

ANNEX A – SANDBOX CONSTRUCTS

1. INSURANCE BROKING

1.1. The exemptions mentioned in paragraph 1.4 are granted for a specified period (the “approved period”). The approved period is limited to a maximum duration of 9 months.

1.2. The applicant must declare to MAS that for the purpose of the sandbox that it is applying to enter, it will be conducting any one or a combination of the following activities regulated under the Insurance Act (Cap. 142) (“IA”)¹, during the approved period:

- (a) Direct insurance broking;
- (b) General reinsurance broking;
- (c) Life reinsurance broking.

1.3. The applicant must declare to MAS that it will fully comply with all of the following conditions, during the approved period:

- (a) The applicant must not allow for more than 1,000 insurance policies to be purchased by one or more customers of the applicant, through the applicant’s insurance broking service;
- (b) The applicant must not accept or handle any customer’s monies in relation to its insurance broking service²;
- (c) The applicant must not negotiate any contract of insurance with an insurer (directly or indirectly) except with a licensed insurer acting in the course of its business;

¹ The IA can be assessed in the following link: <https://sso.agc.gov.sg/Act/IA1966>. Refer to Part II of Annex B for the definitions of “direct insurance broking”, “general reinsurance broking” and “life reinsurance broking”.

² For avoidance of doubt, the applicant is allowed to facilitate the payment of premiums and claims, such as using an electronic payment gateway to enable customers to pay premiums to the insurers.

- (d) The applicant must provide clear, complete and proper disclosures (as set out in **paragraph 3.3 of the Sandbox Express Guidelines**) to its customers;
- (e) The applicant must submit regular and final progress reports to MAS, assist with clarification on the progress reports and provide a demonstration of the experiment, as set out in **paragraph 3.4 of the Sandbox Express Guidelines**;
- (f) The applicant must:
 - (i) submit to MAS the relevant application to be registered as an insurance broker at least 6 weeks before the end of its approved period, if it intends to continue its insurance broking activities thereafter; or
 - (ii) inform MAS at least 6 weeks before the end of its approved period, if it intends not to continue its insurance broking activities after the end of the approved period.

1.4. During the approved period, the applicant shall be exempted from the following legal and regulatory requirements:

- (a) Complying with section 35W(1) of the IA, i.e. it will be exempted from registration as an insurance broker for carrying on business as an insurance broker in Singapore; and
- (b) Complying with section 35ZM(1) of the IA, i.e. it will be allowed to use the words “insurance broking” or any of its derivatives, to indicate that it is carrying on business as an insurance broker, or make any representation to such effect.

2. ESTABLISHING OR OPERATING AN ORGANISED MARKET

2.1. The exemptions mentioned in paragraph 2.4 are granted for a specified period (the “approved period”). The approved period is limited to a maximum duration of 9 months.

2.2. The applicant must declare to MAS that for the purpose of the sandbox that it is applying to enter, it will be conducting the activity of establishing or operating an organised market which is regulated under the Securities and Futures Act (Cap. 289) (“SFA”), during the approved period.

2.3. The applicant must declare to MAS that it will fully comply with all the following conditions, during the approved period:

- (a) The applicant must not allow for the cumulative volumes³ of capital market products (“CMPs”) that are securities, derivatives contract or units in collective investment schemes traded on the organised market operated by the applicant at any point of time during the approved period to exceed:
 - (i) in respect of CMPs that are securities and/or units in a collective investment scheme, SGD4 billion in total value of both securities and units in collective investment schemes traded on the organised market; and
 - (ii) in respect of CMPs that are derivatives contracts, a total number of 4 million derivatives contracts traded on the organised market;
- (b) The applicant —
 - (i) shall only allow institutional investors and accredited investors⁴; and
 - (ii) shall not allow individuals,to be provided access to trade on the organised market that it operates, as customers;
- (c) The applicant must not hold any customers’ monies;
- (d) The applicant must not participate as a participant, or enter into any transaction as a principal, in the organised market that it operates;
- (e) The applicant must provide clear, complete and proper disclosures (as set out in **paragraph 3.3 of the Sandbox Express Guidelines**) to its customers. In addition, the applicant must disclose the following information to its customers:

³ For the avoidance of doubt, the volumes shall be computed on a one-sided basis. For example, if the applicant matches 10 long derivatives contracts with 10 short derivatives contracts on the organised market, the applicant will count a total volume of 10 derivative contracts and not 20 derivatives contracts traded on an organised market.

⁴ Please refer to section 4A of the SFA for the definitions of “institutional investor” and “accredited investor”.

- (i) the manner in which custody, clearing and settlement will be carried out in respect of the CMPs that are available for trading on the organised market that it operates; and
 - (ii) the management of outstanding derivatives contracts that are available for trading on the organised market that it operates, in the event it ceases its business of operating the organised market;
- (f) Where the applicant's customers (e.g. holders of a capital markets services licence) provide any other person with access to trade indirectly (that is, through the applicant's customer) on the organised market that the applicant operates, the applicant must ensure that the disclosures as set out above in paragraph 2.3(e) of this Annex are provided by its customer to such other person;
- (g) The applicant must submit regular and final progress reports to MAS, assist with clarification on the progress reports and provide a demonstration of the experiment, as set out in **paragraph 3.4 of the Sandbox Express Guidelines**;
- (h) The applicant must:
- (i) submit to MAS the relevant application for recognition as a recognised market operator ("RMO") at least 6 weeks before the end of its approved period, if it intends to operate an organised market as a RMO thereafter; or
 - (ii) inform MAS at least 6 weeks before the end of its approved period, if it intends not to operate an organised market as a RMO after the end of the approved period.

2.4. During the approved period, the applicant will be exempted from complying with:

- (a) section 7(1) of the SFA, i.e. it may establish or operate an organised market, or hold itself out as operating an organised market without an approval as an approved exchange, or recognition as a recognised market operator. For the avoidance of doubt, the applicant must not hold itself out as an approved exchange or recognised market operator during the approved period.

- (b) section 82(1) of the SFA, in respect of the regulated activity of dealing in capital markets products that is solely incidental to its operation of an organised market.⁵

⁵ The applicant will be granted an exemption in respect of the regulated activity of dealing in capital markets products (other than futures contracts and over-the-counter derivatives contracts) that is solely incidental to the applicant's operation of an organised market. In addition, a corporation exempted from section 7(1) of the SFA under section 7(7) of the SFA, is exempt under paragraphs 3(1)(e) and 3A(1)(h) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations from the requirement to hold a capital markets services licence to deal in futures contracts and over-the-counter derivatives where such dealing is solely incidental to its operation of an organised market.