

Chapter 1

Financial Technology Sandbox

Section 1. Authority; Scope; Applicability of Other Rules; Definition.

- (a) This Chapter is promulgated pursuant to Wyoming Statute ("W.S.") 40-29-109(a).
- (b) This Chapter governs activities relating to the financial technology sandbox, as defined by W.S. 40-29-102(a)(v).
- (c) All rules adopted by the Board and the Division, to the extent not waived by the Commissioner under W.S. 40-29-103(a), apply to activities relating to the financial technology sandbox.
- (d) As used in this Chapter, "sandbox participant" means a person who makes an innovative financial product or service available to consumers in the financial technology sandbox.

Section 2. Waiver of Statutes/Rules by the Commissioner; Standards.

- (a) Of the statutes in W.S. 40-29-103(a), the Commissioner administers and may waive the following statutes and rules, or portions of these statutes and rules:
 - (i) W.S. 13-1-101 through 13-2-904 (Banks), including the following rules:
 - (A) Chapters 1, 3 and 4, Rules of the Board;
 - (B) Chapters 1 through 16, Rules of the Division.
 - (ii) W.S. 13-5-301 through 13-5-703 (Trust Companies), including the following rules:
 - (A) Chapters 1, 3 and 4, Rules of the Board;
 - (B) Chapters 1 through 16, Rules of the Division.
 - (iii) W.S. 40-14-101 through 40-14-702 (Uniform Consumer Credit Code), including Chapters 0 through 5, Uniform Consumer Credit Code Rules;
 - (iv) W.S. 40-22-101 through 40-22-129 (Money Transmitters), including Chapters 1 through 7, Money Transmitter Rules;
 - (v) W.S. 40-23-101 through 40-23-133 (Residential Mortgages), including Chapters 1 through 5, Residential Mortgage Practices Rules.
- (b) Consistent with W.S. 40-29-103(a), a waiver granted by the Commissioner shall be no broader than necessary to accomplish the purposes and standards set forth in the Financial Technology Sandbox Act, which includes the following objectives:
 - (i) The testing of innovative financial products and services;

(ii) Analysis of appropriate regulatory, supervisory and consumer protection approaches to financial technology; and

(iii) Identification of potential amendments to existing law and rules that enable responsible innovation.

(c) A financial technology sandbox application shall describe in detail the specific provisions of statute or rule which are necessary to test the innovative financial product or service and how the waiver is not broader than necessary to accomplish the purposes set forth in this subsection and the Financial Technology Sandbox Act. The burden of establishing that a waiver of a statute or rule is necessary lies with a prospective sandbox participant.

Section 3. Initial and Extension Applications.

(a) The Commissioner may consult with prospective sandbox participants before an application is filed in order to learn about the business model of the participant and determine whether the innovative financial product or service is appropriate for the sandbox. Consultations under this subsection shall be confidential.

(b) A prospective sandbox participant shall complete and submit a sandbox application to the Commissioner. The application shall be on a form posted on the Division's website and may be electronic. The application shall be verified under penalty of perjury pursuant to W.S. 6-5-301.

(c) The ninety (90) day period in W.S. 40-29-104(f) begins on the date a complete application is received by the Commissioner. The Commissioner may refuse to accept an incomplete application.

(d) A sandbox participant may request an extension under W.S. 40-29-108 by completing a sandbox extension application. The application shall be on a form posted on the Division's website and may be electronic. A fee in the amount of two hundred fifty dollars (\$250.00) shall accompany an extension application.

Section 4. Verification of In-State Presence Requirement; Records.

(a) The Commissioner shall verify compliance with the in-state presence requirements relating to sandbox participants which are set forth in W.S. 40-29-104(b) before approving a sandbox application.

(b) Sandbox participants shall maintain the following records under W.S. 40-29-106(d) for five (5) years after the conclusion of the sandbox period:

- (i) All consumer contact information;
- (ii) All agreements, contracts and subscription records;
- (iii) All correspondence between the participant and a consumer;

(iv) All bank records, investment statements and other financial records; and

(v) A copy of all advertisements used to market the innovative financial product or service in Wyoming and elsewhere.

Section 5. Consumer Protection Bond.

(a) The consumer protection bond required by W.S. 40-29-104(h) shall be in place before an innovative financial product or service may be made available to consumers.

(b) The Commissioner may restrict a sandbox participant from making an innovative product or service available to additional consumers until the consumer protection bond is increased as required by the Commissioner, commensurate with the risk profile of the product or service.

Section 6. Conclusion of the Sandbox Period.

(a) A sandbox participant shall provide the Commissioner with a copy of the written notification regarding the conclusion of the sandbox period which is sent to consumers under W.S. 40-29-106(f).

(b) In addition to the actions authorized by W.S. 40-29-106(f)(i) and (ii), a person may carry out all activities reasonably necessary to wind down operations in a prudent manner, including the sale of assets.

(c) Consistent with W.S. 40-29-103(a), if legal authority outside of the sandbox becomes available to make an innovative financial product or service available to consumers during a sandbox period and the sandbox participant obtains any necessary license or authorization, issuance of the license or authorization by the Commissioner relating to the product or service shall be deemed to terminate the participant's sandbox period as of the date of the license or authorization. If no license or authorization is required after legal authority outside of the sandbox becomes available during a sandbox period, the Commissioner may, after consultation with the participant, terminate the sandbox period unless the participant and Commissioner agree that continuing the sandbox period is appropriate for the purposes of determining the future scope of supervision.

Section 7. Disclosure of Material Communications with Governmental Agencies; Information Sharing Agreements.

(a) A sandbox participant shall promptly disclose to the Commissioner in a confidential format any material communications with other governmental agencies or self-regulatory organizations, whether state, federal or foreign, which relate to an innovative financial product or service. The Commissioner shall maintain any communications received under this section in a confidential format.

(b) The Commissioner may enter into information sharing agreements with government agencies or self-regulatory organizations to carry out this section, or for any other purpose relating to the financial technology sandbox.

Section 8. Applicability of Certain Procedural Provisions.

(a) Consistent with W.S. 40-29-109(c), existing administrative procedure laws and rules which are applicable to a particular program or body of law shall continue to apply, to the extent not inconsistent with the Financial Technology Sandbox Act and these rules. For illustration, if a sandbox participant has obtained a waiver of a statutory provision of the Uniform Consumer Credit Code, and the Commissioner intends to take enforcement action relating to the activities of the sandbox participant, the procedures set forth in Chapter 4, Uniform Consumer Credit Code Rules would apply to the enforcement action.

(b) If a sandbox participant obtains a waiver of statutes or rules in two or more distinct programs or bodies of law, the Commissioner shall use the procedural laws and rules most applicable to the provision at issue.