

1 **REGULATORY SANDBOX AMENDMENTS**

2 2020 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Marc K. Roberts**

5 Senate Sponsor: Lincoln Fillmore

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7 **LONG TITLE**

8 **General Description:**

9 This bill modifies Title 13, Chapter 55, Regulatory Sandbox Program.

10 **Highlighted Provisions:**

11 This bill:

- 12 ▶ modifies the requirements for an application to participate in the Regulatory  
13 Sandbox Program; and  
14 ▶ makes technical changes.

15 **Money Appropriated in this Bill:**

16 None

17 **Other Special Clauses:**

18 None

19 **Utah Code Sections Affected:**

20 AMENDS:

21 **13-55-103**, as enacted by Laws of Utah 2019, Chapter 243

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23 *Be it enacted by the Legislature of the state of Utah:*

24 Section 1. Section **13-55-103** is amended to read:

25 **13-55-103. Regulatory Sandbox Program -- Application requirements.**

- 26 (1) There is created in the department the Regulatory Sandbox Program.  
27 (2) In administering the regulatory sandbox, the department:  
28 (a) shall consult with each applicable agency;  
29 (b) shall establish a program to enable a person to obtain limited access to the market

30 in the state to test an innovative product or service without obtaining a license or other  
31 authorization that might otherwise be required; and

32 (c) may enter into agreements with or follow the best practices of the Consumer  
33 Financial Protection Bureau or other states that are administering similar programs.

34 (3) An applicant for the regulatory sandbox shall provide to the department an  
35 application in a form prescribed by the department that:

36 (a) demonstrates the applicant is subject to the jurisdiction of the state through  
37 incorporation, residency, presence agreement, or otherwise;

38 [~~(b) demonstrates the applicant has established a physical location in the state, from~~  
39 ~~which testing will be developed and performed and where all required records, documents, and~~  
40 ~~data will be maintained;]~~

41 (b) demonstrates the applicant has established a physical or virtual location that is  
42 adequately accessible to the department, from which testing will be developed and performed  
43 and where all required records, documents, and data will be maintained;

44 (c) contains relevant personal and contact information for the applicant, including legal  
45 names, addresses, telephone numbers, email addresses, website addresses, and other  
46 information required by the department;

47 (d) discloses criminal convictions of the applicant or other participating personnel, if  
48 any;

49 (e) demonstrates that the applicant has the necessary personnel, financial and technical  
50 expertise, access to capital, and developed plan to test, monitor, and assess the innovative  
51 product or service;

52 (f) contains a description of the innovative product or service to be tested, including  
53 statements regarding all of the following:

54 (i) how the innovative product or service is subject to licensing or other authorization  
55 requirements outside of the regulatory sandbox;

56 (ii) how the innovative product or service would benefit consumers;

57 (iii) how the innovative product or service is different from other products or services

58 available in the state;

59 (iv) what risks may confront consumers that use or purchase the innovative product or  
60 service;

61 (v) how participating in the regulatory sandbox would enable a successful test of the  
62 innovative product or service;

63 (vi) a description of the proposed testing plan, including estimated time periods for  
64 beginning the test, ending the test, and obtaining necessary licensure or authorizations after the  
65 testing is complete;

66 (vii) a description of how the applicant will perform ongoing duties after the test; and

67 (viii) how the applicant will end the test and protect consumers if the test fails; ~~and~~

68 (g) if the applicant desires to make a claim of business confidentiality with respect to  
69 any information provided to the department in the application, includes in accordance with  
70 Section 63G-2-309:

71 (i) a written claim of business confidentiality; and

72 (ii) a concise statement of reasons supporting the claim of business confidentiality; and

73 ~~[(g)]~~ (h) provides any other required information as determined by the department.

74 (4) The department may collect an application fee from an applicant that is set in  
75 accordance with Section 63J-1-504.

76 (5) An applicant shall file a separate application for each innovative product or service  
77 that the applicant wants to test.

78 (6) After an application is filed, the department may seek additional information from  
79 the applicant that the department determines is necessary.

80 (7) Subject to Subsection (8), not later than 90 days after the day on which a complete  
81 application is received by the department, the department shall inform the applicant as to  
82 whether the application is approved for entry into the regulatory sandbox.

83 (8) The department and an applicant may mutually agree to extend the 90-day time  
84 period described in Subsection (7) for the department to determine whether an application is  
85 approved for entry into the regulatory sandbox.

86 (9) (a) In reviewing an application under this section, the department shall consult  
87 with, and get approval from, each applicable agency before admitting an applicant into the  
88 regulatory sandbox.

89 (b) The consultation with an applicable agency may include seeking information about  
90 whether:

91 (i) the applicable agency has previously issued a license or other authorization to the  
92 applicant;

93 (ii) the applicable agency has previously investigated, sanctioned, or pursued legal  
94 action against the applicant;

95 (iii) whether the applicant could obtain a license or other authorization from the  
96 applicable agency after exiting the regulatory sandbox; and

97 (iv) whether certain licensure or other regulations should not be waived even if the  
98 applicant is accepted into the regulatory sandbox.

99 (10) In reviewing an application under this section, the department shall consider  
100 whether a competitor to the applicant is or has been a sandbox participant and, if so, weigh that  
101 as a factor in favor of allowing the applicant to also become a sandbox participant.

102 (11) If the department and each applicable agency approve admitting an applicant into  
103 the regulatory sandbox an applicant may become a sandbox participant.

104 (12) (a) The department may deny any application submitted under this section, for any  
105 reason, at the department's discretion.

106 (b) If the department denies an application submitted under this section, the department  
107 shall provide to the applicant a written description of the reasons for the denial as a sandbox  
108 participant.