

04 NCAC 25 .0105 REGULATORY SANDBOX APPLICATIONS

(a) An applicant for the Regulatory Sandbox shall provide to the Council an application that includes applicant information, product or service information, a business plan, and a monitoring and evaluation plan for the proposed product or service. The application can be found on the Council's website at www.innovation.nc.gov.

(b) The applicant information should include the following:

- (1) Confirmation that the applicant or its parent company are subject to the jurisdiction of the State; this shall be established by any of the following applicable documentation: Articles of Organization, Certificate of Formation, Certificate of Authority, Certificate of Organization, Articles of Formation, or other applicable company formation documents.
- (2) Proof that the applicant has a physical location within the State from where the waiver project will be developed and performed, and where all records, documents, and data will be maintained, shall be established by providing:
 - (A) The name and address of the registered agent;
 - (B) The physical address of the applying entity's headquarters;
 - (C) The physical address of the North Carolina operations, if different from the headquarters;
 - (D) The legal name of the applicant to participate in the Sandbox and, if the entity applying is a subsidiary of a parent entity, the legal name of the parent entity; and
 - (E) If applicable, the applicant must provide documentation of registration of associated trade names or doing business as assumed names.
- (3) A single point of contact must be designated for all correspondence, including the individual's name, role, phone number, and email address.
- (4) A list of individuals that are directors of the board, partners, managers, other individuals who are legally or financially responsible, or liable for the governance of the entity. The list of individuals shall include their names, titles, expertise related to the product or service, and whether they have been convicted of, are currently charged with, or are aware that they are under investigation for, fraud or other violations of State or federal law.
- (5) Details of criminal convictions of the applicant and any individuals identified in Subparagraph (b)(4) of this Rule.
- (6) If available, the entity's and any parent entity's Dun and Bradstreet Data Universal Numbering System (D-U-N-S) Number.
- (7) A list of each government agency, if any, that the applicant knows regulates the applicant's business.
- (8) The applicant's number of employees and, if the entity is a subsidiary of a parent company, the parent entity's number of employees.
- (9) The number of the applicant's employees that are residents of North Carolina.
- (10) The name of any entity, be it nonprofit organization, for profit organization, professional, or individual assisting with the application process.
- (11) The name of any partner organization or individual(s) assisting with the design and implementation of the product or service.
- (12) A description of the product or service the applicant seeks to provide through the Sandbox, including statements regarding:
 - (A) How the product or service is subject to licensing, legal prohibition, or other authorization requirements outside the Regulatory Sandbox, or whether the product or service is not subject to any regulation;
 - (B) Each law or regulation the applicant seeks to have waived while participating in the Regulatory Sandbox;
 - (C) How the product or service will benefit consumers or businesses;
 - (D) What risks may exist for consumers who use the product or service;
 - (E) A description of the methods that will be used to protect consumers or businesses;
 - (F) A statement outlining a process to resolve complaints during the Sandbox period;
 - (G) A description of the methods and controls to ensure consumers are residents of the State; and
 - (H) Applicable only to products and services related to money transmitters, a description of how they will ensure customers are physically present in the State at the time of transaction.
- (13) A business plan for the intended product or service, which shall include the following information:

- (A) A description of the proposed implementation plan, including estimated time periods for beginning and ending;
 - (B) A description of how the applicant will end the Sandbox offering and protect consumers if the demonstration fails;
 - (C) Technical details and requirements for the product or services;
 - (D) Proposed sales methods, methods of pricing, and the target market;
 - (E) Proposed consumer disclosures required by G.S. 169-8 and applicable State agencies;
 - (F) Copy of the proposed consumer contract for the applicant's product or service;
 - (G) The expected distribution of consumers across rural, urban, and suburban areas of the State;
 - (H) The maximum number of consumers or businesses expected to utilize the product or service;
 - (I) The expected revenue; and
 - (J) The availability of capital for the product or service.
- (14) A monitoring and evaluation plan, including a definition of risk metrics to be evaluated and the frequency of measurement, and a description of compensating controls that assist in managing risk and harm to consumers and the Sandbox participant.
- (A) The applicable State agency, upon approval of the Sandbox applicant, will provide input and request modifications to the proposed monitoring and evaluation plan to ensure the proper metrics and risks are monitored related to the waiver.
 - (B) The approved monitoring and evaluation plan will be included in the waiver agreement.
- (15) The applicant may provide any additional information the applicant determines to be relevant to the review and consideration of the Sandbox application.
- (16) All Sandbox applicants are required to pay a \$50 application fee that must be received in a format determined by the Council.
- (17) Council may request additional information from the applicant pertaining to their application and eligibility to participate in the Sandbox based on the criteria set forth in paragraph (b) of this Rule.

*History Note: Authority G.S. 169-4; 169-6, 169-8;
Eff. March 1, 2025.*