

FREQUENTLY ASKED QUESTIONS ON MAS FINTECH REGULATORY SANDBOX FRAMEWORK (“SANDBOX”)

Definitions

“Applicant”	The firm that has applied to enter the Sandbox
“FI”	Financial institution
“Financial services”	Financial products, services, or processes
“FinTech”	Financial technology
“Guidelines”	Sandbox guidelines
“MAS”	Monetary Authority of Singapore
“Sandbox”	MAS FinTech Regulatory Sandbox framework, including Regulatory Sandbox (2016), Sandbox Express (2019), and Sandbox Plus (2022)
“Sandbox entity”	The applicant that has been approved to enter a Sandbox, and is responsible for deploying and operating the Sandbox

Q1: What is the MAS FinTech Regulatory Sandbox framework?

MAS aims to transform Singapore into a smart financial centre by encouraging the adoption of innovative and safe technology in the financial sector, so as to (a) increase efficiency; (b) manage risks better; (c) create new opportunities; or (d) improve people’s lives.

To this end, MAS launched the FinTech Regulatory Sandbox in 2016 to encourage and enable experimentation of technology innovation in financial services, within a well-defined space and duration where MAS will provide the requisite regulatory support.

The Regulatory Sandbox¹, which is fully bespoke, was enhanced with Sandbox Express² in 2019 to provide firms with a faster option for market testing of certain low risk activities in pre-defined environments.

¹ <https://www.mas.gov.sg/development/fintech/sandbox>

² <https://www.mas.gov.sg/development/fintech/sandbox-express>

Sandbox Plus³, which will take effect on 1 January 2022, introduced enhancements to the Sandbox. It aims to further catalyse financial innovation and FinTech adoption, by providing more effective one-stop assistance in areas of regulatory support and financial grant. With Sandbox Plus,

- Early adopters of technology innovation is eligible for Sandbox in addition to first movers. However, if the proposed technology is similar to those that are already being applied in financial service in Singapore (a) by a few financial institutions or Sandbox entities; or (b) where a 2-year time period has elapsed from the first known implementation, the applicant must show that a different technology is being applied or the same technology is being applied differently.
- If the proposed technology is not yet applied in financial service in Singapore, i.e. first mover, the applicant is eligible to apply for funding under the Financial Sector Technology and Innovation (FSTI) – Innovation Acceleration Track within the same Sandbox application. Eligible applicants can obtain funding of up to S\$400,000 at a 50% funding level. Please note that the funding is not applicable for Sandbox Express applications. For more information, please refer to Q12.

Q2: Who can apply for a Sandbox?

Any firm that is looking to apply technology in an innovative way to provide new financial services that are regulated by MAS.

MAS expects that interested firms would have done their due diligence, such as testing the proposed financial service in a laboratory environment and knowing the legal and regulatory requirements for deploying the proposed financial service, prior to submitting an application.

Q3: Where should an application be submitted to? Is there a specific period that the Sandbox is open for application?

Interested firms can and should clarify any question regarding the Sandbox by writing to MAS at FinTech_Sandbox@mas.gov.sg.

To apply to be in a Sandbox, the firm can submit an application using the template provided in the guidelines to the MAS Review Officer if the firm is a MAS regulated FI, and

³ <https://www.mas.gov.sg/development/fintech/sandbox-plus>

if the firm is not a MAS regulated FI, to FinTech_Sandbox@mas.gov.sg. There is no specific period for applications to be made to be in a Sandbox.

Q4: Would the application to be in a Sandbox incur any administrative charges?

There are no administrative charges for submitting a Sandbox application.

Q5: Would MAS consider exempting the Sandbox applicant from licensing?

MAS will provide the appropriate regulatory support by relaxing specific legal and regulatory requirements prescribed by MAS, which the applicant would otherwise be subject to, for the duration of the sandbox. A risk-based approach will be adopted in determining the most appropriate and effective form of regulatory support to facilitate the experimentation in the Sandbox, and any application for exemption would be considered on a case-by-case basis.

Q6: Is the broader scale deployment of the proposed financial service limited to Singapore after successfully exiting the Sandbox?

The broader scale deployment is not limited to Singapore. However, as part of the application evaluation criteria, the Sandbox applicant must demonstrate the intention and ability to deploy the proposed financial service in Singapore after exiting the Sandbox.

Q7: Can changes be made to the Sandbox application after submission to MAS?

Due to the exploratory nature of the Sandbox approach, the applicant is allowed to make adjustments to the proposal, for example refining the boundary conditions, after discussing with MAS. MAS will work closely with the applicant in the course of evaluating the Sandbox application.

Q8: If an application is assessed to not be suitable for Sandbox, when can the same applicant re-apply?

For any Sandbox application that is rejected by MAS, MAS will not consider an application from the same applicant within a cooling-off period of 3 months from the date of rejection. MAS views the cooling-off period as a measure to safeguard against potential exploitation of the overall Sandbox framework, without stifling promising innovation. The cooling-off period also encourages the applicant to conduct a more comprehensive due diligence, improve its value proposition or submit a complete application.

Q9: How long will it take to complete the evaluation of a Sandbox application?

MAS recognises that a more definitive timeline will provide certainty to firms applying to be in a Sandbox, especially for start-ups. It is with this understanding that MAS commits to inform the Sandbox applicants on the potential suitability of their financial service to be in a Sandbox within 21 working days of receiving the application that includes a complete set of information necessary for the assessment. The preliminary indication serves to help the applicant with its business and resource planning.

However, it is impractical to commit on a fixed evaluation period as the time taken to fully evaluate a Sandbox application will involve several considerations, including the complexity of the proposed financial service and the regulatory support required. MAS will closely monitor the time taken to evaluate each application so that the objective of the Sandbox will not be derailed.

For Sandbox Express, MAS endeavours to complete the evaluation and respond to the applicant within 21 days from the date of receipt of a complete application. Nonetheless, for applications that are deemed by MAS to be complex and require more time to assess, MAS may notify the applicant within 21 days from the date of receipt of the application that MAS will not consider the application under Sandbox Express and will instead treat it as an application under the Regulatory Sandbox.

Q10: Can changes be made to the proposed financial service during experimentation?

MAS appreciates that the process of innovation is often dynamic and non-linear. In the event that the Sandbox entity intends to make material changes to the financial service under experimentation during the “Experimentation Stage”, the Sandbox entity should apply to MAS at least 1 month in advance and provide details of the changes with reasons. The Sandbox entity can continue experimenting while MAS reviews the change requests and inform the Sandbox entity of its decision.

For other changes, the Sandbox entity should inform MAS before proceeding with the changes. The customers in the Sandbox should also be informed of the changes where necessary.

Q11: What are the considerations if a Sandbox entity is unable to fully comply with the legal and regulatory requirements when exiting the Sandbox?

The Sandbox entity would be aware of its inability to meet certain legal and regulatory requirements when submitting the Sandbox application, and has the responsibility to ensure that there is a plan in place to meet these requirements.

Generally, the Sandbox will be discontinued if the Sandbox entity is unable to fully comply with the relevant legal and regulatory requirements at the end of the Sandbox period.

The Sandbox entity is encouraged to engage MAS early if it anticipates that it cannot comply with the legal and regulatory requirements upon exiting the Sandbox and can apply to MAS for an extension of the Sandbox period if it helps the Sandbox entity to fully comply with the relevant legal and regulatory requirements subsequently.

MAS will assess such situations on a case-by-case basis in the interest of encouraging FinTech innovation, protecting consumers and maintaining a level-playing field.

Q12: What is the funding support for eligible Sandbox entities?

The financial grant will support 50% of the qualifying expenses, capped at S\$400,000. It will be disbursed over three payments, upon meeting certain conditions, during and after the Sandbox period.

The qualifying expenses include manpower expenses (e.g. base salaries), professional services (e.g. consultancy expenses), hard/software infrastructure and licences, equipment and IP rights, and capability transfer-related training cost.

The grant aims to help meet the cashflow needs of eligible Sandbox entities, allowing them to focus resources on technology, human capital, and market development even while they are still in the Sandbox. This will facilitate faster time-to-market, and enable the entities to be more market-ready when they graduate from the Sandbox.