or more employees, it must establish a labour-management discussion committee.

Bibliography

[1] Accenture (2019). Global Fintech Investments Surged in 2018. [online] Available at: https://newsroom.accenture.com/news/global-Fintech-investments-surged-in-2018-with-investments-in-china-taking-the-lead-accenture-analysis-finds-uk-gains-sharply-despite-brexit-doubts.htm

[2] Alois, J. (2019). There are Now 550 Fintech Companies based in Hong kong. [online] Crowdfund Insider. Available at: https://www.crowdfundinsider.com/2019/02/144580-there-are-now-550-Fintech-companies-based-in-hong-kong/

[3] Australia government– the treasury (2018). The Australia UK Fintech Bridge. [online] Available at: https://treasury.gov.au/Fintech/uk-australia-Fintech-bridge

[4] Bushell-Embling, D. (2018). 2018 Fintech investments in Hong Kong nosedive. [online] Enterprise Innovation | Asia's Premier Business and Technology Publication. Available at: https://www.enterpriseinnovation.net/article/2018-Fintech-investments-hong-kong-nosedive-1634761410

[5] Business Insider (2018). South Korea is getting its first unicorn. [online] Available at: https://www.businessinsider.com/toss-raises-80-million-2018-12?r=US&IR=T

[6] ChinaBankingNews (2019). China Tops Global Fintech Investment in 2018: Accenture. [online] Available at: http://www.chinabankingnews.com/2019/02/27/china-tops-global-Fintech-investment-in-2018-accenture/

[7] Cheng, E. (2018). Chinese tech companies are growing more powerful, and banks are turning to them for help. [online] CNBC. Available at: [https://www.cnbc.com/2018/08/29/Fintech-chinese-tech-firms-grow-powerful-banks-turn-to-them-for-help.html]

[8] Cointelegraph (2019). South Korean Capital to Invest Over $1 Billion in Fintech and Blockchain Startups by 2022. [online] Available at: https://cointelegraph.com/news/south-korean-capital-to-invest-over-1-billion-in-Fintech-and-blockchain-startups-by-2022

[9] DIT (2019). UK Fintech: State of the nation. [online] Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/801277/UK-Fintech-state-of-the-nation.pdf

[10] EY (2015). EY – The rise of Fintech in China. [online] Ey.com. Available at: https://www.ey.com/cn/en/industries/financial-services/ey-the-rise-of-Fintech-in-china

[11] EY Global (2017). Four themes driving Fintech adoption by consumers. [online] Ey.com. Available at: https://www.ey.com/en_gl/banking-capital-markets/four-themes-driving-Fintech-adoption-by-consumers

[12] EY (2018). EY Fintech Australia Census 2018. [online] EY. Available at: https://Fintechauscensus.ey.com/2018/Documents/EY%20Fintech%20Australia%20Census%202018.pdf.

[13] EY (2019). Fintech Ecosystem Playbook. [online] EY Global. Available at: [https://www.ey.com/Publication/vwLUAssets/EY-Fintech-ecosystem-playbook/$FILE/EY-Fintech-ecosystem-playbook.pdf]

[14] EY (2019). China further opens up financial market (2) – Interpretation of administrative licensing procedures for foreign Banks. [online] Available at: https://www.ey.com/Publication/vwLUAssets/ey-pov-china-further-opens-up-financial-sector-ii/$FILE/ey-pov-china-further-opens-up-financial-sector-ii.pdf

[15] Finextra (2019). Korea to tear down barriers to Fintech innovation. [online] Finextra Research. Available at: https://www.finextra.com/newsarticle/33214/korea-to-tear-down-barriers-to-Fintech-innovation

[16] Fintech News Hong Kong (2018). 7 Fintech Startups to Watch 2019 in Hong Kong – Fintech Hong Kong. [online] Fintech Hong Kong. Available at: http://Fintechnews.hk/7686/various/7-Fintech-startups-to-watch-2019-in-hong-kong/

[17] Fintech News Hong Kong (2019). Top 10 Fintechs in South Korea – Fintech Hong Kong. [online] Fintech Hong Kong. Available at: http://Fintechnews.hk/8551/Fintechkorea/top-funded-Fintech-korea-startups/

[18] Fintech Innovation (2019). 2018 Fintech investments in Hong Kong nosedive. [online] Available at: https://www.enterpriseinnovation.net/article/2018-Fintech-investments-hong-kong-nosedive-1634761410

[19] FintechHongKong (2018). 10 Best-Funded Fintech Startups in Japan. [online] Available at: http://Fintechnews.hk/7785/Fintechjapan/best-funded-Fintech-startups-in-japan/

[20] FinExtra (2019). Korea to tear down barriers to Fintech innovation. [online] Available at: https://www.finextra.com/newsarticle/33214/korea-to-tear-down-barriers-to-Fintech-innovation

[21] Fintech News Hong Kong (2018): InvestHK 2018 Hong Kong Fintech Map. [online] Available at: http://Fintechnews.hk/7652/various/hong-kong-Fintech-map-2018/

[22] Finder (2019). ANZ is now working with a UK open banking platform. [online] Available at: https://www.finder.com.au/anz-working-uk-open-banking-platform-bud

[23] Ghoshal, D. (2018). Toss is Korea's first Fintech unicorn, valued at over $1.2 billion. [online] Quartz. Available at: https://qz.com/1487760/valued-at-over-1-2-billion-toss-is-koreas-first-Fintech-unicorn/

[24] Gov.UK (2019): Dr Liam Fox launches new international programs to boost UK fintech industry. [online] Available at: https://www.gov.uk/government/news/dr-liam-fox-launches-new-international-programs-to-boost-uk-fintech-industry

[25] Gov.UK (2019): Tenth Economic and Financial Dialogue held between the UK and China. [online] Available at: https://www.gov.uk/government/news/tenth-economic-and-financial-dialogue-held-between-the-uk-and-china

[26] HM Treasury & Monetary Authority of Singapore (2018). [online] Available at: [https://www.gov.sg/~/sgpcmedia/media_releases/mas/press_release/P-20180912 1/attachment/Joint%20media%20release_4th%20UK-Singapore%20Financial%20Dialogue%20discusses%20financial%20market%20developments%20and%20areas%20for%20further%20collaboration.pdf]

[27] HKSAR Government (2019): The 2019-20 Budget. [online] Available at: https://www.budget.gov.hk/2019/eng/pdf/e_budget_speech_2019-20.pdf

[28] HKSAR Government (2019): The 2019-20 Budget. [online] Available at: https://www.budget.gov.hk/2019/eng/pdf/e_budget_speech_2019-20.pdf

[29] International Investment (2019). Singapore Fintech investments surge to $365m in 2018. [online] Available at: [https://www.internationalinvestment.net/news/4001153/singapore-Fintech-investments-surge-usd365m-2018]

[30] Innovate Finance (2019). UK Fintech investment reaches record levels. [online] Available at: https://www.innovatefinance.com/news/uk-Fintech-investment-reaches-record-levels/

[31] Judge Business School (2018). Global Fintech Hub Report – The Future of Finance is Emerging: New Hubs, New Landscapes. [online] Cambridge University. Available at: [https://www.jbs.cam.ac.uk/fileadmin/user_upload/research/centres/alternative-finance/downloads/2018-ccaf-global-Fintech-hub-report-eng.pdf]

[32] KPMG (2019). Australian Fintech investment climbs to US$600 million in 2018 | KPMG Australia. [online] KPMG. Available at: https://home.kpmg/au/en/home/media/press-releases/2019/02/australian-Fintech-investment-climbs-to-us600-million-in-2018-25-february-2019.html

[33] KPMG (2019). The Pulse of Fintech 2018. [online] Available at: [https://assets.kpmg/content/dam/kpmg/xx/pdf/2019/02/the-pulse-of-Fintech-2018.pdf]

[34] KMPG (2019). Australian Fintech investment climbs to US$600 million in 2018. [online] Available at: https://home.kpmg/au/en/home/media/press-releases/2019/02/australian-Fintech-investment-climbs-to-us600-million-in-2018-25-february-2019.html

[35] Mehra, N. (2019). Global Fintech investment rockets to a record USD111.8 billion in 2018, driven by mega deals: KPMG Pulse of Fintech | KPMG China. [online] KPMG. Available at: https://home.kpmg/cn/en/home/news-media/press-releases/2019/02/global-Fintech-investment-rockets-to-a-record-usd111-billion-in-2018.html

[36] One year on – UK and Hong Kong agreement on promoting Fintech. (2018). [online] Available at: https://www.hketolondon.gov.hk/news/docs/Hong_Kong_Fintech_bridge_press_release.pdf

[37] Peyton, A. (2019). South Korea all clear for Fintech sandbox. [online] Fintech Futures. Available at: https://www.bankingtech.com/2019/01/south-korea-all-clear-for-Fintech-sandbox/

[38] Quartz (2018). Valued at over $1.2 billion, Toss is Korea's first Fintech unicorn. [online] Available at: https://qz.com/1487760/valued-at-over-1-2-billion-toss-is-koreas-first-Fintech-unicorn/

[39] Statista (2018). Fintech Report 2019. [online] Statista. Available at: https://www.statista.com/study/44525/Fintech-report/.

[40] Straitstimes (2019). Singapore Fintech investments more than double to US$365m in 2018 amid global surge: Accenture. [online] The Straits Times. Available at: https://www.straitstimes.com/business/invest/singapore-Fintech-investments-more-than-double-to-us365m-in-2018-amid-global-surge

[41] Trueman, C. (2019). Top Fintech startups in Singapore 2019. [online] CIO. Available at: https://www.cio.com/article/3305777/top-Fintech-startups-in-singapore.html

[42] The Straits times (2019). Singapore Fintech investments more than double to $492m in 2018: Accenture. [online] Available at: https://www.straitstimes.com/business/invest/spore-Fintech-investments-more-than-double-to-492m-in-2018-accenture

[43] TC (2019). Alibaba's Ant Financial buys UK currency exchange giant WorldFirst reportedly for around $700M. [online] Available at: https://techcrunch.com/2019/02/14/alibabas-ant-financial-buys-worldfirst/

[44] The government of the Hong Kong Special Administrative Region: Hong Kong rated as world's freest economy for 25 consecutive years (2019). [online] Available at: https://www.info.gov.hk/gia/general/201901/25/P2019012500772.htm

[45] Waugh, R. (2018). How China leads the world in technology innovation. [online] The Telegraph. Available at: https://www.telegraph.co.uk/connect/better-business/business-solutions/china-technology-innovation/

[46] Yakubowski, M. (2019). South Korean Capital to Invest Over $1 Billion in Fintech and Blockchain Startups by 2022. [online] Cointelegraph. Available at: https://cointelegraph.com/news/south-korean-capital-to-invest-over-1-billion-in-Fintech-and-blockchain-startups-by-2022

[47] Yeung, P. (2018). The Growth of Fintech in Hong Kong. [online] Calastone. Available at: https://www.calastone.com/wp-content/uploads/2018/06/The-Growth-of-Fintech-in-Hong-Kong-Patricia-Yeung-Senior-Manager-of-Fintech-Invest-Hong-Kong.pdf

[48] Yonhap News Agency (2019). Lord Mayor of London calls for cooperation with S. Korea on Fintech. [online] Available at: https://en.yna.co.kr/view/AEN20190212010200320

[49] Zhe, G. (2018). Friend or foe? Chinese state banks partner with Alipay to develop Fintech. [online] Cgtn.com. Available at: https://news.cgtn.com/news/3d3d414d32457a4e77457a6333566d54/share_p.html

About Allen & Overy

ALLEN & OVERY

At a time of significant change in the legal industry, we are determined to continue leading the market as we have done throughout our history. We will do this by ensuring we always challenge ourselves to bring new and original ways of thinking to the complex legal challenges our clients face.

Over the past year we have worked with some of the world's leading businesses on transactions that have changed their industries. These include: advising Ahold on its merger with Delhaize to create Europe's largest listed food retailer and the fifth largest in the U.S. with 6,500 stores; working on Anheuser-Busch Inbev's takeover of SABMiller plc – the largest commercial loan in the history of the global loan markets at USD75bn; advising on the ground-breaking Coral South Floating LNG project in Mozambique across eight A&O offices; and advising Cagamas on the largest 'dim sum bond' in Southeast Asia and the world's first offshore renminbi bond issued by a mortgage company.

Building on our long heritage enables us to attract the most talented people and continue to deliver this level of innovation with and for our clients.

To support our clients' international strategies, we have built a truly global network now spanning over 40 offices in 30 countries. We have also developed strong ties with relationship law firms in over 100 countries where we do not have a presence. This network makes us one of the largest and most connected law firms in the world, with a global reach and local depth that is simply unrivalled.

Global coverage in today's market does not simply mean having offices in important cities around the world. For us, it means combining our international resources and sector expertise to work on cross-border transactions directly in the markets and regions important to our clients.

Follow us:
in Allen & Overy
@AllenOvery
w www.allenovery.com

Special thanks to Shin & Kim

SHIN&KIM

Shin & Kim is one of Korea's largest and leading law firms. With over 500 professionals, we provide comprehensive legal services. Our clients include Fortune 500 companies, Korean conglomerates, foreign and domestic financial institutions, small and medium-sized enterprises and government agencies. Shin & Kim is proud to provide high-quality services specifically tailored to our international clients' needs. We are consistently recognized by prominent international legal publications as one of the foremost law firms in M&A, banking & finance, antitrust, labor, projects & energy, construction, real estate, TMT and dispute resolution/litigation.

Authors' contact details:

Sang Mi Baek | Partner | T +82 2 316 4226 | F +82 2 756 6226 | smbaek@shinkim.com

Sang Yeon Eom | Partner | T +82 2 316 4677 | F +82 2 756 6226 | syeom@shinkim.com

www.shinkim.com

FINTECH CIRCLE

About FINTECH Circle

FINTECH Circle is Europe's first fintech focused angel network, providing corporate accelerator programmes, finance and innovation education and top industry events. We empower financial services professionals through a combination of digital, innovation and entrepreneurial skills to embrace the technology revolution in banking, insurance and asset management globally.

DIGITAL TRANSFORMATION

FINTECH Circle's bespoke innovation workshops, advisory and acceleration programmes help strengthen your competitive edge, unlock innovation potential, transform the culture and create new digital business platforms to partner with the best external innovators.

EDUCATION

FINTECH Circle offers cutting edge fintech and digital finance content, helping you acquire the right knowledge, skills and mind-set to join the global fintech ecosystem.

BE IN THE KNOW

Get the latest industry content, news, updates and events straight to your inbox. Sign up for our free newsletter: www.FINTECHCircle.com/newsletter

BECOME A MEMBER

We welcome you to join our global community of 120,000 followers and members. Network with FINTECH Circle Angels and industry professionals and get access to the best deal flow and exclusive invitations to global conferences.

Follow us:

FINTECHCircle
FINTECH_Bridge
FINTECH Circle
fintechcircle
fintechbridge

www.FINTECHCircle.com
info@FINTECHCircle.com