

04 NCAC 25 .0107 SANDBOX OPERATIONS

(a) The Sandbox waiver agreement will be developed by the Executive Director within 15 business days of the Sandbox participant's waiver approval, and will be provided to the Council Chair and applicable State agency for review and approval. The Council Chair and applicable State agency will notify the Executive Director in writing within five business days if the waiver agreement is approved. If changes or modifications are required, the Executive Director has two business days to incorporate the prescribed changes into the waiver agreement.

(b) The waiver agreement shall include the following information:

- (1) Sandbox waiver time period, when the waiver begins and when the waiver expires;
- (2) Approved monitoring and evaluation plan;
- (3) Approved business plan including all requirements listed in 04 NCAC 25 .0105(b)(13);
- (4) Approved notice to consumer participants, informing of consumer rights, risks, and the complaint and appeals processes;
- (5) A statement acknowledging that the applicant will be subject to all laws and regulations pertaining to the applicant's offering after conclusion of the demonstration;
- (6) Amount of consumer protection bond or cash deposit required;
- (7) Amount of Sandbox participation fee; and
- (8) Approved wind down plan.

(c) Sandbox applicants must pay a participation fee, due upon execution of the waiver agreement, based on the number of employees the entity or parent entity, as appropriate, has and the expected revenue of the innovative product as set out below:

Number of Employees	Revenue (or Risk)				
	Less than \$10,000	\$10,000 to less than \$100,000	\$100,000 to less than \$1,000,000	\$1,000,000 to less than \$10,000,000	\$10,000,000 and more
1-10	\$450	\$900	\$1,800	\$3,600	\$7,200
11-100	\$900	\$1,800	\$3,600	\$7,200	\$14,400
101-1000	\$1,800	\$3,600	\$7,200	\$14,400	\$28,800
1,001-50,000	\$3,600	\$7,200	\$14,400	\$28,800	\$57,600
50,001 and more	\$7,200	\$14,400	\$28,800	\$57,600	\$115,200

(d) During the period of Sandbox participation, the Sandbox participant shall submit reports, to the Executive Director, pursuant to the approved monitoring and evaluation plan. The Executive Director, Council or applicable State agency may request interim or additional reports.

(e) The Sandbox participant may request to raise consumer caps set in the waiver agreement. This request shall be submitted in writing to the Executive Director.

(f) A request to raise consumer caps shall include:

- (1) An updated business plan demonstrating financial capability;
- (2) An updated assessment of risks and potential for consumer harm;
- (3) A current monitoring and evaluation plan report;
- (4) Additional information supporting raised caps; and
- (5) The new maximum consumer caps being sought.

(g) The Council or applicable state agency may request additional information relevant to the request.

(h) A request to raise caps shall be forwarded to the applicable State agency for a recommendation on whether to approve or deny the request. Recommendations shall be made within 20 business days after the receipt of the request. If the applicable State agency cannot review the request within 20 business days, the applicable State agency may submit in writing to the Executive Director the prescribed timeline for completing the review.

(i) Within 20 business days of receiving the recommendation from the applicable State agency, the Council shall make a determination, granting or denying the request to raise caps. If the request is denied, at the direction of the Council, the Executive Director shall provide written reasons for the denial.

(j) A Sandbox participant's request for an extension of the Sandbox waiver for the purpose of obtaining a license or other authorization required by law shall be made to the Executive Director in writing no less than 30 business days prior to expiration of the waiver and shall include: a current monitoring and evaluation report, a statement of the reasons for the extension, and any modifications or changes to the innovative product or service needed for the extension. The Executive Director shall forward the request to the Council and applicable State agency.

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