

FSC ANNOUNCES GUIDELINES ON FINANCIAL COMPANIES' INVESTMENT IN FINTECH BUSINESS

The FSC announced *Guidelines on Financial Companies' Investment in Fintech Business* to facilitate financial companies' investment in fintech business.

KEY PROVISIONS

Scope of investment

The guidelines expand the scope of fintech business in which financial companies are allowed to invest by adopting a negative list approach and recent trend in technology and regulatory environment:

- **[NEW TECHNOLOGY]** innovative technology business – e.g. artificial intelligence (AI), Internet of things (IoT); data business; and ICT technology business needed in the operation of financial business
- **[FINANCIAL INNOVATION ACT]** innovative financial service provider accepted into the FSC's regulatory sandbox or designated fintech firms to operate business commissioned by financial firms
- **[NEGATIVE LIST APPROACH]** fintech business recognized by the FSC with its innovative digital technology and contribution to the financial sector and consumers

Procedural period

To expedite regulatory approval process, the guidelines require financial regulators to reply within 30 days whether such investment is approved or not.

Ancillary business

Currently, ancillary business that financial firms are allowed to operate is limited to one directly related to their primary business. The guidelines make it clear for financial companies to operate fintech business as ancillary business once they are allowed to invest in such fintech business.

Immunity from penalty

If financial firms make loss in fintech investment, they will be granted mitigation or immunity from penalty unless such loss was incurred intentionally or out of gross negligence.

IMPLEMENTATION SCHEDULE

The guidelines are to be implemented from October 2019 on a temporary basis for two years on condition that relevant regulatory changes will be made in the meantime.