

§ 169-6. Regulatory sandbox applications.

(a) An entity may apply to participate in the regulatory sandbox by submitting an application to the Innovation Council. The Innovation Council shall select and refer applicants to the applicable State agency. Admission to the regulatory sandbox shall not be against the public interest and shall not unreasonably increase risk to consumers.

(b) Sandbox applicants must pay an application fee of fifty dollars (\$50.00). Applicants that are admitted into the regulatory sandbox program shall incur a participation fee of four hundred fifty dollars (\$450.00) to participate in the 24-month sandbox period to cover reasonable agency expenses. Additional participation fees may apply depending on factors such as the size of an entity or the number of customers an entity may have but will be capped at a reasonable amount to encourage participation in the sandbox program. The Innovation Council will determine and publish a fee schedule for these additional participation fees.

(c) An entity making an application to the sandbox program shall be a corporation or other organized entity with a physical presence in North Carolina. Upon acceptance to the sandbox program and as a condition to participation in the sandbox program, the individuals who are substantially involved in the development, operation, or management of the innovative product or service shall submit to a criminal history background check.

(d) In determining admission to the regulatory sandbox program, the Innovation Council shall consider all of the following:

- (1) The nature of the innovative product or service proposed to be made available to consumers, including the potential risk to consumers.
- (2) The methods that will be used to protect consumers and resolve complaints during the sandbox period.
- (3) A business plan, including availability of capital.
- (4) Whether the entity's management has the necessary expertise to conduct a pilot of the innovative product or service during the sandbox period.
- (5) Whether any person substantially involved in the development, operation, or management of the innovative product or service has been convicted of or is currently under investigation for fraud or State or federal securities law violations.
- (6) Any other factor that the Innovation Council or the applicable State agency determines to be relevant.

(e) The Innovation Council may deny an application in its discretion, provided defined reasons are given for the action. A denial may be resolved with an applicant through the informal procedures specified in G.S. 150B-22; however, no applicant shall be entitled to convert any dispute unresolved by informal procedures into a contested case, nor shall any applicant be entitled to judicial review under Article 4 of Chapter 150B of the General Statutes. Nothing shall prevent an applicant from reapplying for entry to the regulatory sandbox under this Chapter after the application is denied as long as the applicant has taken action to address the reasons for denial given by the applicable State agency. (2021-166, s. 1.)