

Terms of Reference for Membership and Governance of the Global Financial Innovation Network (GFIN)

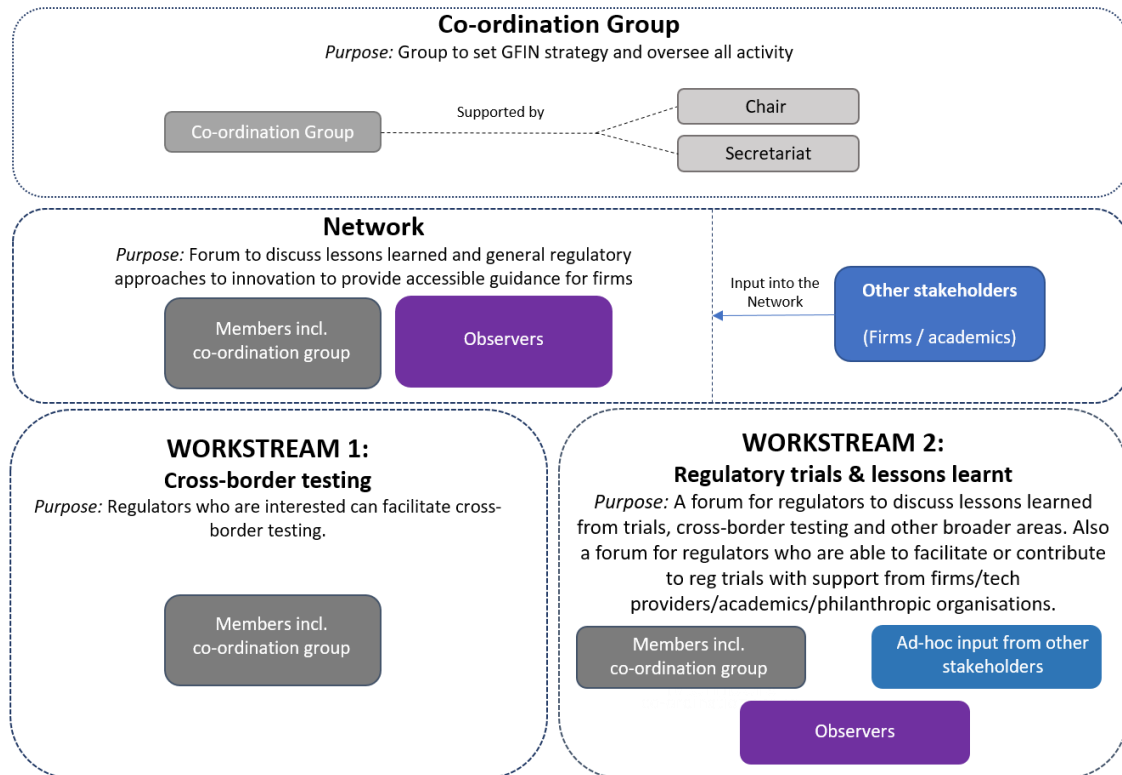
Terms of Reference for Membership and Governance of the Global Financial Innovation Network (GFIN)

Section 1: Overview

1. This document sets forth the membership and governance structure of the Global Financial Innovation Network (GFIN). It will be periodically reviewed and amended as appropriate.
2. GFIN is a collaborative knowledge sharing initiative aimed at advancing areas including financial integrity, consumer wellbeing and protection, financial inclusion, competition and financial stability through innovation in financial services, by sharing experiences, working jointly on lessons learned and facilitating responsible cross-border experimentation of new ideas.
3. GFIN has three primary functions:
 1. to act as a network of regulators to collaborate and share experience of innovation in respective markets, including emerging technologies and business models, and to provide accessible regulatory contact information for firms;
 2. to provide a forum for joint RegTech work and collaborative knowledge sharing/lessons learned; and
 3. to provide firms with an environment in which to trial cross-border solutions.

Section 2: GFIN Structure

1. GFIN consists of Members and Observers.
2. The GFIN governance structure is organised around Members, Observers, the Coordination Group and its Chair, as represented in the schematic below:



3. The Coordination Group will select a Chair from a volunteer among the existing Coordination Group Members.
4. It is important to note that GFIN has been established based on the goodwill of those regulators involved. In this spirit, all decisions will endeavour to be made by consensus.

Section 3: Coordination Group

1. The Coordination Group shall set the overall direction, strategy and annual work programme of GFIN.
2. The Coordination Group shall set the workstreams and establish the process and timelines for evaluating the progress of existing workstreams, and planning for the implementation of new workstreams.
3. Coordination Group members shall review and approve or reject applications for GFIN Members and Observers.
4. All decisions of the Coordination Group shall be determined by majority vote.

Section 4: Coordination Group Members

1. The Coordination Group shall be limited to twenty-one (21) Members. Each member is elected to the Coordination Group by the Members for a two-year term. Members can be re-elected to the Coordination Group and may serve multiple, consecutive terms.

2. Coordination Group members shall participate in a minimum of two in-person meetings per year and participate in or direct at least one workstream.
3. Members interested in joining the Coordination Group shall submit a letter to the Chair explaining their interest and that they are able to commit to the resource requirements (set out above). The Chair will circulate the application to all Members and Observers. If there is not a consensus, Members and Observers shall determine by majority vote whether to admit the applicant to the Coordination Group. This vote shall be overseen and conducted by the Chair.
4. The Coordination Group shall be supported by a Chair, who is an existing member of the Coordination Group. The Chair provides the secretariat function for GFIN although secondary duties are expected of other Coordination Group members.
5. The Chair shall serve a one-year term and is elected annually by a majority vote among the Coordination Group. Before the vote, prospective Chairs must demonstrate that they can meet the time and resource commitments required. The Chair may serve multiple terms if re-elected.

Section 5: Coordination Group interaction

4. The Coordination Group sets the research agenda and workflow for the GFIN. As such, it requires a higher level of commitment than being a Member and Observer. In addition to the quarterly calls, Coordination Group members shall participate in semi-annual, in-person meetings of the Coordination Group¹ and provide ongoing input and engagement when necessary into the direction, strategy and annual work programme of GFIN.

Section 6: Member Status and Admission

1. Only national or state financial sector regulators and/or supervisors² are eligible to become Members.
2. Prospective Members shall submit at any time a letter to the Chair of the Coordination Group explaining their interest in GFIN (including the justification and commitment) and requesting Membership status.
3. Prospective Members must demonstrate a commitment to supporting innovation in the interest of consumers in financial services. This can be done through current ongoing activity or demonstrated through a forward-looking strategy. For example, it could be an approach to authorisation or supervision, or demonstrated through a sandbox or similar initiative.
4. At the direction of the Chair, the Coordination Group shall review prospective Member applications.
5. If accepted by a majority of the Coordination Group Members, the Chair shall recommend to GFIN that the applicant be invited to become a Member. Members may submit written

¹ These are set up as in-person meetings to ensure everyone is present in the same discussion, however, members can dial-in.

² This also includes a financial regulator of a jurisdiction.

comments on any applicant to the Coordination Group after receiving the Chair's notification. Following a time period specified by the Chair for comments by the Network, the Chair shall issue an invitation to the applicant to join the GFIN as a Member unless the comment(s) received require further decision by the Coordination Group.

6. There are no fees associated with becoming a member of GFIN.

Section 7: Member Rights and Obligations

1. Members are invited to participate in annual meetings, quarterly calls and workstreams. A part of the quarterly call and annual meeting will be reserved for Members only to allow free discussion on challenges and concerns.
2. Members contribute to the overall direction, strategy and annual work programme of GFIN.
3. Members may propose new GFIN workstreams and are expected to be interested in contributing to at least one workstream.
4. Members may choose to participate in cross-border testing. If participating in the cross-border testing, Members who received the original application are responsible for ensuring that the applications are complete and provide enough information for all GFIN members participating in cross-border testing to assess the application. If another Member believes that there is not sufficient information to evaluate an application, the Member who received the initial application shall request additional information.
5. Members are encouraged to share experiences of innovation in their respective markets and lessons learned from GFIN work, including experiences with emerging technologies and/or business models.
6. Members shall also contain common content on their webpages about GFIN and links to guidance material from other members.

Section 8: Observers

1. Observers are non-regulator GFIN participants. The following bodies are eligible for observer status within GFIN:
 1. supranational governmental regulators;
 2. intergovernmental international organisations and other international standard-setting bodies;
 3. other governmental bodies with an appropriate interest in financial innovation;
 4. public but non-governmental bodies; and
 5. other entities elected to Observer status by majority vote of the Members.
2. Observers participate in and contribute to GFIN activities where appropriate. Observers have no standing obligation to participate in annual meetings, quarterly calls, workstreams, or other activities required of Members.

3. Prospective Observers shall submit at any time a letter to the Chair of the Coordination Group explaining their interest in GFIN (including the justification and commitment) and requesting Observer status. They must demonstrate a commitment to supporting innovation in the interest of consumers in financial services – this can be done through an ongoing activity or demonstrated through a strategy.
4. At the direction of the Chair, the Coordination Group shall review prospective Observer applications.
5. If accepted by a majority of the Coordination Group Members, the Chair shall recommend to GFIN that the applicant be invited to become an Observer. Members and Observers may submit written comments on any applicant to the Coordination Group after receiving the Chair's notification. Following a period of time specified by the Chair for comments by the Network, the Chair shall issue a formal invitation to the applicant to join the GFIN as an Observer unless the comment(s) received require further decision by the Coordination Group.
6. There are no fees associated with becoming an Observer of GFIN.

Section 9: Observers Rights and Obligations

1. Observers are invited to join part of the quarterly GFIN call and the annual meeting. They are also invited to participate in and contribute to GFIN activities, such as workstreams, where appropriate.
2. Observers are welcome to publicize that they are involved with GFIN but they are not required to update their websites with GFIN messaging or participate actively.

Section 10: Other stakeholders

1. Firms or organisations seeking to participate in cross-border testing, private and for-profit institutions may not participate in the governance or operations of GFIN.
2. GFIN is reliant on feedback and input from private institutions and external stakeholders to ensure that GFIN remains relevant. To share relevant news from GFIN activities, Members shall periodically publish a 'GFIN Update' drafted by the Coordination Group, on their official websites.
3. All stakeholders are encouraged to submit their views at any time via the Chair, or their local GFIN member.

Section 11: Cancelling Member or Observer status

1. A Member or Observer may resign from GFIN at any time by submitting a letter of resignation to the Chair. The Chair shall communicate resignation letters to the Coordination Group and to GFIN.
2. A Member may leave the Coordination Group at any time by submitting a letter of resignation to the Chair. The Chair shall communicate the resignation letter to the Coordination Group and

to GFIN. The Chair may convene an election for a new Coordination Group member to replace the resigned member. If the number of the Coordination Group members becomes less than 11, the Chair shall convene such an election.

Section 12: Terminating a Member or Observer status within the Network

1. As a group of regulatory bodies serving the public interest, it is important that the Network is transparent, accountable and holds itself to a high standard on an ongoing basis. As a result, the Network will ensure a clear process for dealing with any complaints or issues that may arise:
 2. If an external body wants to complain or has an issue with a Member/Observer of the Network they should set out in writing to the Chair what the issue is and, if appropriate, a proposed course of action. This will be reviewed by the Coordination Group who will decide what the most appropriate action is. If there is not a consensus, the Coordination Group shall determine by majority vote. For serious or recurring issues, this may include removing the Member/Observer from the Network.
 3. If a Member/Observer wants to complain about or has an issue with another Member/Observer within the Network then the same process as above would be followed.
4. The Member or Observer who proposed the complaint and/or the Member or Observer who is the subject of the complaint are not permitted to be involved in the Coordination Group discussions on the matter. If they are an existing Coordination Group member they must remove themselves from the discussion.

Section 13: Workstreams

1. GFIN shall engage in different workstreams on specific topics relating to innovation in financial services. The workstreams are on cross-border challenges, opportunities and problems which fit with the GFIN mission statement such as RegTech, e-KYC, data privacy, financial inclusion. Workstreams are primarily driven by Members but they may be supported by Observers and third parties (eg firms/tech providers/philanthropic organisations), subject to conflict of interests concerns.
2. Any Member or Observer may propose a workstream by written submission to the Chair. The Coordination Group will review workstream proposals, provide input, and publish the workstream proposals to GFIN in advance of the quarterly GFIN call. The Chair will submit the workstream to Members and Observers for discussion. If there is enough interest the workstream will be established. The Chair will designate a Coordination Group Member to lead each workstream, where possible, this will be done on a voluntary basis.
3. Any Member can participate (at any time) in a workstream. Observers can participate in workstreams if it is appropriate - as some workstreams may relate solely to regulator activity. Third-parties may participate in a workstream either by direct invitation from the workstream leader or by responding to a public expression of interest on GFIN's Member websites.

4. The workstreams will set their own timetable for delivery of work and their own meeting plan. These will be co-ordinated by a lead Member who will take responsibility for the workstream.
5. The workstreams have regard to the work being undertaken by global standard setting bodies. However, as GFIN is not a standard setting body, these workstreams are not focused as much on policy but more on identifying lessons learnt and sharing of experiences around the practical application of technology to provide regulatory clarity. It is envisaged that the workstreams will include lessons learned from cross-border tests and technology trials.

Section 14: Internal communication

1. The Chair shall communicate general GFIN updates to Members and Observers.
2. Members and Observers participate in quarterly calls of GFIN organised by the Chair. A part of the call will be reserved for Members only to ensure that all Members feel comfortable to raise any challenges they are experiencing. Through these calls, Members and Observers can contribute to the overall direction, strategy and annual work programme of GFIN. The Chair shall circulate an agenda and related materials to the GFIN prior to the quarterly call.
3. Members and Observers can raise any queries and suggestions to GFIN at any time by sending them to the Chair. The Chair shall coordinate the distribution of such materials.
4. Members and Observers shall meet in-person once a year,³ a part of this meeting will be for Members only. The annual meeting may be combined with an in-person meeting of the Coordination Group.
5. The Coordination Group will arrange to meet in-person at least twice a year.⁴

Section 15: External communication

1. While other stakeholders including industry, firms and private institutions are not formally a part of GFIN due to the conflict of interests, their views are welcome and necessary to ensure that GFIN remains relevant for all stakeholders.
2. Transparency and being accountable to industry is important to GFIN. Following the in-person meetings a 'GFIN Update' will be published on all GFIN members websites. In addition, there will be ad-hoc general updates on GFIN and the workstreams.
3. The network will provide easily accessible information about relevant contacts for firms, including signposting the opportunities for support and/or ongoing initiatives within members of the GFIN. This information will be made available through creating common online content on the members websites.

³ These are set up as in-person meetings to ensure everyone is present in the same discussion, however, members can dial-in.

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4. Other stakeholders including industry, firms and private institutions who are interested in GFIN are invited to respond to the updates by emailing the Chair or their local GFIN Member or Observer. The same applies for other inquiries as well.