

## Fintech Supervisory Sandbox 3.1 Pilot (the “FSS 3.1 Pilot”)

### Guide and Notes for Applicants

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Applicants should:

- Read this Guide and Notes for Applicants (“the Guide”) related to the Fintech Supervisory Sandbox 3.1 (the “FSS 3.1 Pilot”) before submitting an application.
- By submitting an application under the FSS 3.1 Pilot, consider themselves bound by the provisions of the Guide.

## 1. Objectives

1.1 The Hong Kong Monetary Authority (HKMA) initiates the Fintech Supervisory Sandbox 3.1 Pilot to provide development-stage funding support to leading financial technologies projects that have successfully participated in the Proof of Concept Subsidy Scheme 2021 (the “PoCS 2021”). The respective Fintech companies should partner up with a bank in Hong Kong (the “Bank(s)”) to develop on the theme of PoCS 2021 projects, which fit into the HKMA’s regulatory mandate, for commercialisation and wider adoption.

## 2. The FSS 3.1 Pilot – General Principles

2.1 The FSS 3.1 Pilot provides development-stage funding support to the leading financial technologies projects that have been approved and completed in the PoCS 2021. The Pilot aims to promote commercialisation and wider adoption of projects which fit into the HKMA’s regulatory mandate. The project scope has to be in i) Cybersecurity, ii) Regtech (e.g. AML / biometric authentication / remote account opening / transaction monitoring / credit assessment / other examples from “Regtech Watch” or “Regtech Adoption Practice Guide” with details listed on the HKMA Regtech Hub - <https://www.hkma.gov.hk/eng/key-functions/banking/regtech-knowledge-hub/hkma-publications/>), and/or iii) Risk Management. Eligibility of applicants will be separately verified and assessed where necessary.

2.2 An applicant to the FSS 3.1 Pilot (the “Applicant”) is required to have a bank in Hong Kong defined in paragraph 5.6 as a project sponsor (the “Sponsoring Bank”) to be eligible for funding subsidy. The Sponsoring Bank does not necessarily have direct financial contribution in the FSS 3.1 Pilot project but must exhibit active engagement and commitment to observe the project development till completion, which includes but is not limited to the Sponsoring Banks’ formal agreement or other forms of documentary evidence (e.g. Letter of intent) to Hong Kong Cyberport Management Company Limited (the “HKCMCL”)’s satisfaction (the “sponsorship agreement”). A Sponsoring Bank may provide additional financial resources for the subsidised FSS 3.1 Pilot project at its own discretion where applicable. HKCMCL reserves the right to request the Applicant and

Sponsoring Bank to provide evidence on proof of partnership/commitment or a formal signed agreement (if not yet provided) at a later stage.

- 2.3 To be eligible for funding subsidy under the FSS 3.1 Pilot, the FSS 3.1 Pilot project scope, components and use cases must not be commercially adopted for production use by the Sponsoring Bank before submission of the application, yet with enormous potential for commercialisation and wider adoption.
- 2.4 Each approved FSS 3.1 Pilot project will be granted with 100% of the approved subsidy up to HKD500,000. The subsidy will be disbursed by HKCMCL to successful Applicants in two instalments following project approval and acceptance of final reports by HKCMCL. The subsidy will be paid in accordance with paragraph 9 below.
- 2.5 An approved FSS 3.1 Pilot project is required to be commenced within one month from the date of approval and be completed in nine months from the commencement. An extension can be granted at the discretion of HKCMCL on a case-by-case basis in accordance with paragraph 11.1. For any approved application, if the Applicant is unable to commence the FSS 3.1 Pilot project within one month after application approval, the subsidy will be cancelled in accordance with paragraph 9.2.4 below.

### 3. Applicant Eligibility

#### 3.1 Eligibility of the Applicant

Applicants applying for funding subsidy under the FSS 3.1 Pilot must fulfil the following requirements:

- (a) Be registered in Hong Kong under the Business Registration Ordinance (Cap. 310) (“BRO”); and
- (b) Conducting substantive Fintech activities (see Appendix 1) in Hong Kong. The list in Appendix 1 is not meant to be exhaustive. Eligibility of applicants will be separately verified and assessed where necessary; and
- (c) Having participated in PoCS 2021 with the PoCS project successfully approved and completed.

3.2 Notwithstanding the requirements in Paragraph 3.1, HKCMCL shall have the final discretion on the eligibility of an Applicant and a Sponsoring Bank.

#### 4. Qualifying projects (FSS 3.1 Pilot Project Eligibility)

4.1 Under the FSS 3.1 Pilot, an FSS 3.1 Pilot 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.

4.2 In addition to Paragraph 4.1, qualifying FSS 3.1 Pilot projects must:

- (a) Directly relate to i) Cybersecurity, ii) Regtech (e.g. AML / biometric authentication / remote account opening / transaction monitoring / credit assessment / other examples from “Regtech Watch” or “Regtech Adoption Practice Guide” with details listed on the HKMA Regtech Hub - <https://www.hkma.gov.hk/eng/key-functions/banking/regtech-knowledge-hub/hkma-publications/>), and/or iii) Risk Management;
- (b) Address a practical issue, or a pain point faced by the banking industry with no prior used case in the market;
- (c) Be governed by a sponsorship agreement or letter of intent in writing between the Applicant and the Sponsoring Bank; and
- (d) Demonstrate strong potential for commercialisation.

4.3 HKCMCL shall have final discretion on the eligibility of a proposed project under the FSS 3.1 Pilot.

#### 5. Application – Timeframe and Requirements

5.1 Applications will be accepted from October 31, 2022.

5.2 The application process will begin from October 31, 2022 and end on December 31, 2022. Completed applications lodged by December 31, 2022 will be processed in one batch. Above are the key target dates<sup>1</sup> of the program. HKCMCL’s records of the receipt dates and time shall be final.

5.3 Each application shall cover only one FSS 3.1 Pilot project. An Applicant can submit only one application.

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<sup>1</sup> The dates listed in this section are subject to change and we will use the updated schedule announced in our website as appropriate.

- 5.4 Applicants must submit their applications through the dedicated FSS 3.1 Pilot application portal of HKCMCL with the required documents listed in Appendix 2. HKCMCL reserves the right to seek additional information from the Applicant and/or Sponsoring Bank at its discretion. The application would be considered withdrawn if the additional information/clarification requested by HKCMCL is not provided within one month<sup>2</sup>, except prior notification is given to and accepted by HKCMCL. Unless requested by HKCMCL, supplementary information provided after submission of application will not be accepted and will not form part of the application. Incomplete applications will not be processed and HKCMCL will notify the status to the Applicant through email notification within six weeks<sup>3</sup>.
- 5.5 Applicants should declare that they have not received any grants previously (except the PoCS 2021 subsidy) and will not be applying for other grants for the same FSS 3.1 Pilot project. Acceptance of prior grants from other government agencies or from FSTB (except the PoCS 2021 subsidy) for the same project scope and development activities will render the project ineligible for the FSS 3.1 Pilot.
- 5.6 A sponsorship agreement or letter of intent must have been signed between the Sponsoring Bank and the Applicant by the time of the application. Applicants must submit the said sponsorship agreement or letter of intent as part of the application. A Sponsoring Bank must be licensed and regulated under the regulatory remit of HKMA. The sponsorship agreement or letter of intent should set out details of the FSS 3.1 Pilot project, including but not limited to the project scope, project timeline, deliverables and IT support to be provided by Sponsoring Bank prior to project commencement. The sponsorship agreement must state clearly all the new scopes, and technical components implemented under FSS 3.1 subsidy scheme with relevant details such as new use case design, component description, effort estimation and component delivery schedule.
- 5.7 The Applicant should assign a person as the project coordinator of the application who will act as the main contact point between the Applicant and HKCMCL. In order to ensure the smooth implementation and completion of the project, the project coordinator should be able to fully represent the Applicant and be conversant with the operation and business processes of the Applicant. As such, the project coordinator must be the responsible personnel of the Applicant. Likewise, the Sponsoring Bank should assign a person as the business representative and as an IT coordinator who will act as the main contact point between the Sponsoring Bank and HKCMCL.

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<sup>2</sup> The one-month deadline start date is based on the date first request for submission of information is issued to the applicant. The deadline will not be extended unless the whole member of vetting team agrees to grant the extension.

<sup>3</sup> Start date of 6 weeks is based on the date all project information and clarification response are all received and accepted.

## 6. Evaluation

### 6.1 Assessment mechanism

- 6.1.1 Applications are assessed by HKCMCL based on the stated qualifying criteria as set forth in paragraphs 3 and 4, the required information and documents set forth in paragraph 5 and appendix 2 and the assessment criteria stated in paragraph 6.2. Each application is assessed separately. During the assessment process, HKCMCL may seek clarification or supplementary information from the Applicant or Sponsoring Bank if it considers necessary. Recommendations by an External Panel (the “Panel”) will be sought before approval is granted by HKCMCL on a case-by-case basis.
- 6.1.2 The Panel is composed of members from relevant industry players and academia.
- 6.1.3 Forms of non-disclosure protection have been established with members of the Panel. Separate non-disclosure agreements with Applicants / Sponsoring Banks will not be signed. Ultimately, the onus is on the Applicant to exercise discretion and caution, and to provide sufficient and necessary information about proprietary know-how/IPs/technology development to allow the Panel to perform the required evaluation.
- 6.1.4 To avoid conflict of interest, members of the Panel will be required to declare their general pecuniary interests on appointment, in addition to the report of conflicts of interest that may arise from any particular application on which they may be asked to advise. Where considered appropriate, the Chairman of the Panel may request the member concerned to refrain from participating in discussion and assessment of the relevant application.

## 6.2 Assessment Criteria

Each eligible application will be assessed based on individual merits and considered on a case-by-case basis. The assessment criteria and weights are stated in the following:

- (a) **Potential Impact on the market and banking industry (25%) –**
  - Remarkable contribution to regulatory compliance or risk management for the business
  - Improvement on business performance and customer experience
  - Uniqueness of the solution to the market
  - Functions and features of the solution
  - High market demand and potential to transform or disrupt the banking industry
- (b) **Potential for Commercial Adoption (25%) –**
  - Capability of practical deployment in the real commercial environment
  - Capability of adoption by different banks in the industry
  - Scalability to Mainland China and /or overseas market(s)
- (c) **Relevance to the regulatory areas stipulated by HKMA (30%) –**
  - The solution should improve and/or address the condition/painpoint that match with HKMA’s supervisory focus(es): i) Cybersecurity, ii) Regtech (e.g. AML / biometric authentication / remote account opening / transaction monitoring / credit assessment / other examples from “Regtech Watch” or “Regtech Adoption Practice Guide” with details listed on the HKMA Regtech Hub - <https://www.hkma.gov.hk/eng/key-functions/banking/regtech-knowledge-hub/hkma-publications/>), and/or iii) Risk Management
- (d) **Practicality of the implementation details (20%) –**
  - The implementation details should be realistic considering factors such as the complexity of the technology and project duration. Consideration may also include whether concrete project deliverables and outcomes have been set.
  - The project proposal and application supporting document(s) shall meet the necessary requirements set out in this document and the “Project proposal writing guideline” downloadable from our website (<https://fss2022.cyberport.hk>)

6.3 The funding subsidy of a FSS 3.1 Pilot project will be assessed and approved on a case-by-case basis.

- 6.4 A maximum of five FSS 3.1 Pilot projects will be approved and be entitled to the funding subsidy.
- 6.5 HKCMCL reserves the right to disqualify or reject an application on grounds including but not limited to:
- (a) a petition is presented or a proceeding is commenced or an order is made or a resolution is passed for the winding up of the Applicant;
  - (b) a false, inaccurate or incomplete statement or representation is contained in the application or a promise or a proposal is made knowingly or recklessly to unduly influence the decision-making process; or
  - (c) the Applicant is in default of its obligations under another grant agreement entered into with any other local public funding sources whether or not in relation to the FSS 3.1 Pilot.

## 7. Notification of Result

- 7.1 Upon receipt of full information including the necessary supporting documents from the Applicants, Applicants will be informed by HKCMCL of the result by email within six weeks after the end date of the application. HKCMCL's decisions on the application results are final and are not subject to any review or appeal.
- 7.2 Successful Applicants may be required to revise the application to fulfil the conditions for approval set by the Panel and/or HKCMCL, if any. A successful Applicant is also required to enter into a funding agreement (the "Funding Agreement") with HKCMCL. If a successful Applicant refuses to sign the Funding Agreement, the application will be considered withdrawn. Basic information of the approved projects will be posted onto the FSS 3.1 Pilot website with the consent of successful Applicants and Sponsoring Banks.

## 8. Project Implementation

- 8.1 An approved FSS 3.1 Pilot project is required to be commenced within one month from the date of approval and be completed within nine months from the date of commencement. An extension can be granted at the discretion of HKCMCL on a case-by-case basis in accordance with paragraph 11.1.
- 8.2 The project activities for which the funding is being applied for, must not have commenced at the time of the application, i.e. before the proposal is received by HKCMCL. However, Applicants can start their projects on the next day following the submission of the application at the earliest.



- 8.3 If the application is successfully shortlisted, funding will be provided upon project approval. However, if the application is not successful, HKCMCL will not disburse any funding to the Applicant regardless of whether any cost has been incurred for the project.
- 8.4 The approval of the application and the amount of grant is not guaranteed. Applicants are advised to secure HKCMCL's approval before commencing their projects. If the Applicants decide to commence their projects before knowing the results of their applications, they cannot make any claims from HKCMCL for any losses, risks and/or costs if their applications are eventually rejected or the applied-for funding is not granted in full. Applicants have the sole responsibility of assessing and bearing their financial risks in relation to their proposed projects and their applications under the FSS 3.1 Pilot, and HKCMCL gives no warranties whatsoever and disclaims any liabilities.
- 8.5 Successful Applicants<sup>4</sup> who have signed the funding agreement that commenced their projects under the circumstances specified in this paragraph 8 will be entitled to receive the initial instalment subject to the fulfilment of the conditions set out in paragraph 9.2 below.
- 8.6 An approved FSS 3.1 Pilot project is required to be carried out strictly in accordance with the sponsorship agreement and the Funding Agreement as approved by HKCMCL. It is the responsibility of the Applicant and Sponsoring Bank to monitor the progress of the FSS 3.1 Pilot project and the implementation of the project to ensure proper completion of the project for the purpose of seeking disbursement of the final payment. HKCMCL may also conduct random checks on individual projects as mentioned in paragraph 9.3.

## 9. Subsidy instalments and monitoring

- 9.1 The subsidy will be disbursed by HKCMCL to successful Applicants in two instalments. Each successful FSS 3.1 Pilot project will be funded separately.
- 9.2 Subsidy award model
- 9.2.1 Upon project approval, an initial instalment of 40% of the approved subsidy amount, will be made to the Applicant (within 1 month after signing of the funding agreement with all required supporting documents properly submitted) to help kick-start the development. The final instalment will be made to the Applicant within 1 month after completion of the project and acceptance of the following reports by HKCMCL:

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<sup>4</sup> Successful Applicant should regard their project proposal as successful only after signing the funding agreement. Please be reminded that the successful applicant is still subjected to all the terms defined in this document "Guides and notes" and the signed "funding agreement".

- (a) A final report is submitted by the Applicant indicating completion of project, a summary of project expenditures <sup>5</sup>and project deliverables;
- (b) A commercial adoption viability report provides the following details:
  - a. Assessment of chance of commercial adoption of the solution by sponsoring Bank with relevant supporting
  - b. Assessment of potential for commercial adoption of the proposed solution by other financial institutions in the future
  - c. If applicable, the target schedule or roadmap for commercialization of the proposed solution
  - d. One or more supporting documents for the above such as:
    - i. Project schedule for the proposed solution with go-live date accepted by sponsoring Bank
    - ii. Letter of intent for commercialization of the solution from sponsoring Bank
    - iii. Email endorsement for the adoption of solution from sponsoring Bank
    - iv. Any other relevant support for commercial adoption of the proposed solution
- (c) A FSS 3.1 Pilot user acceptance report signed by Sponsoring Bank and submitted by the Applicant; and
- (d) An audited report by an independent third party submitted by the Applicant upon request by HKCMCL at its discretion (further details in paragraph 10).

9.2.2 The initial instalment for an approved project will only be deposited into the designated bank account of the Applicant after the signing of the Funding Agreement and HKCMCL's verification of proof (e.g. bank statement) showing the bank account belongs to the Applicant. If the Applicant fails to provide a designated bank account or evidence showing its due contribution to the designated bank account, the FSS 3.1 Pilot funding will be disbursed in one lump sum upon project completion and HKCMCL's acceptance of the final reports and verification of proof of bank account validity.

9.2.3 The final instalment will be made to the Applicant within one month after project completion and HKCMCL's acceptance of the final reports [See note on 9.2.5] as stated in paragraph 9.2.1. To expedite the final payment process, all successful Applicants are recommended to submit via the online portal final reports within 30 calendar days after the completion of the FSS 3.1 Pilot project.

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<sup>5</sup> Project expenditure should be essential spending directly associated with the technical implementation of the project scope specified in the scope of the project stated in the project proposal and sponsorship agreement. Expenses such as marketing, meals and entertainment, capital nature items (e.g., hardware purchase) subscriptions, license not essential to project implementation.... etc. are not considered technical implementation expenses.

- 9.2.4 Late commencement of the approved project, or late submission of the required documents specified in paragraphs 9.2 and 9.3 may lead to withholding, reduction, or cessation of the subsidy for the FSS 3.1 Pilot project. HKCMCL reserves the right to request full refund of the initial instalment.
- 9.2.5 HKCMCL reserves the right to seek clarifications and/or additional information from the Applicant and/or Sponsoring Bank regarding the FSS 3.1 Pilot project, and the right to withdraw the subsidy if in any event the successful Applicant is not able to carry out the responsibilities stated in the Guide. Under normal circumstances, the final instalment will be made upon submission of all the required documents/supplementary information and HKCMCL's acceptance of the final reports.

### 9.3 Monitoring

- 9.3.1 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 review the work completed, work in progress, and work remaining to be done on the project. These sections must include:
- (a) Direct reference to milestones or deliverables established in the application related to the project;
  - (b) Timeline for when remaining work will be completed; and
  - (c) Any problems encountered or issues that have arisen that might affect completion, direction, requirements, or scope.
- 9.3.2 The progress report should be endorsed by the Sponsoring Bank.
- 9.3.3 HKCMCL may conduct progress reviews upon acceptance of progress reports, in the form of a field visit, to interview the Applicant and/or the Sponsoring Bank for monitoring purposes. Depending on circumstances, HKCMCL may at its discretion elect for a meeting or interview with the Applicant and the Sponsoring Bank through online, telephone or other means in lieu of or in addition to a field visit.
- 9.3.4 Late submission of the progress report may lead to withholding, reduction, or cessation of the subsidy for the FSS 3.1 Pilot project.

## 10. Auditing Requirement

- 10.1 To ensure that an FSS 3.1 Pilot project is duly carried out, an audited statement may be required for successful Applicants upon request by HKCMCL at its discretion on a case-by-case basis. The audit fee can be covered in the final instalment subject to a limit of HKD3,000 maximum. Applicant shall absorb any excess fee more than HKD3,000. The required audit report should be conducted by an independent auditor who must be a Certified Public Accountant holding a practicing certificate registered under the Professional Accountants Ordinance (Cap. 50) (the “auditor”). The Applicant shall specify in the engagement letter for the employment of the auditor that the auditor shall strictly follow the requirements stipulated in the latest version of the “Notes for Auditors” issued by HKCMCL in conducting the audit and preparing the auditor’s report for each project. The engagement letter shall also specify that HKCMCL or representatives of HKCMCL or authorised government agencies shall have the right to communicate with the auditor on matters concerning the project deliverables, and the auditor shall provide HKCMCL with access to such project reports and supporting statements for inspection, verification and copying from time to time upon reasonable notice being given by HKCMCL. In conducting the audit, the auditor must comply with the relevant Standards and Statements of Professional Ethics issued and updated from time to time by the Hong Kong Institute of Certified Public Accountants. In the auditor’s report, the auditor is required to express an audit opinion as to whether the Applicant has complied, in all material respects, with the terms and conditions of the Funding Agreement and to make full disclosure of any material non-compliance. The applicant should submit the audit report within 45 days upon receiving the request from HKCMCL.
- 10.2 To maintain a high level of integrity of the projects under the FSS 3.1 Pilot, HKCMCL may conduct random checks on individual FSS 3.1 Pilot projects. Successful Applicants are required to keep a proper and separate set of books and records for each FSS 3.1 Pilot project for 7 years after the completion of the project, and produce such books and records for checking by HKCMCL or representatives of HKCMCL or authorised government agencies upon request.
- 10.3 If an Applicant fails to comply with any requirements in the Guide and the terms and conditions stipulated in the Funding Agreement, HKCMCL may cease disbursement of all or any part of the subsidy to the Applicant and/or shall have the right to claim for repayment of the disbursed subsidy in full or in part together with all administrative, legal and other costs incurred and interest accrued up to the date of repayment from the Applicant. Under such circumstances, HKCMCL will inform the Applicant of its decision and reasons. One example of those scenarios which might call for a refund

includes cases where audited spending that is eligible for FSS 3.1 Pilot project implementation cost is smaller than the reported spending, HKCMCL reserves the right to request a refund<sup>6</sup> from an applicant.

10.4 The Applicant is not entitled to charge any interest or claim any compensation or relief of whatsoever nature against HKCMCL for any payment of subsidy made or in the event of any withholding of payment of subsidy for any reason whatsoever.

## 11. Changes of Approved FSS 3.1 Pilot Project

### 11.1 Extension of time

11.1.1 Extension of approved FSS 3.1 Pilot project periods is discouraged and generally not allowed. However, successful Applicants may lodge requests for change in project completion date upon submission of progress report as a result of developmental challenges or external environmental shifts during the course of the project. Such changes need to be strongly justified with valid reasons with sufficient details and supplemented with a revised project plan. The Applicant should submit a change request electronically through the FSS 3.1 Pilot dedicated website. Recommendations by the Panel may be sought before approval is granted by HKCMCL on a case-by-case basis.

11.1.2 Depending on the circumstances of the FSS 3.1 Pilot project, an extension of the project duration shall be granted at the discretion of HKCMCL on a case-by-case basis.

11.1.3 HKCMCL shall have the discretion in deciding whether or not to accept any time extension requests.

### 11.2 Change of project scope

Change of FSS 3.1 Pilot project scope is not allowed. For any change of project scope before project approval, an Applicant should withdraw the application and submit a new application (provided that the applicable deadlines have not expired). After project approval, no change of project scope is allowed.

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<sup>6</sup> The refund is applicable to the first instalment of funding also. For example, if the valid spending verified by the audit is HKD 190,000 and the first instalment, we granted a total is HKD 200,000, HKCMCL reserves the right to ask for a refund of HKD 10,000 (plus other expenses mentioned in section 10.3) from the applicant.

## 12. Termination

12.1 HKCMCL may at any time terminate all or any part of the subsidy by giving written notice to the Applicant with immediate effect on the occurrence of any of the following events:

- (a) the Applicant is in breach of any of the terms and conditions of the Funding Agreement;
- (b) the project fails in a material way to progress in accordance with the approved proposal;
- (c) HKCMCL forms the opinion that:
  - i. it is unlikely that the project will be completed in accordance with the approved proposal and other requirements in the Funding Agreement;
  - or
  - ii. the project should be terminated in public interest;
- (d) the Applicant or Sponsoring Bank has terminated the FSS 3.1 Pilot project (the Applicant should notify HKCMCL in writing immediately to explain the reasons of termination);
- (e) any material change occurs in the management, ownership or control of the Applicant;
- (f) the Sponsoring Bank does not meet the criteria in paragraph 5.6 or any material change occurs in the composition of the Sponsoring Bank ;
- (g) the Applicant engages in any conduct prejudicial to HKCMCL or the project; or
- (h) the passing of any resolutions, the initiation of any proceedings, or the making of any order which may result in the winding up or dissolution of the Applicant (other than for the purpose of reconstruction or amalgamation) or if a receiver, provisional liquidator, liquidator or administrator is appointed in respect of the whole or any part of its assets or if the Applicant makes an assignment for the benefit of or composition with its creditors generally or threatens to do any of these things or any judgement is made against the Applicant or any similar occurrence under any jurisdiction that affects the Applicant.

12.2 Any approved project extension or termination should be documented in the progress report and/or final reports which should be submitted duly to HKCMCL. Evaluation of such cases will be made by HKCMCL at its discretion on a case-by-case basis to determine disbursement of final payment. HKCMCL reserves the right to withdraw the subsidy or request full refund of initial payment at its discretion if in any event the successful Applicant is not able to carry out the responsibilities stated in the Guide. Depending on the extent of the requested changes and the impact of the proposed changes on the outcome of the project, recommendations by the Panel may be sought before approval is granted by HKCMCL on a case-by-case basis.

### 13. Handling of Information

13.1 Subject to the provisions below, information provided by the Applicants in their applications and final project reports will be kept by HKCMCL in confidence and all personal data will be handled in accordance with the relevant provisions of the Personal Data (Privacy) Ordinance (Cap. 486). In this regard, HKCMCL shall have the right to disclose, without further reference to the Applicants, whenever it considers appropriate, information and personal data to other Government bureaux/departments, statutory bodies or third parties for the purposes of processing the application, conducting research and survey, compiling statistics, meeting requirements of the law and/or performing their functions, and if the application is approved, monitoring the project, disbursing funding or related purposes. A summary of approved projects will also be posted on the FSS3.1 Pilot website for reference. Disclosure may also be made where the explicit consent to such disclosure is given by the Applicant and Sponsoring Bank. In submitting the application form and signed sponsorship agreement, each Applicant and Sponsoring Bank irrevocably and unconditionally authorises HKCMCL to make and consents to HKCMCL making any of the aforesaid disclosure.

13.2 By submitting an application, an Applicant is regarded to have agreed to, and to have obtained from the project coordinator, the business representative, the IT coordinator and each individual whose information (including personal data) is provided in the application, his/her consent for the disclosure, use and further disclosure by HKCMCL of the information (including personal data) for the purposes set out above.

### 14. Accuracy and completeness of applications

It is the responsibility of the Applicant to complete an application form, progress report and the final reports timely and truthfully, and to provide all supporting documents for the application and for the disbursement of the subsidy. Inaccurate and incomplete information will affect the processing of application or disbursement of funding. Any omission or misrepresentation of information may lead to rejection of applications, cancellation of applications approved, and part or full recoupment of funding awarded.

### 15. Probity policy for Applicants

- 15.1 To ensure the openness, fairness and integrity of the FSS 3.1 Pilot, each Applicant shall:
- a) Comply with the Prevention of Bribery Ordinance (Hong Kong Legislation – Cap. 201) and advise its employees, agents, subcontractors and other personnel who are in any way involved in its application/project (the “Personnel”) that they shall comply with the same, and that they are not allowed to offer, solicit or accept from any person any advantages as defined in the Prevention of Bribery Ordinance in relation to the application/project;
  - b) Not offer or give or agree to give any person employed by HKCMCL, or any members acting on its behalf, any gift, or favour during the subsidy period or as an inducement or reward for such person’s doing or forbearing to do or for having done or forborne to do any act in relation to the FSS 3.1 Pilot or for showing or forbearing to show favour or disfavour to any person in relation to the FSS 3.1 Pilot;
  - c) Promptly declare and notify HKCMCL in writing of any potential or actual conflicts of interest upon becoming aware of the same. “Conflicts of interest” shall include (but are not limited to) any situation where the private interest of an Applicant or its Personnel, conflict or compete, or may be expected to conflict or compete, with the role, duties and/or impartiality of such Applicant or Personnel under the FSS 3.1 Pilot (e.g. Any relative of any directors and/or employees working in HKCMCL);
  - d) Apply the funding prudently, efficiently and solely for the purpose of the project approved under the FSS 3.1 Pilot;
  - e) Abide by the principles of openness, fairness and competitiveness in the procurement of any goods/services in connection with the FSS 3.1 Pilot;
  - f) Take all necessary measures (including by way of a code of conduct or contractual provisions) to ensure that its Personnel are aware of and comply with the requirements under this policy; and
  - g) When doing business overseas and/or set up legal entities in foreign locations to support local operations, all Applicants are required to comply with anti-bribery laws and regulations in other jurisdictions when conducting business there or where applicable.

It is an offence in law to obtain property/pecuniary advantage by deception or assisting persons to obtain property/pecuniary advantage under the FSS 3.1 Pilot. Any person who does so may be liable to legal proceedings.



## 16. Compliance with the laws of Hong Kong and in other jurisdictions

Applicants in the FSS 3.1 Pilot must comply with all local laws and regulations when conducting their business, and also those in other jurisdictions when conducting business there or where applicable.

## 17. Disclaimer

HKCMCL serves only as an administrator of the FSS 3.1 Pilot. By assessing or approving an application, HKCMCL does not provide any guarantee or endorsement regarding the Applicant or its project. The Applicant shall be solely responsible for ensuring the suitability of the Applicant itself and the Sponsoring Bank for the FSS 3.1 Pilot. HKCMCL reserves the right to change the eligibility criteria and details of the arrangements as set out above from time to time without prior notice. HKCMCL disclaims any responsibility or liability over any dispute as between the Applicant and the Sponsoring Bank.

## 18. Warranties and Indemnity

18.1 By submitting an application, the Applicant warrants that:

- a) It has provided true, full and accurate information to HKCMCL.
- b) It has complied and will comply with the provisions of the Guide.
- c) It has obtained all relevant consent from the Sponsoring Bank in relation to the use and provision of FSS 3.1 Pilot project-related data to HKCMCL.

18.2 The Applicant shall indemnify HKCMCL against all liabilities, costs, expenses, damages and losses (including but not limited to any direct, indirect or consequential losses, loss of profit, loss of reputation and all interest, penalties and legal costs and all other reasonable professional costs and expenses) suffered or incurred by HKCMCL arising out of or in connection with any breach of the Guide, including but not limited to any breach of the warranties contained in this paragraph 18.

## 19. Governing Law

The validity, performance and construction of the provisions of the Guide shall be governed by the laws of Hong Kong and be subject to the exclusive jurisdiction of the courts of Hong Kong.

## 20. Third Party Rights

No third party may enforce any provision of the Guide by virtue of the Contracts (Rights of Third Parties) Ordinance.

## 21. Enquiries

Contact HKCMCL for any queries about applications.  
Email: [fss2022@cyberport.hk](mailto:fss2022@cyberport.hk)

## Appendix 1 - List of Recognised Fintech activities

Scope of services	Fintech activities
Asset Management	Robo-Advisor
	Micro-Investing
	Mainland-Hong Kong capital market connectivity
	Pensiantech
Blockchain	Global Trade
	Central Bank Digital Currency (CBDC)
	Trade Finance
	Cross-border Payments
	Digital Identity Protection
	Digital Asset Exchange
	Asset Tokenization
	Digital Asset Custodian Service
AI and Data Analytics	Credit Reference
	Capital Market
	Fraud Detection and Avoidance
	Investment Management
	Financial offer comparison
	Federated Learning <sup>1</sup>
	Open Application Programming Interface
Deposit and Lending	Digital Banking
	Balance Sheet Lending
	Risk Based Lending
	Embedded Lending
	Small-and-Medium Business Finance
Financial Software	Risk Management
	Payments
	Personal Finance
	Accounting

*Rev.0 (Effective Date: 31 October 2022)*

Federated Learning is a new technology that enables technology firms or service providers to make use of personal / entity's data for provision of services without transferring such data to them, hence protecting privacy and mitigating the risk of data security breaches.

Insurance	Consumer Insurance Management Platforms
	Insurance Data / Intelligence
	Accurate Risk Pricing
	Embedded Digital Insurance
	Auto, Life, Home, Property and Casualty Insurance
	Insurance Infrastructure
Payments and clearing	Digital Payment
	E-Money
	Financial Transaction Security
	International Money Transfer
Environmental, Social and Governance (ESG)	Climate Tech
	Sustainable Investment
	ESG Risk Analysis
	Environmental, Social and Governance (ESG) Reporting
	Sustainable Lending and Financing
Fintech Platforms	Lending
	Fund Raising
	Financial customer acquisition
	Personal Wealth
RegTech	Regulatory Intelligence
	Tax, Risk, or Record Management Solutions
	Know Your Customer and Anti-Money Laundering Solutions
	Transaction Monitoring and Reporting
	Data Protection & Cybersecurity Solution

Remarks:

- The scope of services and fintech activities above is not meant to be exhaustive.
- Eligibility of applicants will be separately verified and assessed where necessary.

## Appendix 2 - Documents Required for Application Submission

- Application Form
- Copy of valid Form 1(a)/1(c)/NAR1 of the Business Registration Office of the Applicant
- Project Proposal (refer to the Project Proposal Writing Guideline Document available in FSS 3.1 Pilot website)
- Bank statement of one of the major banks for last three months
- Signed FSS 3.1 Pilot sponsorship agreement or letter of intent with Sponsoring Bank