

## Regulatory Sandbox Waiver Application

### Instructions:

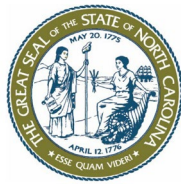
This form is the application form to be used by applicants to apply for participation in the North Carolina Regulatory Sandbox program who seek a waiver for an innovative product or service. This form has been developed in accordance with 04 NCAC 25 0.0101 - .0111. Each innovative product or service sought to be tested in the Regulatory Sandbox requires a separate application. If there is not enough room to answer a question on the form, please provide the answer in a supporting document and reference the specific supporting document in the designated space. If the answer to a question is contained in a supporting document such as a business plan or white paper you may reference the name of the document, section and page number in lieu of providing the answer in the form.

The North Carolina Innovation Council "Council", established by G.S. 169-4, is responsible for admission into the regulatory sandbox program and for assigning selected participants to the applicable State agency. The Council will review Sandbox applications on a rolling, as-received basis and will notify Applicants of a decision regarding entry into the Regulatory Sandbox program. Additionally, the Council or its designee may request supplementary information after reviewing the initial application submission or may request a presentation of the innovative product or service at the next Council meeting.

Please note that the Council cannot give legal advice to Applicants. It is incumbent upon Applicants to develop an understanding of which regulations they may be subject to and could be exempt from in the Regulatory Sandbox prior to applying.

All documents, materials or other information disclosed or furnished by Sandbox applicants as part of the Sandbox application process are confidential and privileged and are not subject to disclosure pursuant to the Public Records Act (Chapter 132 of the North Carolina General Statutes) without your consent. All such information is not subject to subpoena or discovery and is not admissible as evidence in any civil action, except an action arising out of a violation of the Sandbox requirements under Chapter 169 of the North Carolina General Statutes.

FAQs are available on our website at <https://www.innovation.nc.gov>. Any questions about the application, or the Sandbox program more generally, should be emailed to [NCRegulatorySandbox@nc.gov](mailto:NCRegulatorySandbox@nc.gov). Submit completed applications and all required supporting documentation to [NCRegulatorySandbox@nc.gov](mailto:NCRegulatorySandbox@nc.gov).



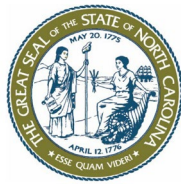
# Regulatory Sandbox Waiver Application

## 1. Eligibility

- 1.1. The applicant must own, operate, or belong to a business entity with necessary personnel and requisite technical expertise to test, monitor, or assess the innovative product or service.
- 1.2. The applicant must be a domestic corporation or other organized domestic entity.
- 1.3. The applicant must have a physical presence in North Carolina.
- 1.4. The applicant must be seeking a waiver for a financial or insurance product or service or a substantial component of such, or using or incorporating new or emerging technology, including blockchain technology, or developing a new use of existing technology to address a problem, provide a benefit or otherwise offer a product, service, business model or delivery mechanism to the public that is not known at present to have a comparable widespread offering in this State.

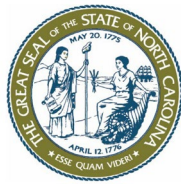
## 2. Review of Applications

- 2.1. The Council will strive to approve or deny applications within 90 to 120 days after receiving complete applications.
- 2.2. The Executive Director or designee shall review the application for completeness according to the criteria set forth in 04 NCAC 25 .0105. When the Executive Director determines that an application is complete based on the established criteria, they shall notify the applicant and send the complete application to the applicable State agencies and the Council for review. If the applicant is deemed ineligible due to an incomplete application, the Executive Director shall notify the applicant of their ineligibility, and reasons for ineligibility, and provide notice of such denial to the Council.
- 2.3. It is anticipated that the applicable State agency, that has regulatory authority over the innovative product or service will provide a review and recommendation of the complete application within 45 business days of receiving the application.
- 2.4. The Council will review and evaluate the following:
  - 2.4.1. Potential risks and benefits of the innovative product or service to the State, industry, and consumers
  - 2.4.2. The statutes and rules for which the applicant is requesting a waiver



## Regulatory Sandbox Waiver Application

- 2.4.3. The applicant's monitoring and evaluation plan
- 2.4.4. Recommendations regarding consumer caps, limitations, reporting requirements, and disclosure statements
- 2.4.5. A recommendation on the amount of a bond or cash deposit required from the applicant
- 2.4.6. Whether the applicable State agency recommends that the application be granted or denied
- 2.4.7. The recommended length of waiver if less than 24 months
- 2.5. As a part of the review process the Council, the Executive Director, or the applicable State agency may request a presentation or additional information from the applicant.
- 2.6. After receipt of the applicable State agency's written statement of its review of a completed application, the Council shall discuss the completed application at the next meeting of the Council. At the meeting:
  - 2.6.1 There shall be an opportunity for members of the public to comment on the complete application.
  - 2.6.2. There shall be an opportunity for the applicant to present the product or services to the Council.
  - 2.6.3. There shall be an opportunity for any Council member to request clarification or additional information.
- 2.7. If the Council approves an application, the approval, with any conditions, including any consumer caps, bond requirements, reporting requirements, notice requirements or fees, shall be set out in a written document, the waiver agreement. Upon review and acceptance by the applicable State agency, this document will be the Council's waiver and, along with the applicable statutes and rules, shall govern the applicant's participation in the Sandbox.
- 2.8. If the Council denies a complete application, the Executive Director will disseminate the Council's determinations for denial and must provide the reasons for the denial to the applicant in writing within 10 business days of the Council's vote denying the application.



## Regulatory Sandbox Waiver Application

### 3. Submission of Applications

- 3.1. Applications and supporting documents can be submitted via email at [NCRegulatorySandbox@nc.gov](mailto:NCRegulatorySandbox@nc.gov). In the subject line list the following, 2025 Regulatory Sandbox Waiver Application Submission, [Company/Entity Name].
- 3.2. Applications must contain all information specified in Sections 4 through 6 below.
  - 3.2.1. Responses to each section must appear in the order as laid out in Sections 4 through 6. All responses must be clearly numbered.

### 4. Applicant Information

- 4.1. Confirmation that the applicant or its parent company are subject to the jurisdiction of the State; this shall be established by any of the following applicable documentation:
  - 4.1.1. Articles of Organization, Certificate of Formation, Certificate of Authority, Certificate of Organization, Articles of Formation, or other applicable company formation documents.
  - 4.1.2. Proof that the applicant has a physical location within the State from where the waiver project will be developed and performed, and where all records, documents, and data will be maintained, shall be established by providing:
    - 4.1.2.1 The name and address of the registered agent.
    - 4.1.2.2. The physical address of the applying entity's headquarters.
    - 4.1.2.3 The physical address of the North Carolina operations, if different from the headquarters.
    - 4.1.2.4. The legal name of the applicant to participate in the Sandbox and, if the entity applying is a subsidiary of a parent entity, the legal name of the parent entity.
    - 4.1.2.5. If applicable, the applicant must provide documentation of registration of associated trade names or doing business as assumed names.

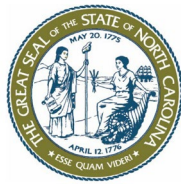


## Regulatory Sandbox Waiver Application

- 4.2. Name a single point of contact for all correspondence. Provide their, name, role, phone number, and email address.
- 4.3. If available, provide the entity's and any parent entity's Dun and Bradstreet, Data Universal Numbering System (DUNS) Number.
- 4.4. Provide a list of each government agency, if any, that the applicant knows has regulatory or oversight duties relating to regulation of the applicant's business operations.
- 4.5. Provide the applicant's number of employees and, if the entity is a subsidiary of a parent company, the parent entity's number of employees.
- 4.6. Provide the number of the applicant's employees that are residents of North Carolina.
- 4.7. If applicable, provide the name of any entity, be it a nonprofit organization, for profit organization, professional, or individual assisting with the application process.
- 4.8. If applicable, provide the name of any partner organization or individual(s) assisting with the design and implementation of the product or service.
- 4.9. The applicant may provide any additional information the applicant determines to be relevant to the review and consideration of the Sandbox application.

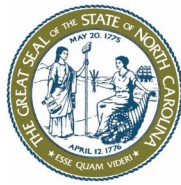
## 5. Innovation Description

- 5.1 Provide a description of the product or service the applicant seeks to provide through the Sandbox, including statements regarding:
  - 5.1.1 Explain how the product or service is subject to licensing, legal prohibition or other authorization requirements outside the Regulatory Sandbox or how the product or service is not subject to any regulation.
  - 5.1.2 Provide each law or regulation the applicant seeks to have waived while participating in the Regulatory Sandbox.
  - 5.1.3 Describe how the product or service will benefit consumers or businesses.



## Regulatory Sandbox Waiver Application

- 5.1.4 Discuss what risks may exist for consumers who use the product or service.
- 5.1.5 Provide a description of the methods that will be used to protect consumers or businesses.
- 5.1.6 Provide a statement outlining a process to resolve complaints during the Sandbox period.
- 5.1.7 Provide a description of the methods and controls to ensure consumers are residents of the State.
- 5.1.8 Applicable only to products and services related to money transmitters, provide a description of how the applicant will ensure customers are physically present in North Carolina at the time of transaction.
- 5.2 Submit a business plan for the intended product or service, that at a minimum includes the following information:
  - 5.2.1 Provide a description of the proposed implementation plan, including estimated time periods for beginning and ending.
  - 5.2.2 Provide a description of how the applicant will end the Sandbox offering and protect consumers if the demonstration fails.
  - 5.2.3 Provide the technical details and requirements for the product or services.
  - 5.2.4 Discuss the proposed sales methods, methods of pricing, and the target market.
  - 5.2.5 Provide the proposed consumer disclosures required by G.S. 169-8 and applicable State agencies.
  - 5.2.6 Provide a copy of the proposed consumer contract for the applicant's product or service.
  - 5.2.7 Discuss the expected distribution of consumers across rural, urban, and suburban areas of the State.
  - 5.3.8 Discuss the maximum number of consumers or businesses expected to utilize the product or service.



## Regulatory Sandbox Waiver Application

5.2.9 Discuss the expected revenue.

5.2.10. Discuss the availability of capital for the product or service.

5.3. Provide a monitoring and evaluation plan, including a definition of risk metrics to be evaluated and the frequency of measurement, and a description of compensating controls that assist in managing risk and harm to consumers and the Sandbox participant.

### 6. Key Personnel and Staffing

6.1. Provide a list of individuals that are directors of the board, partners, managers, other individuals who are legally or financially responsible, and or liable for the governance of the entity.

6.2. Provide a summary of the experience and qualifications of the personnel who will test, monitor, and assess the innovative product or service.

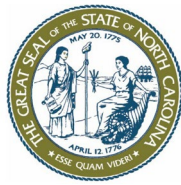
6.2. Provide a discloser whether any person substantially involved in the development, operation, or management of the innovative product or services has been convicted of, is currently charged with, or has been notified, or is aware that they are under investigation for fraud, or other violations of State, or federal law; or had any professional license revoked or suspended.

6.2.1. For everyone this information should include felony convictions; orders, judgments, or sentences imposed, or entered an assurance or settlement, for any type of fraud, money laundering, or a breach of fiduciary duty or trust; or having been the target of a government investigation or regulatory action related to the provision or advertisement of goods or services.

### 7. Fees and Securities

7.1. Applications must include a \$50 application fee. Applications are considered incomplete until this fee has been received.

7.2. Approved Sandbox applicants must pay a participation fee, due upon execution of the waiver agreement, based on the number of employees the entity or parent entity, as appropriate, has and the expected revenue of the innovative product as set out below:

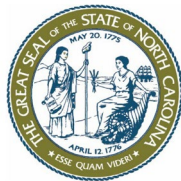


## Regulatory Sandbox Waiver Application

Number of Employees	Revenue (or Risk)				
	Less than \$10,000	\$10,000 to less than \$100,000	\$100,000 to less than \$1,000,000	\$1,000,000 to less than \$10,000,000	\$10,000,000 and more
1-10	\$450	\$900	\$1,800	\$3,600	\$7,200
11-100	\$900	\$1,800	\$3,600	\$7,200	\$14,400
101-1000	\$1,800	\$3,600	\$7,200	\$14,400	\$28,800
1,001-50,000	\$3,600	\$7,200	\$14,400	\$28,800	\$57,600
50,001 and more	\$7,200	\$14,400	\$28,800	\$57,600	\$115,200

- 7.3. A Sandbox participant may be required to post a consumer protection bond, or alternatively, a deposit of cash or readily marketable securities, with the applicable State agency in an amount determined by it, as security for potential losses suffered by consumers. This security may be cancelled or refunded when the waiver has expired or when the applicable State agency has determined that any consumer claims have been satisfied, whichever is later.





## Regulatory Sandbox Waiver Application

### 8. Attestations

I affirm and attest, on behalf of the above-named waiver applicant, that:

- The applicant is subject to the jurisdiction of North Carolina;
- The applicant has established a physical or virtual location that is adequately accessible to the State, from which testing will be developed and performed and where all required records, documents, and data will be maintained;
- The applicant has disclosed all criminal convictions of the applicant and all participating personnel in Section 6.2;
- The applicant has the necessary personnel, financial and technical expertise, access to capital, and developed a plan to test, monitor, and assess the innovative insurance product or service; and
- The applicant has paid a non-refundable application fee of fifty dollars (\$50.00).

I, the undersigned authorized person, have full authority to sign and verify this application. I certify that the information provided in this application and supporting documentation is accurate, complete, and current as of this date. This application, and all information submitted in connection herewith, is complete and accurate and contains no misstatements, misrepresentations, or omissions of material facts, to the best of my knowledge and belief.

I further acknowledge that any misstatement may cause the NC Innovation Council to deny the application. I understand that failure to comply with the requirements and regulations of the NC Innovation Council regarding the NC Regulatory Sandbox program may result in termination of the waiver for cause.

---

Signature of Applicant or Authorized Representative

---

Date

---

Printed Name of Applicant or Authorized Representative