Regulatory Sandbox Application Form

Applicant Name:

Please read the SandBox Regulatory Framework before filling out the application form and attach a visual presentation of the service to be tested and send it to the following email: sandbox@sama.gov.sa
Regulatory Sandbox – Application Form

1. Getting Started

The SAMA has set up a Regulatory Sandbox to create a ‘safe space’ in which businesses can test innovative products, services, business models and delivery mechanisms in a live environment without immediately incurring all the normal regulatory consequences of engaging in the activity in question. We believe this could deliver more effective competition in the interests of consumers.

Completed applications for the Regulatory Sandbox should be sent to sandbox@sama.gov.sa. If you have any questions about the Regulatory Sandbox or the application form, please also contact this email address.

We will assess sandbox applications against our eligibility criteria as set out in our Regulatory Sandbox Framework Document, which has been sent to you alongside this Application form. If your application is deemed to be ‘Eligible’, we will start working with you on the testing plan you have proposed. Once your plan is finalized we will communicate to you whether your innovation has been selected as part of the next Cohort of innovations to be tested in our Sandbox.

After testing we will look to publish findings from sandbox testing to educate the industry on any learning. We will review what we publish on a case-by-case basis to ensure that any confidential information is protected.

2. About You

Name of Business and Companies

- List all interested parties, main applicant, and companies involved in the testing and are essential to the delivery of the service.
- If you are applying to the Sandbox through a regulatory partnership specify the name of the licensed firm who will be accountable to SAMA for the testing.

What is the business domain of the applicant?

- Financial services Institution
- Technology Company
- Telecom Company
- Other (please specify)

Address of Business

Include addresses those (whether in KSA or overseas) of the offices that will be involved in the testing.

Phone Numbers

Include telephone number of individuals appointed as your interface with SAMA (we will use these to contact you).

Email Addresses

Include email addresses of individuals appointed as your interface with SAMA (we will use these to contact you).

Website URLs

Include innovator’s website URL(s).
Please provide a brief description of the Applicant’s organization, including its financial standing and technical expertise.
   - Provide a short answer to questions a, b and c for the applicant and all the companies the applicant has entered in partnership with and are essential to the delivery of the service:
     a) A short history of the Applicant, its shareholders (Names) and (where relevant) its group;
     b) A description of the legal entity structure of the group, a brief summary of its key business lines and centres, and the location of its Senior Management Team (where relevant);
     c) The financial standing of the Applicant (supporting evidence must be provided, which may include but is not limited to the audited financial statements of the Applicant for the latest three years (where applicable).

A. Are your business or associated entities authorized or registered by SAMA?
   If you are authorized, please provide us with your company Reference Number(s) (FRN) or Individual Reference Number(s).
   - Provide SAMA registration number for the applicant and/or the companies with whom the applicant has entered in partnerships for this service.
   - If either the applicant or the companies the applicant has established partnership with are registered abroad, please provide a short overview.

B. Does your business require a temporary SAMA registration number for the duration of the test (e.g. if you do not have presence in the KSA)?
   If you are not currently authorized and you plan to conduct SAMA-regulated activities as part of the test you will need to specify: (i) what SAMA-regulated activities, you intend to conduct (ii) how you intend meet SAMA’s licensing requirements related to those activities; and (iii) what licensing requirements you are requesting SAMA to relax and why. Reference Number(s).
   - Provide a brief description of the SAMA-regulated activities you are planning to conduct as part of the testing
   - Provide a brief explanation of how you intend to meet SAMA’s licensing requirements. You can find those on our website under the following links:
     o Licensing Requirements for the Establishment of a National Bank in Saudi Arabia
     o Licensing Requirements for the Opening of a Foreign Bank Branch in Saudi Arabia
     o Licensing Requirements to Practice Finance Activities
     o Licensing Requirements for insurance companies
     o Fit & Proper Form
   - Provide a brief explanation of any licensing requirement you are requesting SAMA to relax with an explanation as to why

C. Is your business already active in the KSA or abroad?
   If so, please tell us where and briefly describe these activities.
   - Provide a brief description of the applicant’s KSA and foreign activities in terms of number of clients, volume of business, type of services offered.
   - Provide a similar description of the companies the applicant entered in partnership with

D. Are you planning to work with other company or bank to undertake this test?
   If yes, please provide their names, contact details, a description of their role and the extent to which contractual agreements with partners are in place.
   Please provide names and contact details of the companies the applicant has entered in partnership with and describe the relationship with the partners providing the service:
   - Commercial relationship between the applicant and the other companies
   - Type, location and timing for the provision of services to/from the applicant to/from its partners
   - Relevant details on the type of contractual arrangements in place or that will be in place
3. About Your Innovation

A. Provide a short summary of your innovation(s).
If you already have a business plan or project synopsis presentation, attach it to this application form.
As part of your outline of the key aspects of the innovation, consider articulating:
- The practical application of the technology to be deployed to your proposed innovation and its key elements;
- At what stage of development your innovation is at the time of completing this application form;
- If your innovation is ready to be tested or has already been tested in other jurisdictions and whether you have factored into your plan the results of those tests.

B. Explain how your innovation is a regulated activity or supports regulated business in the SAMA financial services market. (Criteria – Firm in scope)
Your response should consider where you believe your innovation fits within the regulatory perimeter. If you believe you are out of the perimeter, please explain your relationship with a regulated business in the SAMA’s regulatory perimeter.
- Outline the key touch points, either direct or indirect, of the applicant innovation with existing financial services regulation and regulated activities.
- Detail any regulatory requirements applicable to your innovation you believe you will not be able to meet in their current form. Specify whether you will be able at least to meet the outcome pursued by those regulations through other means (e.g. by the use of the technology you intend to test)
- If your innovation is likely to be regulated by other KSA regulators in addition to SAMA name those regulators and explain why. Also explain whether you have contacted them prior to submit this application and the outcome of those contacts
- If your innovation does not imply the provision of SAMA regulated services, please articulate why

C. Explain how your innovation is ground-breaking or constitutes a significantly different offering in the marketplace. (Criteria – Genuine innovation)
Your response should include:
- Why your solution is innovative; and
- Who your competitors in the market are
As part of your answer, consider the following:
- What makes your solution innovative vis-a-vis existing practices
- What are the ‘traditional’ solutions currently in the market you are trying to disrupt, and who provides them.

D. Explain how your innovation provides consumer benefit (either directly or via heightened competition). (Criteria – Consumer benefit)
Your response should include:
- How this innovation may benefit consumers, either directly or indirectly:
- Examples of such benefits may include (but are not limited to) improved security, customer experience, efficiency, quality of product, lower prices, a combination of these, etc. Your answer must show evidence that consumer research has been conducted, and must be supported with quantifiable estimations or demonstrations where possible. (You may attach supporting documents where necessary)
As part of your answer:
- Outline the benefits for consumers of your innovation vis-a-vis existing solutions in the market (e.g. facilitating financial inclusion, decreasing consumer risk, lower cost and/or faster delivery service etc)
- Identify who the main recipients of the benefits are (e.g. consumer segments that will benefit from your innovation)

E. Explain why you need to test your innovation in the sandbox on real customers. (Criteria – Need for sandbox)
Your response should include:
- The objective(s) of the test;
- Why you need to test in a live environment;
- Why you are not able to proceed with the test without the sandbox framework
As part of your answer, consider:
- Why testing your innovation in a live environment is essential to its full development?
- If you will be in a position to start testing upon receiving SAMA’s Letter of Acceptance.
- If you would be able to scale the innovation at the end of the testing phase (should the test be successful).
- If there are no alternatives to SAMA Sandbox to test your innovation.
F. Explain your readiness for testing the proposed innovative financial solution in the Regulatory Sandbox.

Your answer must show evidence:

a) That you have performed sufficient due diligence or technical testing in a lab environment of the proposed innovative financial solution; or alternatively that you have obtained a validation on the proposed solution from an external third party; and

b) That you have well-developed testing plans and sufficient safeguards to protect customers and handle risks.

(You may attach supporting documents where necessary and please attach your testing plan)

As part of your answer, consider the following:

- The tests that you have already executed on your innovation (e.g. computer-generated simulations) and a short outline of the results
- Any validation you may have already received by a third party (including if your innovation participated in the Sandbox of other jurisdictions)
- Whether your testing plan already contain a detailed risk analysis as requested under section E below.
- If the test you are proposing was unsatisfactory: a) how long would it take to stop the test and exit any commitment made? b) What would be the impact be to all stakeholders, including customers, of stopping the test at short notice?

4. About Your Testing Plan (Criteria – Ready to test)

A. Describe the use case(s) that you are proposing to test in the sandbox.

- Outline any use case you intend to test in the Sandbox including timelines of execution.

B. Describe the objectives of your proposed test.

As part of your answer, consider the following:

- What are you trying to achieve under each test propose?
- What a successful/unsuccesful test scenario will look like.
- Whether at the end of the test, your innovation is likely to be scaled given the maturity of its technology, the maturity of the market and the maturity of the KSA and international regulatory framework.

C. Describe the timeline and key milestones of your proposed test.

- As part of your answer include a timeline illustrating the milestones of your proposed test as described in this application form.

D. What type of customers will participate in your test and how do you intend to source these?

As part of your answer outline your proposal for reaching out to participants in the test. Your answer should consider whether:

- Participants in the test will be made aware of the experimental nature of the transaction that will be carried out under SAMA’s Sandbox,
- You will issue marketing material to attract participants to the test,
- You will create specific contractual terms and conditions for the test,
- You will have a complaint handling processes specific for the test,
- Participants will be KSA national, non-KSA nationals located overseas, non-KSA nationals residents in the KSA
- Participants will be retail customers, Small & Medium size Enterprises, larger institutional clients etc.

E. Describe the key risks of your proposed test (to both consumers and your business) and how you intend to mitigate these.

As part of your answer:

- Outline all material risks that your innovation could incur in. This may or may not include (list is non-exhaustive):
  - Operational Risks: E.g. technology outages, resiliency risks, data loss.
  - Cyber-Security risks: E.g. risks of your systems being compromised during the tests (NB- You will be expanding on these under F below).
  - ML & TF Risks: E.g. Risks of your firm(s) being used as vehicle for money laundering and terrorism financing activities.
  - Financial Crime Risks: E.g. risks of consumer fraud and identity theft
  - Conduct Risks: E.g. Inappropriate risk management framework and systems and controls, inadequate consideration of vulnerable consumers, inappropriate consideration of consumers’ biases and heuristics. Key consideration should be given to SAMA’s Consumer Protection Principles. An explanation on how you intend to meet those should be included as part of your answer
  - Legal risks: E.g. risk of consumers or partners taking legal action against you
- Outline how you plan to mitigate these risks during the test phase and if you were to scale the innovation beyond the test.
F. Describe the cybersecurity and other relevant measures that will be undertaken to ensure safety of the innovative financial solution.
   As part of your answer consider:
   - where data will reside and where it will be sent to and from, the provision of essential services to and from outside KSA

G. Mention (and briefly explain where necessary) the Key Performance Indicators (KPIs) that will be used to determine the success of the test.
   - Outline your proposed test KPIs and KRIs and your proposal for monitoring test results
   - Explain the format and periodicity in which you intend to communicate the result of your monitoring activity to SAMA

H. What is your exit plan?
   As part of your answer, consider:
   - Possible end-games of your test (e.g. test(s) are completed successfully and results supports deployment of technology at a larger scale; test(s) are completed successfully but results do not support the deployment of technology at a larger scale; test(s) have to be discontinued due to a technological failure, operational failure, indication of consumer detriment, etc.)
   - Describe your intended plan of action for each end-game:
     - For positive end-games: outline the steps you will take to deploy your innovation to the market without restrictions (including whether you intend to deploy the technology directly or sell it to third parties); Explain whether you will apply for a ‘fast-track’ licensing process to become fully licensed.
     - For negative end-games: Explain your business contingency plans, and how you will be ensuring that participants in your test(s) will not be suffering any type of financial detriment.

I. Mention and briefly explain your firm’s compliance with the applicable AML & CFT regulations and if any requirements are considered “not applicable”, please explain why:
   As part of your answer, consider:
   - AML & CFT laws and AML implementing regulation.

J. Describe the technology Infrastructure, and the location.
   Please provide a comprehensive security risk assessment that should covers at least: (Vulnerability Assessment, Configuration review, technical assessment, Internal and External Penetration testing). Also, your Gap assessment against SAMA Cyber Security Framework.