

Fintech Supervisory Sandbox (FSS) 3.1 Pilot 金融科技監管沙盒3.1試驗計劃

Application Period

31 Oct 2022 – 31 Dec 2022

Enquiries

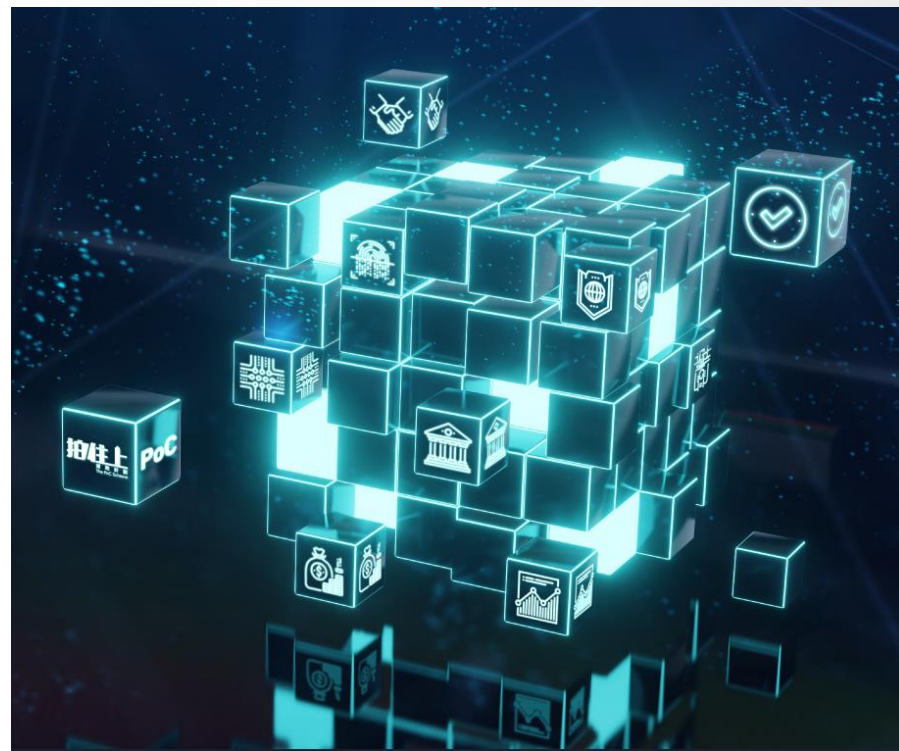
fss2022@cyberport.hk



Objective

The Fintech Supervisory Sandbox 3.1 Pilot (“FSS 3.1 Pilot”) provides development-stage funding support to the leading financial technologies projects that have been approved and completed in Fintech Proof-of-Concept Subsidy Scheme (PoC Scheme) 2021.

The Pilot aims to promote commercialisation and wider adoption of the projects which fit into the HKMA’s regulatory mandate.



Funding Scope

- Development-stage funding support for leading-edge financial technologies project that successfully completed PoC Scheme 2021
- 100% grant with an approved subsidy up to HK\$500,000 for each approved project
- Two instalments directly to successful Applicants:
 - a. Initial Instalment (40%): within One month after project approval
 - b. Final Instalment (60%): within One month after project completion and acceptance of all required reports

Eligibility

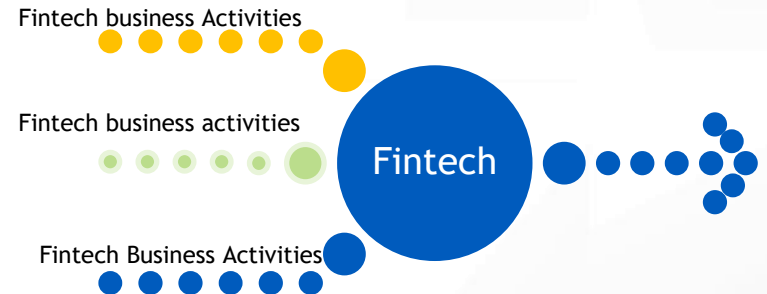
Eligibility - Applicant

- Be registered in Hong Kong under the Business Registration Ordinance (Cap. 310) (“BRO”); and
- Conducting substantive Fintech activities in Hong Kong
- Having participated in PoCS 2021 with the PoCS project successfully approved and completed

Definition of Fintech - Key segments and Business activities

Source from Deloitte, EY, IBM, Bank of International Settlement, S&P Global, Cyberport Regtech report and Internet

1. **Asset Management** – Robo-advisor, Micro-investing
2. **Bank Operations** – Infrastructure
3. **Blockchain** – Food Industry, Global Trade, Trade Finance, Cross-border Payments, Identity Protection, Supply-Chain, Government, Healthcare, Insurance, Media and Entertainment, Digital Asset Custodian Service, Digital Asset Exchange, Asset Tokenization
4. **Capital Raising** – Crowding Funding, Equity Crowdfunding
5. **Data and Analytics** – Credit Reference, Capital Markets, Insurance
6. **Deposit and Lending** – Digital Banking, FinTech Balance Sheet Lending, Crowdfunding, Business Lending, Consumer and Commercial Banking, Consumer and Commercial Banking, Consumer Lending,
7. **Financial Management** – Personal Finance. SMB Tools



Definition of Fintech (2) - Key segments and Business activities

8. **Financial Software** – Risk Management, Payments, Banking, Asset Management & Capital Markets, Insurance, Accounting:
9. **Insurance** – Insurtech Business Models,
10. **Insurance Customer Acquisition** – Insurance Comparison/Marketplace, Insurance User Acquisition
11. **Insurance Operation**- Consumer Insurance Management Platform, Insurance Data/Intelligence, Insurance Infrastructure/Backend
12. **Investment Management** - Financial Research and Data, Institutional Investing, Retail Investing,
13. **P2P Insurance** - P2P Insurance
14. **Payments Clearing and Settlement** – Digital Payment Services, E-Money
15. **Payment** – Consumer Payments, Financial Transaction Security, International Money Transfer, Payments Backend and Infrastructure, Point of Sale Payments
16. **Personal Insurance** – Auto Insurance, Employee Benefits Platforms, Life, Home, Property and Casualty Insurance
17. **Platforms** – P2P Lending, Trading Platforms, Personal Wealth, Aggregators,
18. **Regtech** – Data Management Solution, Tax, Risk or Record Management Solutions, KYC and AML Solutions, Trade Monitoring, Regulatory Reporting or Change Management Software, Solutions that solve specific problems (e.g. GDPR)

Eligibility - Sponsoring Bank

- An Applicant is required to have a bank in Hong Kong as a project sponsor
- A Project Sponsor must be licensed Bank under the regulatory remit of Hong Kong Monetary Authority (“HKMA”)
- Role:
 - a. Direct financial contribution is not necessarily needed
 - b. Must exhibit active engagement and commitment to facilitate project completion
 - c. Additional financial resources could be provided in Sponsoring bank’s interest
 - d. No restrictions on the number of sponsorships

FSS 3.1 Pilot Project - Definition

A FSS 3.1 project is defined as a project which involves the development of viable technological ideas/concepts which have been approved in PoCS 2021 but not yet reach the target level of implementation for commercialisation or wider adoption. The FSS 3.1 pilot implementation should cover additional technology components, use cases or designs to complement for commercialisation and wider adoption

FSS 3.1 Project - Eligibility

- Must not have commenced before submission of the application
- A qualifying PoC project must:
 - a. Directly relate to recognised Fintech activities;
 - b. Project scope has to be in i) Cybersecurity, ii) RegTech* iii) Risk Management
 - c. Be governed by a sponsorship agreement in writing** between the Applicant and the Sponsoring FI; and
 - d. Demonstrate originality and strong commercial potential

** Please refer to 2.1 of "Guide and Notes for Applicants" for more details related RegTech*

*** A written sponsorship agreement or other forms of documentary evidence (e.g. letter of intent, containing relevant supporting information in the guide and notes document (e.g. New project scope)*

Application & Evaluation

Application - Requirements

Applicant

- Application through dedicated website (fss2022.cyberport.hk) with required documents
- One Applicant should only submit one FSS 3.1 project proposal
- Declaration of no prior government grants received (except the POC 2021 subsidy) and no future applications for other grants on the same project
- Project coordinator

Sponsoring Bank (s)

- A signed sponsorship agreement in writing
- No restrictions on the number of sponsorships
- Business and I.T. representatives

Application - Supporting Documents

- Applicant Eligibility (Submitted during registration)
 1. Valid business registration certificate before application submission
 2. Bank statement within the last 3 months
 3. Proof of business operation within the last 3 months (upon request)
- FSS 3.1 Pilot Project Eligibility
 1. Signed sponsorship agreement in writing (the Applicant and Sponsoring Bank)
 2. FSS 3.1 Pilot Project Proposal

Evaluation - Mechanism

- Each FSS 3.1 Pilot Project proposal will be assessed based on the assessment criteria stated in the "Guide and Notes for Applicants" document
- An Advisory Panel has been established to provide recommendations

Evaluation - Criteria

- Stated qualifying criteria
 - a. Eligibility of the Applicant, Sponsoring Bank and Proposed Pilot Project
 - b. Submission of required information & documents
- Assessment criteria
 - a. Potential Impact on the market and banking industry (25%)
 - b. Potential for Commercial Adoption (25%)
 - c. Relevance to the regulatory areas stipulated by HKMA (30%)
 - d. Practicality of the implementation details (20%)

Notification of Result

- Email notification within 6 weeks from the end date of application after receiving the full application details (including information re-submission and clarification response acceptance)
- A funding agreement shall be signed between HKCMCL and the successful Applicant

Project Implementation & Subsidy Instalments

Project Implementation (1)

- An approved FSS 3.1 Pilot project must:
 1. Be commenced within one month from the date of approval; and
 2. Be completed within nine months upon commencement
- Project activities must not have commenced before submission of the application, but can be started on the next day following the submission of the application at the earliest
- An extension can be granted at the discretion of HKCMCL on a case-by-case basis

Project Implementation (2)

- Strictly carried out in accordance with the sponsorship agreement and the Funding Agreement as approved by HKCMCL - the responsibility of the Applicant and Sponsoring Bank to monitor the project progress and project implementation to ensure proper completion of the project
- HKCMCL may also conduct random checks on individual projects

Subsidy Instalments

100% grant for approved FSS 3.1 Pilot projects

| Instalments | Instalment Amount | Condition |
|--------------------|--|---|
| Initial Instalment | 40% of the approved amount | Within one-month of FSS 3.1 Pilot project approval |
| Final Instalment | Remaining 60% of the approved amount (total amount is subjected to actual implementation costing report in final report) | One month after project completion and acceptance of all required reports: a. Final Report b. Pilot Project User Acceptance Report signed by Sponsoring Bank c. Commercial adoption viability report d. Audited Report upon request |

The Applicant may not be granted the full amount of funding requested in accordance with the prevailing funding guidelines.

Monitoring

- Successful Applicants are required to provide a progress report and related supporting documents 4.5 months after the Applicant has commenced the project via the online portal
- The progress report should be endorsed by the Sponsoring Bank
- Interview will be arranged with the Applicant and Sponsoring Bank throughout the project period

For more details, please visit fss2022.cyberport.hk or contact fss2022@cyberport.hk

Thank you!

Q & A !