

FCA Regulatory Sandbox

Eligibility Criteria

Criteria

In scope



Key questions

- Are you doing something that is within our remit?
- Will your customers be in the UK?

Positive indicators

- ✓ Your innovation is intended for the UK market
- ✓ The relevant activity is regulated by us or may be used by firms we regulate

Negative indicators

- ✗ Your innovation doesn't appear to be intended for use in the UK

Geniune innovation



- Are you doing something that's ground-breaking or significantly different? This could be something completely new, or it could be a new market or a new version of an existing model

- ✓ Desk research produces few or no comparable examples of innovation in the market
- ✓ Your innovation is a clear step-change in scale

- ✗ There are numerous examples of similar innovations to yours
- ✗ Your innovations appear to be a superficial variation of an existing model

Consumer benefit



- How does your proposal help consumers (either individuals or businesses)?
- How is it an improvement on existing services?
- How will you protect them from any risks your model poses?

- ✓ Your innovation is likely to lead to a better deal for consumers (eg through lower prices, higher quality, better security etc)
- ✓ You have considered possible consumer risks and how to address them
- ✓ Your innovation will make market entry or compliance with FCA rules easier

- ✗ Potential detrimental impact on consumers, markets or the financial system
- ✗ Facilitates circumvention of regulatory or fiscal obligations

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Readiness



Key questions

- Have you thought about how your model works with our rules? Have you carried out any background research into the regulations that might apply to your business?
- Can you explain how your business will work?
- Are you ready to test the innovation in the real market with real consumers?

Positive indicators

- ✓ You have clearly done background research, have sought to understand obligations, and have a clear, defined business proposal
- ✓ You have a well-developed testing plan with clear objectives, parameters and success criteria
- ✓ You have already undertaken testing
- ✓ You have the resources to test in the Sandbox
- ✓ You have sufficient safeguards in place to protect consumers and can provide appropriate redress if required
- ✓ Any testing partners are in place, or soon will be
- ✓ If authorisation is required for a test, you are ready to apply in the near future

Negative indicators

- ✗ You have made little or no effort to understand relevant regulations
- ✗ There are unclear testing objectives and/or your plans for testing are underdeveloped
- ✗ You don't have the resources for the test
- ✗ Your proposed customer safeguards are inadequate and/or appropriate redress can't be provided

Need for innovation support



- Do you have a genuine need to test in our Sandbox?

- ✓ You have no alternative means of engaging with the FCA
- ✓ The innovation doesn't easily fit our existing regulatory framework
- ✓ You will benefit from using a Sandbox tool to test in a live environment
- ✓ The full authorisation process would be too costly/difficult for a viable and short test

- ✗ You already have a dedicated supervisor who could answer the query
- ✗ You have significant regulatory compliance resource
- ✗ Your business model easily fits the existing regulatory framework with no particularly difficult questions
- ✗ Live testing is not necessary to answer your question or achieve your goal