

**§ 169-7. Regulatory sandbox requirements; procedures.**

(a) Upon approval of an applicant's application for entry into the regulatory sandbox, the applicant will have a period of 24 months after the date of approval to test the innovative product or service. Innovations tested within the regulatory sandbox must be offered only to consumers who are residents of the State, except for any innovative products or services associated with a money transmitter, in which case only the physical presence of the consumer in the State at the time of the transaction may be required. The applicable State agency may, on a case by case basis, specify the maximum number of consumers permitted to receive an innovative product or service. The sandbox participant and applicable State agency may agree, by mutual agreement, to extend the 24-month sandbox period or to increase the applicable cap in terms of numbers of consumers or dollar limits, for the particular product or service, if applicable. The Innovation Council or applicable State agency has discretion to publish a list of sandbox participants or a public notice of the existence of any innovation waivers.

(b) A sandbox participant may be required to post a consumer protection bond, or alternatively, a deposit of cash or readily marketable securities, with the applicable State agency in an amount determined by it, as security for potential losses suffered by consumers. This security may be cancelled or refunded when the waiver has expired or when the applicable State agency has determined that any consumer claims have been satisfied, whichever is later.

(c) Not later than 30 days before the end of the sandbox period, a sandbox participant may request an extension of not more than 12 months for the purpose of obtaining a license or other authorization required by law. The applicable State agency shall grant or deny a request for an extension by the end of the sandbox period. The Innovation Council and the applicable State agency shall provide for an expedited process for an innovative product or service that is substantially similar to a product or service for which a waiver has previously been granted.

(d) At the end of the sandbox period, the sandbox participant shall submit a final report in a manner and format prescribed by the applicable State agency. If the sandbox participant cannot obtain regulatory compliance within 90 days following the expiration of the sandbox period, the participant shall wind down operations with existing consumers within 90 days after the conclusion of the sandbox period, except that the sandbox participant may (i) collect and receive money owed by the consumer based on agreements made before conclusion of the sandbox period, (ii) take necessary legal actions, and (iii) take such other actions that are authorized by the applicable State agency. If a sandbox participant has ongoing duties after the expiration date of the sandbox regulatory waiver, the sandbox participant shall continue to fulfill only those duties or arrange for another person or entity to fulfill those duties after the date the waiver terminates. If a sandbox participant's business objectives fail before the end of the testing period, the sandbox participant must notify the applicable State agency to ensure consumers have not been harmed as a result of the innovative product or service. (2021-166, s. 1.)