



25 November 2021

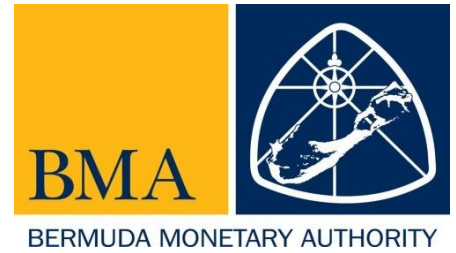
## NOTICE

### **General Regulatory Sandbox Guidance Note**

The Bermuda Monetary Authority (Authority or BMA) is committed to fostering and encouraging the development, testing and broader application of Financial Technology (FinTech) experimentation in Bermuda. This work allows promising innovations to be tested in the market with a chance for broader adoption in Bermuda and abroad. In support of this objective, the Authority is posting for consultation draft guidance on its General Regulatory Sandbox (GRS).

The Authority already has in place a sandbox regulatory regime for Insurance and FinTech. This guidance note sets out how the Authority intends to administer the GRS across other regulatory acts.

The financial services industry and other interested parties are invited to submit their views on the proposals set out in this paper. Comments should be sent to the Authority and addressed to [policy@bma.bm](mailto:policy@bma.bm) by 31 December 2021.



# **BERMUDA MONETARY AUTHORITY**

## **GUIDANCE NOTES**

**GENERAL REGULATORY SANDBOX**

**AND**

**INNOVATION HUB**

**APPLICATION AND APPROVAL GUIDELINES**

**NOVEMBER 2021**

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## I. INTRODUCTION

1. This guidance note sets out the manner in which the Bermuda Monetary Authority (Authority or BMA) intends to administer its General Regulatory Sandbox (GRS) across various regulatory acts<sup>1</sup>.
2. The Authority recognises the growing importance of disruptive innovation and technology in the insurance and broader financial industry and the critical role innovation plays in promoting efficiency and enhancing competitiveness in the market. This is evidenced by Bermuda being among the first countries to have a comprehensive regulatory regime for its Digital Asset Business (DAB) sector.
3. Given that Bermuda is a recognised centre of excellence for innovation with a regulatory environment that remains conducive to technological innovations, the GRS is intended to extend the opportunities to facilitate new and innovative products and services across the financial sectors in Bermuda.
4. The GRS is specifically designed to be used by:
  - a) Financial institutions, licensed under the Bermuda regulatory acts where the relevant regulatory act provides for their use;
  - b) “Start-ups” seeking to be licensed where a business model is so innovative that it is unclear from the outset which legislative/regulatory framework is applicable; and
  - c) Instances where dual licenses may be required; in such cases, a single application would be made and considered by the Authority.
5. It should be noted that there may be different submission requirements depending on the sector in which the financial institution intends to operate. Appendix I describes the general requirements for filing an application. Nevertheless, the nature of a particular sector may require additional information, which will be communicated to stakeholders clearly and posted on the Authority’s website.

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<sup>1</sup> A sandbox is intended for use by approved sandbox licence holders under the relevant regulatory acts.

6. While examples can be found in use cases under Appendix III, the GRS is expected to be used in relation to Financial Services/Technology (FST) hybrid companies (i.e., a traditional financial institution that is being or intends to operate in a technological and digital manner, as opposed to via traditional methods).
7. **GRS licences** have been introduced to provide financial entities with a regulatory environment in which they may test new technologies and offer innovative products, services and delivery mechanisms to a limited number of participants (or clients) in a controlled environment and for a limited period of time. During the application review process, the BMA will determine whether there shall be modified regulatory requirements or conditions to be adhered to by an applicant for the duration of its licence or for any other specified time.
8. The sandbox licensing requirements will embed appropriate safeguards to protect participants, such as enhanced disclosures to proposed customers and clients of financial institutions, limitation in business volume/scale, exposure restrictions and limitations on the number of counterparties of financial institutions that participate in the sandbox testing.
9. For transparency purposes, once approved by the Authority, a financial institution will be assigned a GRS licence in accordance with its business model. The licence will clearly indicate that the approved licence is for a GRS environment (possibly involving higher risk). As such, the financial institution will be subject to relevant legal and regulatory requirements (subject to any modifications or exemptions applied to those requirements). All GRS licensees will be published on the BMA's website according to the Authority's standard practice.

## **II. EXPECTATIONS**

10. The GRS's primary purpose is to foster and encourage the development, testing and broader application of financial technology experimentation so that promising innovations may be tested in the market and have a chance for broader adoption, both in Bermuda and abroad. To achieve this objective, licensed companies or financial institutions can apply to enter the GRS to experiment with innovative financial services in a production environment within a well-defined space and duration.

11. The GRS framework under the regulatory acts will contain appropriate safeguards specific to the nature, scale and complexity of the project to protect the customers who participate in the testing, and contain the consequences of failure (i.e., orderly wind-up plan) and mitigating factors to maintain the financial system's overall safety and soundness. The purpose of these guidelines is to set out the GRS objectives and principles and provide guidance to applicants on the application and approval process.
12. The Authority will utilise experiences arising from the regulatory GRS to ensure that its regulatory and supervisory frameworks for all its registered and licensed financial institutions remain up to date and fit for purpose. The goal is to use the lessons learned to update the BMA's regulatory framework, as required, to encourage innovation while maintaining adequate customer protection. This will allow both existing licensees and those that graduate from the GRS to operate in a modern, robust and pragmatic regulatory environment.
13. A start-up is a typical candidate for the GRS. While the GRS is also available for existing financial services licensees, such candidates may be encouraged to conduct the proof of concept using a separately incorporated company (i.e., subsidiary or joint venture). Once approved, it is this subsidiary or joint venture company that will receive the GRS licence. The separation is to minimise potential contagion risks.
14. The expected benefits of the GRS include:
  - It is a safe and transparent environment for companies to test their innovations and/or clarify regulatory requirements before seeking licensing, authorisation or registration
  - Collaboration between the Authority and the company to ensure appropriate safeguards are incorporated in new products, services and delivery mechanisms before they are released into the market
  - Increased efficiency by reducing the time and cost it takes for innovative products, services and delivery mechanisms to reach the market
  - Increasing innovators' access to, or improving the terms of, external funding by eliminating or reducing the cost of regulatory uncertainty for start-ups

15. All of the above will ultimately benefit customers by enhancing competitiveness, which will lead to the provision of a broader range of products, services and delivery mechanisms at a lower cost while safeguarding their interests through appropriate risk mitigation. Customer protection is of the utmost importance to the Authority. Therefore, it will be the overarching consideration throughout the company's participation in the GRS, as outlined in the guidelines and eligibility criteria in the following sections.
16. The below sections outline the criteria and application process for interested parties. While the Authority has implemented a formalised application and monitoring process for companies who wish to operate within the GRS, it also wishes to emphasise its goal of having a balanced approach to facilitating appropriate entrepreneurial creativity and innovation.
17. The use cases outlined in Appendix III are for illustrative purposes only and do not constitute an exhaustive list of possible scenarios that the Authority will consider. It should also be noted that any scenario in this list should not be considered automatically approved as the Authority must ensure that the overarching "fit and proper" criteria are met, subject further to the eligibility criteria outlined in the next section. Furthermore, the applicant's proof of concept may contain certain features that may warrant additional conditions to be met.
18. Companies registered in the GRS will be required to conduct business in a prudent manner, including, as applicable, compliance with legal provisions pertaining to Anti-Money Laundering and Anti-Terrorist Financing (AML/ATF) as provided in the Proceeds of Crime Act 1997, Anti-Terrorism (Financial and Other Measures) Act 2004, Proceeds of Crime (AML/ATF) Regulations 2008 and any other international sanctions in force in Bermuda.

### **III. REGULATORY SANDBOX ELIGIBILITY CRITERIA**

19. The company should have a clear understanding of the principles and objectives of the GRS. The activity to be undertaken in the GRS must be well-defined with a definitive duration and associated safeguards to contain any consequences of failure. The GRS must

not be used to circumvent legal and regulatory requirements or to benefit from regulatory arbitrage.

20. The criteria the Authority will use in evaluating the company's eligibility for participation in the GRS includes:

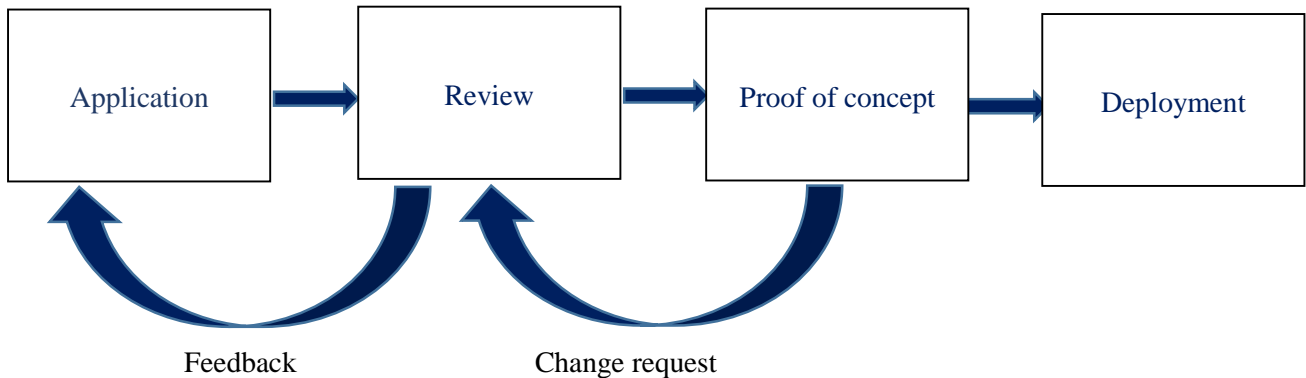
- The proposed product, service or business model should be new or use existing technology in a different way. Upon application, the company should demonstrate that the solution it is offering is innovative or significantly different from existing solutions already in the market
- The company should have previously conducted research and due diligence on the proposed product or service, understand the applicable regulations and have the appropriate risk-mitigation plans in place. Through the initial research conducted, the company should be able to demonstrate clear benefits of the proposed product or service to the clients or industry
- The company should clearly define its objective for testing the expected outcomes of the GRS proof-of-concept stage and be committed to reporting to the BMA as agreed for the duration of the testing
- The company should demonstrate its understanding and assessment of associated risks and their mitigation. Of paramount importance is ensuring that clients, customers or stakeholders and counterparties of companies involved in the testing phase are adequately protected against loss. Additionally, the company should have a well-defined exit or transition strategy if the testing is unsuccessful or discontinued

The company should have the intention, ability and resources to deploy the proposed product, service or distribution channel upon successful testing and exit from the GRS. This should include demonstrating the ability to meet the applicable legal and regulatory requirements that will come into effect once the company exits the GRS.



## IV. APPLICATION AND APPROVAL PROCESS

21. The diagram below depicts the GRS application and approval process:



I. **Application:** *The company applying for the use of the GRS will verify that it satisfies the eligibility criteria outlined in paragraphs 19 and 20 and then submit an application to the Authority, together with the requisite fee. See Appendix I for a guideline on the minimal content of the application. The submission should be e-mailed to [sandbox@bma.bm](mailto:sandbox@bma.bm) with the subject: Sandbox Application.*

II. **Review:** *Applications will be reviewed by the relevant Authorisation and Licensing Committee (ALC), which is composed of senior management from a range of the Authority's departments commensurate with the specific application such as the: Licensing and Authorisations, Supervision (Financial Technology), Supervision (Banking, Trust, Corporate Services and Investment), Actuarial Services, Anti-Money Laundering and Operations departments.*

*The ALC convenes once a week to review the applications presented for consideration in order to reach a consensus on whether to approve, defer or decline the licensing applications. The Authority will assign a principal contact (BMA staff member) to assist the company through the process. The company will engage with the principal contact in accordance with the conditions prescribed at the review stage.*

*The ALC will review the application. The applicants will be informed of the ALC's decision as soon as possible subsequent to the meeting, followed by a formal letter from the Authority confirming the same. If acceptable, the Authority will advise the company of the legislative and regulatory requirements that will apply during the testing period (see*

*Appendix II for examples of the legislative and regulatory requirements that the Authority would consider modifying during the GRS period). Aside from the modified provisions, companies are reminded that all other regulations will apply.*

*The company will propose in its application, and the Authority will determine the various conditions, such as the duration, testing parameters, safeguards and reporting requirements. Where appropriate, a more robust regulatory standard than that which the company has sought may be applied. The Authority will take a risk-based approach and consider each application on a case-by-case basis.*

*The company may need to make adjustments to the application for resubmission after discussion with the Authority. Companies should typically expect the Authority to respond within two weeks of the initial contact, make further information requests or ask questions prior to the scheduled ALC meeting. See application guidelines below for additional information.*

**III. Proof of concept:** *Upon final approval by the Authority, the company will embark on the proof-of-concept stage based on agreed-upon parameters. For the purpose of the GRS, proof of concept includes concept testing, prototyping and pilot launch. The proof-of-concept phase will typically last between six and 12 months. Within this period, the company will be required to provide regular updates to the Authority. This can be in the form of written report submissions and follow-up calls monthly or other predetermined levels of frequency, as proposed by the company and determined by the BMA upon application.*

*The company must notify its clients that the products, services and delivery mechanisms are operating in a sandbox and disclose the associated key risks. The company is required to obtain a written acknowledgement from its clients that they have read and understood the risks. The company should also maintain a client complaints log to be made available to the Authority upon request. Any material changes to agreed parameters during the proof-of-concept phase or requests for extension of the testing period will need to be approved by the Authority.*

**IV. Deployment:** *Upon completion of the proof-of-concept phase, the company must submit a final report to the Authority on the testing outcomes, including client feedback on its products, services and delivery mechanisms. The Authority may reach out to clients for further feedback if said clients have consented to this. After reviewing the report, the*

*Authority will decide whether the company can offer the new solution outside the GRS. Upon the successful conclusion of a project, an application can be made for an appropriate licence. If approved by the Authority, the company will be issued a licence to conduct activities in accordance with the company's business model under the relevant regulatory act.*

## **V. EXTENDING OR EXITING THE SANDBOX**

22. At the end of the prescribed period, the company will be subject to the full legislative and regulatory requirements of the respective regulatory act. In the event that the company requires an extension within the GRS, it must apply to the Authority and pay the applicable extension fee, at the latest one month before the expiration date. The application for an extension should provide reasons for the extension and any relevant supporting documents. The Authority will review the request and respond.
23. There may be instances where the company may decide and apply to exit the GRS before completion of the proof-of-concept stage, or the Authority may require it to discontinue and exit (see next section). In both instances, the Authority will require the company, at a minimum, to fully extinguish all existing and future obligations to its clients before exiting the GRS. Where this is not possible, and in the interest of customer protection, the Authority reserves the right to prescribe further requirements, as appropriate, to companies who wish to exit before the completion of the proof-of-concept stage.
24. In cases where the Authority has decided to terminate an entity's participation in the GRS there will be no appeal to this decision. Instances where the Authority may choose to terminate a company's participation in the GRS include:
- The company breaching a condition (or conditions) agreed upon at the review stage
  - The Authority not being satisfied with the results of the test scenarios as mutually agreed with the company and deeming the solution (i.e., the product or service offered) to be unviable based on these results
  - The Authority becoming aware of a misrepresentation made by the company at the application stage or at any time during the project, which would make it ineligible to use the GRS

- The Authority or the company discovering a significant flaw during the proof-of-concept stage, whereby the risks posed to the clients, customer or stakeholder cannot be adequately addressed
- The promoters/officers ceasing to be fit and proper, which is an ongoing requirement
- The firm being unable/unwilling to meet the minimum criteria for licensing

## **VI. INNOVATION HUB**

25. Apart from financial services companies that would qualify to be issued a GRS licence, the Authority is keen to promote broader dialogue beyond the occasional queries, where any financial institution or financial technology industry participant desires to work closely with the BMA and receive regulatory guidance on standards and expectations related to innovative financial services solutions. This includes activities that are not or would not ordinarily be directly regulated by the Authority, such as supervision technology providers, regulatory technology providers and providers of outsourced services.

26. The intent is for the innovation hub to act as a platform for exchanging ideas and information to drive innovation. The innovation hub may also be used by financial institutions that will eventually apply for a GRS licence when the project in which it is engaged is sufficiently developed (i.e., cases where the company is still developing its thoughts and ideas in relation to licensable activities and has not yet prepared its proof-of-concept). To promote a closer dialogue between the BMA and market participants involved in developing various innovative solutions, the Authority has set up a dedicated e-mail account, [sandbox@bma.bm](mailto:sandbox@bma.bm), as a central point of contact.

27. While there is no charge for informal discussions, which are always welcomed, where a company or person desires dedicated engagement from the Authority, the innovation hub will also be extended to such participants on a fee basis. This will require formal vetting and acceptance by the BMA.

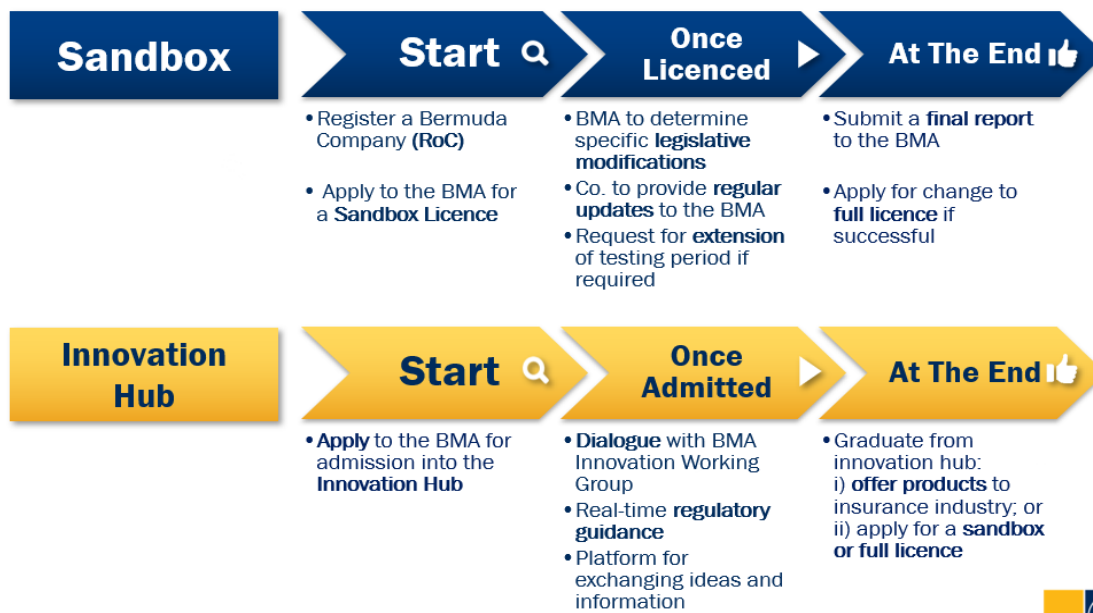
28. While the process for accepting participants in the innovation hub is less formal than for the GRS, the Authority, at a minimum, will perform vetting procedures for the

shareholders, directors and officers of the applicant. Therefore, the following is required for innovation hub applicants:

- A comprehensive cover letter e-mailed to [sandbox@bma.bm](mailto:sandbox@bma.bm) detailing the proposed innovative solutions, including the expected regulatory assistance and guidance from the Authority
- Completed personal declaration form for each individual proposing to have a beneficial interest of 10% or more in the company
- Completed personal declaration forms for directors and officers
- Notarised copies of passports, drivers' licence and proof of current address for shareholders, directors and officers

29. The Authority will generally respond within two weeks from the initial point of contact to set up a meeting with the applicant to discuss the proposal.

### Comparison of Tracks



## APPENDIX I

### *Sandbox Application Guidelines*

GRS licence applications should attach the following information and documents (the Authority may request additional information that it deems necessary for evaluation), e-mailed to [sandbox@bma.bm](mailto:sandbox@bma.bm), no later than 5 p.m. on any business day. The ACL will consider applications within five weeks of submission, and a formal response will be communicated to the applicant after the ALC meeting.

1. A cover letter providing an executive summary of the application, indicating that it is a GRS application and highlighting how the minimum licensing criteria (per the legislation for the relevant category of business) would be satisfied
2. Completed GRS application form checklist to aid in reviewing the completeness of the application (available for download from the BMA website)
3. Constitutional documents (i.e., copies of the memorandum of association, certificate of incorporation or registration permit (if applicable and available), or pre-incorporation forms if not yet incorporated)
4. A business plan, including the following:
  - a. Description of the company and its core business. Include information on the financial standing of the company, such as any funds raised from investors (if any)
  - b. Applicant information (company name, address, directors' names and details, senior management names and details, and relevant individual contact details)
  - c. Share capital/equity amount and source(s) of wealth/funding (financial information should be in Bermuda Dollar equivalent)
  - d. Overview of the business strategy and plan, including:
    - i. The roadmap to deploy the products, services and delivery mechanisms on a broader scale once the GRS period is completed
    - ii. The ability of the company to meet the legal and regulatory requirements that will apply upon exit
    - iii. Details of any current or past participation or rejection of participation in a regulatory sandbox in another jurisdiction/country
  - e. Description of the proposed product, service or distribution channel to be offered in the GRS, including:
    - i. How the GRS eligibility criteria outlined in these guidelines are met
    - ii. Details of how the product/service or technology applied differs from those already existing in the market

- iii. Benefits that the proposed product/service will have and any foreseeable risks
  - iv. Details of material third-party technology or service suppliers and outsourcing arrangements
  - v. Any licences, patents or copyrights that the company holds in relation to the proposed product/service
- f. The nature of testing that will be performed during the proof-of-concept stage, including:
- i. Intended start and end date of the GRS (duration)
  - ii. Legal and regulatory requirements that the company requests to be modified for the duration of the GRS
  - iii. Detailed test plan, controls and scenarios
  - iv. List of clients and counterparties who will be involved, including projected business and the nature of client/consumer protection
  - v. Critical success factors that will be used to monitor and measure progress
  - vi. Monitoring plan to ensure prompt notification of any breach of GRS conditions
  - vii. Quantification of the maximum loss arising from GRS activities (Bermuda Dollars or United States Dollars) and risk mitigation to minimise the impact of the loss on participating clients/consumers
  - viii. Intended communication approach to clients and counterparties disclosing participation in the GRS and the associated risks
  - ix. Detailed exit plan for clients in the event the GRS licence has been discontinued, as well as a transition plan after successful graduation from the GRS
- g. Where available and applicable, copies of letters of intent from both the client companies and consumers with whom the company plans to conduct business
- h. A business risk assessment and AML/ATF risk assessment, along with a copy of AML/ATF policies and procedures and sanctions policies.
- i. Information in respect of shareholders/owners, including:
- i. Corporate shareholders/owners:
    - Most recent audited financial statements
    - Copies of regulatory filings, if applicable
    - Background information
  - ii. Individual shareholders/owners:
    - Personal declaration forms (to be completed by the respective individual as opposed to the company representative) and notarised copies of passports, driver's licences and proof of current address
    - Disclosure surrounding fitness and propriety findings
    - Bank references
    - Net worth statements with any foreign currency denominated amounts converted into Bermuda Dollars or United States Dollars equivalent
- j. Information on the board of directors, senior management and/or key functionaries, including curriculum vitae

k. Evidence of professional liability insurance coverage (where applicable)

*\*The applicant should clearly understand the objective and principles of the GRS. It must be emphasised that the GRS is not intended and may not be used as a means to circumvent legal and regulatory requirements.*



## APPENDIX II

### *Legislation Subject to Modification Requests by Companies Intending to be Registered in the Sandbox*

Since a GRS licence is only available to BMA-regulated financial institutions, only provisions of the specific regulatory acts administered by the BMA may be subject to modification specific to the GRS. Thus, for clarity, only legislative requirements arising under certain regulatory acts may be modified by the Authority in connection with a GRS licence.

While the GRS licence aims primarily to encourage and support innovation, there are certain provisions that the Authority will not consider modifying. The following table gives examples of the potential for certain provisions to be modified. It must be emphasised that the examples outlined in the table are not exhaustive.

Example Provision		Potential for Modification in the GRS
1	Capital requirements	Yes
2	Local representative	No
3	Approved auditor	Yes
4	Material change	No
5	Fit and proper and minimum criteria	No
6	Prudential filings	Yes
7	Reportable event	No
8	Fees	Yes
9	Shareholder controllers	No
10	Requirement to keep records in Bermuda	No
11	Paid-up capital	Yes
12	Conduct of business and compliance to all relevant AML/ATF and international sanctions in force in Bermuda. As indicated in the previous section, these requirements will not be modified for GRS applicants	No

## APPENDIX III

### Use Case Examples

#### *Sandbox*

##### Example 1

A start-up wishes to make use of blockchain solutions to provide financial products to its customers. The GRS could facilitate these solutions' testing by making them available to a limited number of sophisticated customers, who are informed of the potential risks, in order to allow the start-up to learn how the customers most efficiently engage with its blockchain solutions. The start-up would share its monitoring information and results with the Authority to ensure that it is informed about the latest technologies and whether changes to existing legislative frameworks might be required.

##### Example 2

A global financing company partners with a technology start-up to develop a blockchain application that can be provided to companies as a service and used to initiate services that are restricted activities and would ultimately require a licence. The product aims to streamline and simplify the global nature of financial services, which usually covers multiple jurisdictions, making a solid case for a distributed ledger solution. The GRS will allow the company to test the product on a limited basis to its own affiliates. The feedback received during the GRS tenure could provide valuable feedback to the Authority (this could assist it in its supervisory duties for other similar projects).

#### *Innovation Hub*

##### Example 1

There is no limit to the range and types of financial products or solutions that a non-regulated company may want to bring to the innovation hub for testing and feedback purposes. The BMA would provide a platform for the company to enter into an ongoing dialogue while engaging with interested users and learning more about the kinds of problems those users would like to see the tool address, therefore, tailoring their innovative solution to the needs of the Bermuda market.

##### Example 2

A start-up wishes to develop a global financial services product. The start-up can partner with an established financial institution. Partnering with an established institution as a joint venture benefits from using the established company's capital and licence to complement the start-up's technology offering. The financial institution benefits from an alternative route to market without upgrading or integrating current customer processes. This route to market benefits the start-up as it can swiftly demonstrate its value with minimal cost, compared to establishing a licensed financial services company.

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**GENERAL REGULATORY SANDBOX APPLICATION**

*This checklist must be completed by the applicant and is intended to ensure that the applicant has addressed the minimum licensing requirements for the sector applied for and applicable to the applicant.*

**Sector applied for:**

Bermuda Monetary Authority (Authority or BMA) licensed sector(s) under which the company will be seeking a licence:

.....

✓	<b>Business Type</b>	<b>Page Reference</b>	<b>Comments (For BMA use)</b>
	Applicant information: company name, address, directors' names and details, senior management names and details, and relevant individual contact details (include trade name if different from legal name).		
	Description of the company and its core business. Include information on the financial standing of the company such as any funds raised from investors.		
	Registration number. (Registrar of Companies)		
	A business plan, including an overview of the business		

	strategy, including (i) the roadmap to deploy the products, services and delivery mechanisms on a broader scale once the sandbox period is completed; (ii) the ability of the company to meet the legal and regulatory requirements that will apply upon exit.		
	Description of the proposed product, service or distribution channel to be offered in the sandbox, including any licences, patents or copyrights that the company holds in relation to the proposed product/service.		
	If part of a group, details for all group entities [name; registration number; legal form; registered address; e-mail address(es) and website(s)].		
✓	<b>Management</b>	<b>Page Reference</b>	<b>Comments</b>
	Curriculum vitae of all board of directors' members, senior management and key functionaries.		
	<b>Personal details to include:</b>		
	a) Name		
	b) Nationality		
	c) Occupation (preceding five years to present)		
	d) Years of experience (separately indicate		

	technology, investment and insurance business experience).		
	Is the applicant regulated in another jurisdiction? If so, please provide relevant details [including a certificate of good standing and the contact information of the relevant regulatory authority in the said jurisdiction(s) (e.g., contact person name/title, organisation name/address, e-mail address and telephone contact details)].		
	Applicant's current stage of business lifecycle (please provide relevant details).		
	Details of any legal proceedings to which the applicant or any other group entity is a party, or of which any property or assets of the applicant, or such other group entity is the subject matter, and any such proceedings known to the applicant to be contemplated [including the name of the court or agency; the date instituted; the principal parties to the proceedings; the nature of the claim; the amount claimed, if any; if the proceedings are being contested; and the present status of the proceedings].		
✓	<b>Eligibility Criteria</b>	<b>Page Reference</b>	<b>Comments</b>
	Demonstrate how the proposed product, service		

	or business model is innovative or significantly different from existing solutions already in the market (i.e., unique).		
	Define objectives for testing the expected outcomes of the proof-of-concept stage.		
	Clearly demonstrate the benefits of the proposed product or service to the industry.		
	Document scope, method and results of research and due diligence conducted on the proposal (indicate all activities in relation to the pilot or beta testing that will be carried out).		
	Document risks and exposures identified from the proposed product or service and the risk mitigation plans.		
	Document the exit or transition strategy in case the testing is unsuccessful or discontinued.		
	Document the applicant's intention, ability and resources to deploy the proposed product or service upon successful testing and exit from the sandbox.		
	Confirm that the applicant had an application to carry out pilot or beta testing rejected (if so, please provide relevant details). Additionally, confirm if the firm has been		

	declined for a licence/sandbox application before, either in Bermuda or in another jurisdiction.		
✓	<b>Shareholder/Controller</b>	<b>Page Reference</b>	<b>Comments</b>
	<p><i>Corporate shareholders/owners:</i></p> <ol style="list-style-type: none"> <li>1. Most recent audited financial statements;</li> <li>2. Copies of regulatory filings, if applicable; and</li> <li>3. Background information.</li> </ol>		
	<p><i>Individual shareholders/owners:</i></p> <ol style="list-style-type: none"> <li>1. Personal declaration forms (to be completed by the respective individual as opposed to the company representative);</li> <li>2. Disclosure surrounding fitness and propriety findings;</li> <li>3. Bank references (for owners);</li> <li>4. Net worth statements with any foreign currency denominated amounts converted into Bermuda Dollars or United States Dollars equivalent.</li> </ol>		
✓	<b>Anti-Money Laundering (AML)/Anti-Terrorism Financing (ATF)</b>	<b>Page Reference</b>	<b>Comments</b>
	Include the business risk assessment and AML/ATF risk assessment along with a copy of the AML/ATF policies and procedures		

	<p>andsanctions policies that are applicable to all applicants falling under the Proceeds of Crime (Anti-Money Laundering and Anti-Terrorist Financing Regulations 2008 and section 42a of the Proceeds of Crime Act 1997 (POCA). If the business activities and/or services fall outside of those defined in POCA, then an AML/ATF risk assessment must be submitted for the BMA's review and consideration.</p>		
✓	<b>Proposed Parameters</b>	<b>Page Reference</b>	<b>Comments</b>
	1. Intended start and end date of the sandbox duration.		
	2. Legal and regulatory requirements that the company requests to be exempted from.		
	3. Test plan, controls and scenarios.		
	4. Details of participants and counterparties who will be involved and the nature of protection for same.		
	5. Critical success factors to monitor and measure progress.		
	6. Monitoring plan to ensure prompt notification of any breach of licensing conditions.		



	7. Quantification of the maximum loss arising from sandbox activities (Bermuda Dollars or United States Dollars) and risk mitigation procedures to minimise the impact of loss.		
	8. Copies of disclosure documents intended for communication to clients disclosing participation in the sandbox and associated risks.		
✓	<b>Other Required Documents (not mentioned above)</b>	<b>Page Reference</b>	<b>Comments</b>
	Cover letter, providing an executive summary for the application, highlighting how the minimum licensing criteria would be satisfied.		
	Constitutional documents (e.g., copies of the memorandum of association, certificate of incorporation or registration permit, if applicable and available, or pre-incorporation forms if not yet incorporated).		
	Evidence of professional liability insurance coverage (where applicable).		

