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## DIGEST

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HB 564 Original

2022 Regular Session

Amedee

**Abstract:** Creates a regulatory sandbox program within the Office of Financial Institutions.

Proposed law defines "applicant", "consumer", "financial technology sandbox council", "market entry", "market exit", "office", "person", "regulatory sandbox", "sandbox participant", "test", and "waiver".

Proposed law provides that the Financial Technology Sandbox Council is established for the purpose of supporting innovation, investment, and job creation in La. by encouraging participation in the regulatory sandbox.

Proposed law provides that the council shall be comprised of the following members:

- (1) A member of the La. Blockchain Assoc. or a member of the La. blockchain community.
- (2) The secretary of state or his designee.
- (3) The secretary of the Dept. of Economic Development or his designee.
- (4) The attorney general or his designee.
- (5) The governor or his designee.
- (6) A member from the financial services industry appointed by the speaker of the House of Representatives.
- (7) A member from the financial services industry appointed by the president of the Senate.
- (8) A member of the House of Representatives appointed by the speaker of the House of Representatives.
- (9) A member of the Senate appointed by the president of the Senate.

Proposed law provides that members of the council shall serve a term of four years. Proposed law further provides that any vacancies among appointed members shall be filled by the appointing authority and be for the remainder of the unexpired term.

Proposed law provides that the council shall meet at least quarterly but may meet more frequently upon the call of the chair.

Proposed law provides that the Dept. of Economic Development shall provide administrative staff support for the council.

Proposed law provides that the financial technology regulatory sandbox program shall be managed by the Office of Financial Institutions and overseen by the Financial Technology Sandbox Council.

Proposed law provides that the council shall be responsible for providing information on its website. Proposed law further provides that the website shall contain an online form for receiving inquiries and consumer complaints.

Proposed law provides that an applicant for the regulatory sandbox shall submit an application to the office.

Proposed law provides that after an application is filed, the office may seek additional information from the applicant that is necessary for review of the application.

Proposed law provides that the applicant shall submit the application electronically to the office. Proposed law further provides that upon receipt, the office shall provide the applicant with an acknowledgment of receipt of the application and shall forward a copy of the application to the council.

Proposed law provides that the office shall provide the applicant with the name and contact information of the designated person to whom questions about the application review process may be addressed.

Proposed law provides that the office shall provide a written determination to the applicant and to the council as to whether the application has been approved or denied no later than 45 days after the application is received.

Proposed law provides that if the application is denied, the determination shall include the reasons. Proposed law further provides that if the application is approved, the office shall notify the applicant of the approval in writing and include a document certifying that the applicant has been granted regulatory relief for the duration of the test.

Proposed law provides that if the office fails to provide a written determination within 60 days from the date of application, the council shall assume that the office does not object to the applicant participating in the regulatory sandbox program and deems the application approved.

Proposed law provides that the council shall consider whether to override any denial issued by the office and approve such application. Proposed law further provides that the council may consider an appeal by any applicant approved for participation in the program, but who believes that the regulatory relief granted by the office is insufficient to conduct an effective test.

Proposed law provides that the council may approve any application by a majority vote.

Proposed law provides that upon approval of any application, the council shall direct the office to provide a document certifying that the applicant has been granted regulatory relief for the duration of the test. Proposed law further provides that if no such document is provided, the council may notify the attorney general and request that a letter of no action be issued to the applicant for the duration of the test to allow the product to be offered in La.

Proposed law provides that applicants approved to participate in the sandbox program shall be exempt from certain rules and regulations promulgated by the office and provisions pursuant to proposed law.

Proposed law provides that the office shall determine if sandbox program participants shall be required to adhere to provisions waived pursuant to proposed law in order to protect consumer health and safety and to ensure a successful test during the period of sandbox program participation.

Proposed law provides that the sandbox participant shall have two years from the date of approval and waiver determination to test the product or service for which the application was approved. Proposed law further provides that a sandbox participant shall comply with the terms of the waiver granted.

Proposed law provides that sandbox participants shall retain records in the ordinary course of business regarding the innovation and the test to the extent the office requires.

Proposed law further provides that sandbox participants shall submit reports to the council and office as frequently as required, but no less than annually. Proposed law further provides the reports must be submitted on a form prescribed by the council and include the following information:

- (1) The success of the product or service.
- (2) The challenges of the product or service.
- (3) How the sandbox participant has worked to ensure that consumer health and safety are protected during the test.
- (4) Any other information the council reasonably requires.

Proposed law provides that each December 31st, and annually thereafter, the office shall provide to the House and Senate committees on commerce an annual report of all active and expired sandbox participants.

Proposed law provides that the report shall include the name of each sandbox participant and the terms of each sandbox participant's waivers, including the statutory and regulatory requirements from which each sandbox participant has been exempted, a description of each product or service, and a description of any complaints received in relation to each product or service.

Proposed law further provides that the House and Senate committees on commerce shall provide to the president of the Senate and the speaker of the House of Representatives a report of the committees' recommendations.

Proposed law provides that the council or the office may enter into agreements with other state, federal, or foreign regulators to advance the purpose of the regulatory sandbox, which may include permission for any sandbox participant to operate in other jurisdictions.

Proposed law provides that holding licenses from other state, federal, or foreign jurisdictions are presumed eligible to be recognized as sandbox participants in this state. Proposed law further provides that any previous sandbox application may be submitted to the office and council for participation in the sandbox program.

(Adds R.S. 6:1401-1412)