



## **GUIDANCE NOTE FOR PARTICIPATION IN THE REGULATORY SANDBOX FRAMEWORK**

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## INTRODUCTION

1. The Central Bank of The Bahamas (“the Central Bank”) is responsible for the licensing, registration, regulation, and supervision of Supervised Financial Institutions (“SFIs”) operating in and from within The Bahamas pursuant to the Central Bank of The Bahamas Act, 2020 (“the CBA”), the Banks and Trust Companies Regulation Act, 2020 (“the BTCRA”), The Bahamas Co-operative Credit Unions Act, 2015 (“the BCCUA”), the Payment Instruments (Oversight) Regulations, 2017, and the Bahamian Dollar Digital Currency Regulations, 2021.
2. All applicants and SFIs are expected to adhere to the Central Bank’s application, licensing, registration, and prudential requirements, as well as ongoing supervisory programs, including periodic on-site examinations, and required regulatory reporting. All applicants and SFIs are also expected to conduct their affairs in compliance with all other Bahamian legal requirements.

## OBJECTIVES

3. The Regulatory Sandbox (“the Sandbox”) is intended to allow applying entities and existing SFIs to test innovative products, services, business models, delivery channels and digital technology platforms in a controlled environment, while ensuring the appropriate safeguards are in place. The Sandbox provides the Central Bank with the flexibility to grant conditional regulatory exceptions as part of the application process in order to assess and evaluate the viability of an applicant’s business plan and its impact on the Bahamian financial services sector. Entities approved to participate in the Sandbox may benefit from the intended favorable outcomes by:
  - i. Reducing the timeframe of licence application approvals that generally arise because of ambiguity in applying the appropriate existing legislative and policy framework;
  - ii. Enabling products to be tested and introduced to the market;
  - iii. Building the appropriate consumer protection safeguards and services for innovative products;
  - iv. Clearly defining the roles and responsibilities of stakeholders and the operations of the Sandbox for the Bahamian financial services sector; and
  - v. Amending existing legislation or introducing new laws, guidance and oversight bodies to facilitate company, product and service development.

## APPLICABILITY

4. The Sandbox will be open to all entities, both new entrants and incumbents, seeking to conduct financial activity in or from within The Bahamas via innovative products, services, business models, delivery channels, and digital technology platforms that fall within the regulatory remit of the Central Bank.

## SCOPE

5. The Regulatory Sandbox Framework does not replace the existing authorisation process for applicants seeking to be licensed by the Central Bank to conduct regulated financial activity in or from within The Bahamas.
6. The Guidance Note for Participation in the Regulatory Sandbox Framework prescribe the Central Bank of The Bahamas' standards, processes, and procedures that support entities seeking to introduce improvements in the design and delivery of financial products, services, or solutions to customers in The Bahamas.

## DEFINITIONS

7. For the purpose of this Guidance Note –

**“Applicant”** refers to the registered entity who submits an application to participate in the Regulatory Sandbox;

**“Confirmation Letter of Participation”** refers to the correspondence issued by the Central Bank advising applicants of their approval to participate in the Regulatory Sandbox;

**“Innovative products, services, business models, delivery channels and digital technology”** refers, but is not limited, to application programming interface (API), artificial intelligence, biometrics authentication, digital banking and payment services, distributed ledger technology, and any other fintech based solutions that encourages financial inclusion and have been approved by the Central Bank;

**“Regulatory Sandbox”** refers to the controlled environment whereby the Central Bank may grant conditional regulatory exceptions for registered entities to test innovative products, services, business models, delivery channels and digital technology to customers;

**“Regulatory Sandbox Lifecycle”** refers to the process and procedures in which the Central Bank will consider and review applications from entities seeking to participate in the Regulatory Sandbox

## THE OVERSIGHT AND REGULATORY SANDBOX AUTHORISATION COMMITTEE

8. The Central Bank's Oversight and Regulatory Sandbox Authorisation Committee (“ORSAC”) will serve as the highest decision-making body and have general oversight of the Sandbox.
9. The Committee consists of key Central Bank personnel appointed by the Governor. The Committee will be comprised of five (5) individuals with knowledge of the Central Bank's authorisation, risk based supervisory framework, legislative and policy framework, information technology, and risk management requirements. ORSAC may invite other competent

individuals or entities, in accordance with the Committee's terms of reference, to provide their expertise in order to assess an applicant's business proposal.

10. The Committee will meet, at minimum, once a month. Where necessary, and as prescribed by the Committee Chair, ORSAC may meet more frequently based on the application status and stage of review.
11. Where a Sandbox applicant's activities fall within the purview of other domestic supervisory authorities, including the Securities Commission of The Bahamas or the Insurance Commission of The Bahamas, the Central Bank will coordinate with the relevant supervisory authority to ensure aligned supervisory approaches, effective information-sharing, appropriate consumer protection measures, and the avoidance of duplicative or conflicting regulatory requirements.

## **FUNCTIONS OF ORSAC**

12. The general functions of ORSAC include, but will not be limited to:
  - i. Determining whether the applicant should be approved for entry into the Sandbox;
  - ii. Providing Confirmation Letters of Participation/Refusal to applicants;
  - iii. Assessing the regulatory and supervisory issues and risks that arise with the introduction of the proposed product, service, business model, delivery channel and technology platform;
  - iv. Defining key performance metrics of the business based on nature, size and complexity of proposed operations;
  - v. Ensuring that the applicant has the appropriate standards and policies regarding AML/CFT/CPF in accordance with The Bahamas' AML/CFT/CPF legislation and policies;
  - vi. Confirming that the business platform demonstrates high standards of transparency;
  - vii. Determining and explaining how the regulatory and supervisory issues and risk are to be mitigated in accordance with legislative and policy requirements concerning capital, liquidity, and corporate governance;
  - viii. Determining the duration of the testing period giving reasonable notice and rationale where the duration should be extended;
  - ix. Determining whether an applicant has breached the terms and conditions that were established between the Central Bank and the applicant during the pre-application process and whether the breach can be remedied within an approved timeframe; and

- x. Establishing any other terms and conditions that will govern the operation of the Sandbox and issue any guidelines, where necessary, to refine the processes, objectives and principles of the Sandbox.

## REGULATORY SANDBOX- ELIGIBILITY CRITERIA

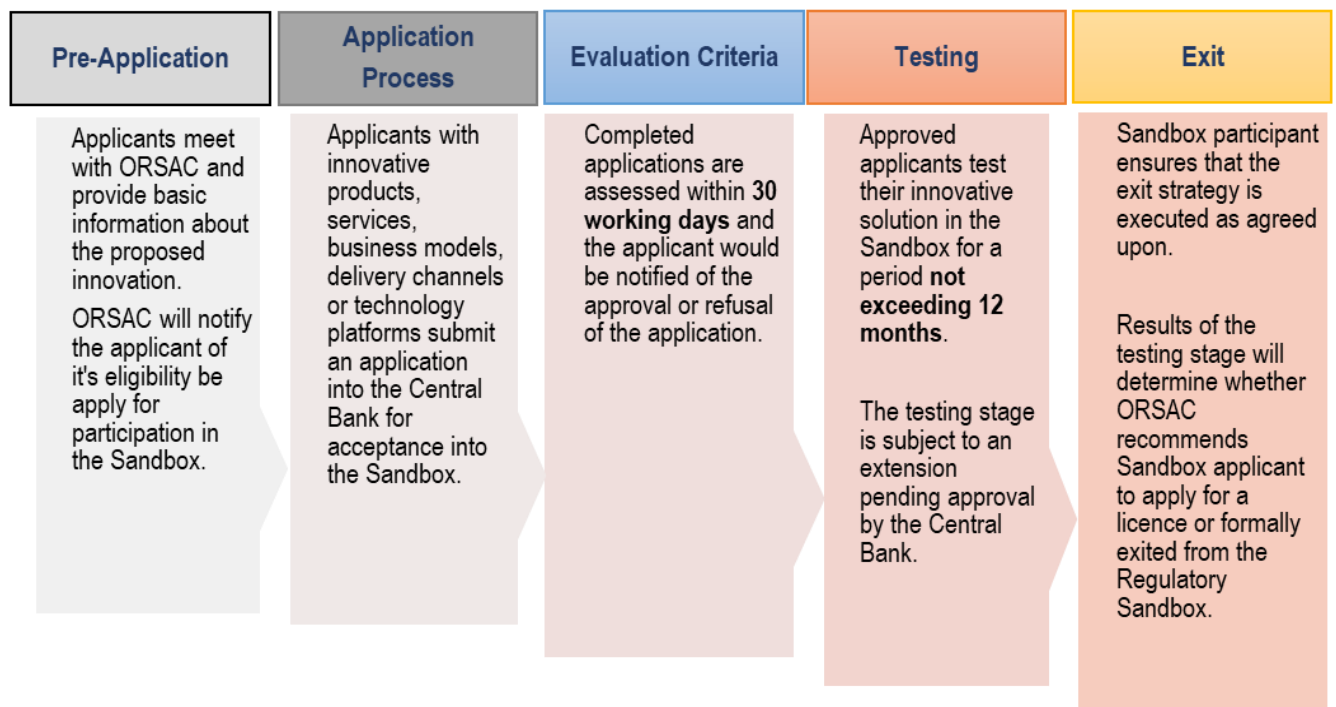
13. As part of assessing an Applicant's proposed product, service, business model, delivery channel or technology platform, the Central Bank will consider the following:

- i. Whether the fintech based application used to provide the customers with the proposed product, service or delivery channel has previously been approved to conduct financial services business in The Bahamas;
- ii. Whether the introduction of the proposed product, service, business model, delivery channel or technology platform would enhance accessibility, efficiency, security and quality in the provision of financial services occurring in or from within The Bahamas, and broaden capacity for financial inclusion;
- iii. Whether applicants have conducted the appropriate benchmarking and impact assessments to demonstrate the usefulness, functionality and viability of the proposed business model to exist within the financial services sector;
- iv. Whether the resources (financial, human and technical support) necessary for participation in the Sandbox exist and whether they are sufficient to mitigate potential consumer risks and losses arising from activities occurring within the Sandbox;
- v. Whether the use of technology, if not introduced as a regulated activity within the existing financial services framework, has the capacity to adversely impact customers and threaten financial stability in The Bahamas or any other jurisdiction; and
- vi. Whether the product, service, business model, delivery channel and technology platform are either wholly or partly incompatible with existing laws or regulations and policies issued by the Central Bank.

## REGULATORY SANDBOX LIFECYCLE

14. To assess the eligibility criteria for entities seeking to participate in the Sandbox, proposed Sandbox Applicants may be invited to schedule a **Pre-application Meeting** with members of ORSAC. During such time, applicants may provide the Central Bank with an overview of the entity proposing to introduce the product, service, business model, delivery channel or technology platform to be formally considered as a participant in the Sandbox.

15. The **Pre-application Meeting** serves as the first of five stages within the Regulatory Sandbox Lifecycle. Entities advancing beyond the pre-application meeting will receive written notification advising of the subsequent steps to be taken in order to participate in the Sandbox.



## REGULATORY SANDBOX – PRE-APPLICATION STAGE

16. In the pre-application stage, ORSAC will schedule a meeting with applicants to discuss their proposed product, service, business model, delivery channel, or technology platform. Applicants are required to provide the prescribed due diligence documents to ORSAC for their consideration. Following the pre-application meeting, within **twenty (20) business days**, ORSAC will determine whether to:

- i. Advise the applicant to submit a completed application form for formal admission into the Sandbox; or
- ii. Advise the applicant to submit any further documents that provide clarity to aid the Committee's decision as to whether the applicant will be granted access for its proposed product, service, business model, delivery channel, or technology platform to be tested in the Sandbox; or
- iii. Provide feedback to the applicant on the reasons the innovative solution cannot be facilitated via the Sandbox.

## REGULATORY SANDBOX – APPLICATION PROCESS

17. Entities may apply to participate in the Sandbox by submitting a completed application form and supporting documentation with the subject – **CBOB Sandbox Applicant (Name of Entity)** to [BSD@centralbankbahamas.com](mailto:BSD@centralbankbahamas.com). Additionally, prior to entry into the Sandbox, an applicant would be required to provide the following to the Central Bank:

- i. A brief description of the applicant's organisation, including the financial standing, technical, and business expertise;
- ii. A description of the corporate governance structure that ensures the business and its operations are led and managed by persons with credibility and integrity;
- iii. A brief description of the product, service, delivery channel, or technology platform to be tested within the Sandbox;
- iv. A description of how the Sandbox Applicant has met the eligibility criteria ([REGULATORY SANDBOX- ELIGIBILITY CRITERIA](#)) with supporting evidence;
- v. Disclosure of the parameters of the Sandbox (i.e., Start and End Dates, Target Audience, Customer Limits, Transaction Threshold, and Cash Holding Limits);
- vi. An assessment of the applicant's readiness for testing, which will include customer safeguards and testing plans;
- vii. Test scenarios including the potential direct and indirect losses of the experiment;
- viii. A description of the customer communications plan, which would include any risk disclosures and material information about the company;
- ix. Target and Key Performance Indicators, which will be used to determine the success of the product, service, delivery channel, or technology platform;
- x. A description of consumer protection, cyber security and other relevant measures taken by the applicant to ensure customer safety;
- xi. A description of any third-party outsourcing arrangements including the due diligence conducted by the applicant on the third-party; and
- xii. An assessment inclusive of an exit plan, deployment strategy, timeframes, and any gaps in meeting legal and regulatory requirements after exiting the Sandbox.

## REGULATORY SANDBOX – EVALUATION CRITERIA

18. At the evaluation stage, ORSAC will review and assess applications to identify the parameters of the testing for the development of a testing plan. ORSAC will consider the following matters when conducting its assessment:

- i. Whether the product, service, business model, delivery channel, or technology platform is introduced in an innovative manner that is beneficial to The Bahamas and has potential to promote financial inclusion;
- ii. The overall readiness of the systems, processes, and procedures involved in the Sandbox testing stage;
- iii. Whether the risks associated with the products, service, delivery channel, or technology platform are properly risk assessed and mitigated; and
- iv. Whether the exit strategy demonstrated the participant's ability to discontinue the proposed financial product, service, delivery channel, or technology platform upon request by the Central Bank or proceed to deployment on a wider scale following the exit from the Sandbox.

19. Furthermore, as part of the evaluation criteria of safeguards for customers participating in the testing stage, ORSAC will assess the participating entities' risk and control mechanisms for customers participating in the testing stage. This includes, but will not be limited to:

- i. The limitations on the number and type of customer(s)/client(s) that will participate in the test;
- ii. The limitations on the type and size of transactions;
- iii. Additional requirements related to the participant's handling and protection of consumer data, in line with existing laws and regulations;
- iv. Ensuring that applicants obtain informed consent from participating customers by adequately disclosing the potential risks associated with participation in the Sandbox, and confirming that customers fully understand and accept those risks. Applicants are required to obtain customers' prior, verifiable consent before their participation in the test;
- v. Providing customer redress mechanisms, including the possibility for financial compensation for Sandbox participants whose data may be harmed in a test under clearly specified circumstances;
- vi. Procedures for escalating issues in cases where a client is not satisfied with the participant's resolution;
- vii. Requirements to carry out stress testing (where applicable);

- viii. Restrictions or prohibition on holding or controlling client money or financial assets, having regard to the risks associated with the proposed solution<sup>1</sup>; and
  - ix. Ensuring that customers can opt out of the test provided they abide with disclosure/non-disclosure agreements.
20. Following the assessment of the application, ORSAC will recommend whether the application should continue in the process for further testing in the Sandbox. In the event ORSAC determines that the application for the proposed product, service, business model, delivery channel, or technology platform will not continue within the Sandbox stages, the Committee Chair will formally recommend (in writing) to the Governor the status of the applicant's ongoing participation in the Sandbox.
21. The Committee Chair will notify the applicant (in writing) of the Committee's decision within **ten (10) business days** following the formal recommendation.

## REGULATORY SANDBOX – SANDBOX COHORTS

22. The Sandbox structure allows for a cohort system, for a group of entities that share the same characteristics of being allowed to enter the Sandbox at the same time and for the same duration.
23. The Sandbox would allow one cohort per year, which would be named after the year the cohort is accepted (e.g., Cohort 2026). The Central Bank will publish on its website the list of firms accepted into each cohort, the application timeframe, and a summary of the general evaluation criteria used for admission.
24. The number of entities that may be accepted into a cohort will be determined based upon the functional resource capacity of the Central Bank.

## REGULATORY SANDBOX – TERMS AND CONDITIONS

25. ORSAC, in consultation with the applicant, will set the terms and conditions for participation in the Sandbox. ORSAC will issue a Confirmation Letter of Participation permitting the applicant to participate in the Sandbox. The Confirmation Letter of Participation does not constitute the granting of a licence by the Central Bank; however, the letter will confirm the terms and conditions under which a Sandbox participant may test its products and technology. Additionally, where appropriate, the Confirmation Letter of Participation will stipulate the conditions governing how the applicant may engage any approved class or category of customers for testing purposes.

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<sup>1</sup> Where the testing involves client funds or financial assets, ORSAC may require appropriate safeguards, including the use of licensed custodian, segregation of client funds, safeguarding arrangements, transaction or balance limits, and appropriate governance and oversight controls.

26. Unlicensed and unregistered Sandbox participants may engage a restricted group of customers for the purpose of testing their approved products, services, business models, delivery channels, or technology platforms. Such engagement would be subject to prior approval by the Central Bank and must comply with prescribed safeguards, including, but not limited to, customer consent, disclosure of potential risks, transaction and customer limits, and restrictions on the handling of client funds. The Central Bank would determine, on a case-by-case basis, the classes or categories of customers that may be engaged during the testing period.
27. The general terms and conditions must include, but not be limited to:
- i. Duration of the testing period;
  - ii. Number of proposed clients to be engaged (where approved);
  - iii. Requirement for Client Confirmation Statements signed by proposed clients, acknowledging their willingness and ability to conduct business with a Sandbox applicant, and acknowledging that they have been notified of the key risks associated with the service by the applicant;
  - iv. Requirement for the Central Bank to be able to access the operating platform and conduct oversight assessment;
  - v. Confirmation statement of proposed operating policies addressing client security and data protection, transaction limits, outsourcing arrangements, and any reliance on third-party service providers, identifying those which are considered critical to Sandbox operations.
  - vi. Outline of the capital and liquidity requirements along with the approved corporate governance structure; and
  - vii. Termination Policy for the provision of products, services, business models, delivery channels, and technology support to approved clients.
28. ORSAC will determine, based upon the evaluation criteria, the overall timeframe the applicant may need for the testing period. It is important to note that the proposed testing stage for approved applicants **may not exceed 12 months** from the beginning of the testing stage.
29. Third-party service providers involved in Sandbox testing would be subject to the Central Bank's due diligence review. The applicant remains fully accountable for the actions and oversight of such providers. A third-party service provider may be considered critical where it performs a function that is essential to the operation of the proposed solution, performs or supports a regulated financial activity, requires licensing, registration or approval, or presents material financial, operational, customer or AML/CFT/CPF risks.

30. Applicants must identify third-party service providers and demonstrate that appropriate due diligence, risk management, and where applicable, regulatory approvals or registrations are in place. The Central Bank reserves the right to conduct direct assessments of third-party service providers that perform critical operational, technological or customer-facing functions.

## REPORTING REQUIREMENTS WHILE IN THE SANDBOX

31. Participants within the Sandbox testing stage would be required to submit information, as well as periodic and final reports related to the testing period within the timeframe agreed upon by ORSAC and the applicant. In addition, both the periodic and final reports must be confirmed by the company's Chief Executive Officer ("CEO") before submission to the Central Bank. Participants within the Sandbox must also ensure that all records are properly maintained during the testing period to support the testing conducted within the Sandbox.
32. The frequency and specific details to be included in the periodic reports must be agreed upon between ORSAC and the applicant. The details of this report should include, but will not be limited to:
- i. Key performance indicators, key milestones, and statistical information;
  - ii. Key issues arising as observed from fraud or operational incident reports;
  - iii. Updated risk register including possibility and treatment of emerging risk(s);
  - iv. Details of any audits conducted;
  - v. Customer satisfaction reports, including complaints, if any;
  - vi. Detailed log of operational or technical incidents and steps taken to address the same; and
  - vii. Actions or steps taken to address the key issues above.
33. Furthermore, Sandbox participants are required to submit a final report within **thirty (30) calendar days** following the expiration of the testing stage. This report should include the following information:
- i. Key outcomes, key performance indicators against agreed measures for the success or failure of the test and findings of the test;
  - ii. A full account of all incident reports and resolution of customer complaints; and
  - iii. In the case of a failed or unsuccessful test, lessons learnt, and how the entity tends to wind-down the test.

## **RISK ASSESSMENTS AND SAFEGUARDS**

34. Applicants seeking to participate in the Sandbox are required to identify the potential risks to SFIs and their clients that may arise from the testing of the approved products, services, business models, delivery channels, or technology platforms. In addition, the appropriate safeguards should be implemented to address the identified risks.
35. In assessing the risks and evaluating the proposed safeguards, the Central Bank will give due regard to the following:
- i. Preserving sound financial and business practices consistent with monetary and financial stability;
  - ii. Promoting the safety, reliability, and efficiency of payment systems and payment instruments;
  - iii. Compliance with AML/CFT regulations;
  - iv. Promoting the fair treatment of customers;
  - v. Protecting the confidentiality of customer information; and
  - vi. Encouraging healthy competition for financial products, services, delivery channels, and technology platforms.

## **SUSPENSION OR RESCISSION OF REGULATORY SANDBOX PARTICIPATION**

36. The Central Bank may refuse an applicant or suspend participation in the Sandbox at any point during the five stages of the Sandbox.
37. To this end, review of a Sandbox application or participation in the Sandbox could be suspended or rescinded for any of the following reasons:
- i. Material misrepresentation reported during testing that differ from details submitted in the Sandbox application;
  - ii. Adverse systemic impact posed to customers, financial stability, or the financial services sector;
  - iii. Financial products, services, delivery channels, or technology platforms were deemed inappropriate with regard to consumer protection and data privacy;
  - iv. Failure of the applicant's organisation and corporate governance to remain in good standing;
  - v. Failure of the applicant to implement the agreed safeguards;
  - vi. Failure of the applicant to maintain transparency of operations throughout the duration of testing;

- vii. Inadequate testing and ineffective risk management and controls; and
  - viii. Failure to commence the testing within the agreed timeframe set by the Central Bank.
38. ORSAC must provide details to approved applicants for suspending their participation or rescinding the Confirmation Letter of Participation with a recommendation on a subsequent course of action.
39. An applicant whose application is unsuccessful at the evaluation stage will not be subject to the six (6) month cooling-off period and may submit a new application for a subsequent Sandbox cohort, provided that any deficiencies or concerns identified during the assessment have been satisfactorily addressed.
40. A six (6) month cooling-off period would apply to a participant whose participation in the Sandbox has been suspended or rescinded, or who has voluntarily withdrawn from participation. Any subsequent application must provide new information or demonstrate that the material issues that resulted in the suspension, rescission, or withdrawal have been satisfactorily addressed.
41. Applicants whose Sandbox applications are rejected, or whose participation is suspended or rescinded, may, within **thirty (30) business days** of receiving such notification, submit a written request for reconsideration providing additional information or clarification. ORSAC must review the request and issue a written determination within **twenty (20) business days** of receipt. A request for reconsideration does not suspend, or otherwise alter the application of any applicable cooling-off period.

## EXTENDING OR EXITING THE REGULATORY SANDBOX

42. If an extension is required, the Sandbox participant must submit a notice to the Central Bank requesting the extension at least **thirty (30) business days** before the end of the testing stage. The notice must specify the additional time requested and an explanation for the reason for the extension.
43. ORSAC may, upon written justification and where the information received is insufficient for the approved applicant to progress to the exit stage of the Sandbox lifecycle, grant an extension of the testing period. Such extension will not exceed **six (6) months** and would not be granted more than once.
44. The Central Bank may prohibit deployment of the product, service, business model, delivery channel or technology platform in the market upon the completion of testing due to the following reasons:
- i. Unsuccessful testing based on approved test measures;
  - ii. The product, service, delivery channel, or technology platform is or was proven to have weak controls regarding technology risk management; or

- iii. The product, service, delivery channel, or technology platform had unintended negative consequences that can adversely impact the financial stability for the Bahamian economy.

45. To exit the Sandbox applicants must:

- i. Provide at least twenty (20) business days' notice to all customers who were engaged during the testing stage of their intent to terminate operations and the process necessary to recover any unsatisfied financial interest held by the approved applicant on their behalf; and
- ii. Execute an approved termination policy, including terminating the provision of products, services, or delivery channels for all prospective and existing clients of the Sandbox.

46. Participants in the Sandbox may choose to discontinue their intent to participate in the testing stage. In this case, the participant would be allowed to voluntarily withdraw by notifying the Central Bank in writing, at least **thirty (30) calendar days**, prior to ceasing participation within the Sandbox.

47. Participants **not** recommended for licensing will be required to discontinue testing and exit the Sandbox in accordance with paragraph 41 of this Guidance and as advised by any further conditions imposed by ORSAC.

48. Participants who have been recommended to apply for licensing to conduct approved business in or from within The Bahamas, will be directed by the Central Bank in the manner of:

- i. Providing guidance in the filing of their application for the appropriate licence; and
- ii. Advising the participant of the options for addressing risk issues identified during their participation in the Sandbox.

49. Successful completion of Sandbox testing does not constitute a licence, registration, approval or authorisation to conduct regulated financial activities. Participants recommended for licensing must obtain the applicable licence or authorisation before commencing or continuing any regulated financial activity outside the approved Sandbox testing parameters. Where testing identifies an innovative activity for which no applicable licensing or regulatory framework exists, the Central Bank may consider the testing outcomes in developing appropriate regulatory or legislative measures.

## CONFIDENTIALITY

50. The Central Bank and its directors, officers, employees, agents and advisers shall maintain the confidentiality of all non-public information obtained in connection with the administration of the Regulatory Sandbox and shall not disclose such information except as permitted or required by applicable law.

51. Information obtained in connection with the Regulatory Sandbox may be disclosed where such disclosure is required or permitted by law, including where necessary for the Central Bank to perform its statutory functions, comply with a court order or other legal requirement, or cooperate with another regulatory or supervisory authority.
52. The confidentiality obligations applicable to information obtained in connection with the Regulatory Sandbox are subject to Section 43 of the [Central Bank of The Bahamas Act, 2020](#) and, where applicable, Section 77 of the [Banks and Trust Companies Regulation Act, 2020](#).
53. Participation in the Regulatory Sandbox does not affect ownership of, or other rights in, intellectual property created or disclosed during testing. Intellectual property rights would be governed by applicable law and any contractual arrangements between the relevant parties.

## RESPONSIBILITIES OF THE CENTRAL BANK OF THE BAHAMAS

54. The Central Bank will provide the appropriate regulatory guidance to confirmed participants of the Sandbox.
55. The Central Bank will adopt a more permissive stance for applicants approved to participate within the Sandbox with respect to its approved supervisory and regulatory requirements associated with regulated business activities conducted in or from within The Bahamas.
56. The Central may grant conditional regulatory exceptions to approved participants, where necessary, for the duration of their participation within the Sandbox. Such exceptions would be time-bound, proportionate to the risk exposure, and limited to the period during which an applicant remains an approved participant. All exceptions will automatically terminate upon voluntary withdrawal or exit from the Sandbox. Existing licensees or registrants approved to be participants within the Sandbox may not observe, transfer, or conduct operations in accordance with the exceptions granted to them during its approved participation within the Sandbox and must revert to full compliance with all regulatory standards and requirements.
57. The Central Bank bears no responsibility for any operational, legal, or financial loss that may arise as a result of an applicant's participation within the Sandbox, nor will it share in any liability incurred by the applicant or its customers in the course of fulfilling the conditional requirements for participating in the Sandbox. In granting any conditional regulatory exceptions to approved applicants participating in the Sandbox, the Central Bank would be guided by the evaluation criteria for testing or any other criteria recommended by ORSAC or designated advisor, agent, or representative approved by the Governor.

58. Conditional regulatory exceptions may be granted in respect of the following regulatory requirements:

- i. Capital requirements and capital adequacy;
- ii. Corporate Governance (Board composition, Management experience, and track record of individuals and entities);
- iii. Licence Fees;
- iv. Minimum Liquid Assets; and
- v. Central Bank Guidelines, such as [Minimum Standards for the Outsourcing of Material Functions](#) and [Technology Risk Management Guidelines](#).

59. Examples of regulatory requirements where conditional exceptions would **not** be allowed are:

- i. Confidentiality of customer information;
- ii. Handling of customers' money and assets by intermediaries;
- iii. Fit and proper criteria of key principals of the entity; and
- iv. Provisions related to anti-money laundering and combating the financing of terrorism.

60. The Central Bank reserves the right to publish information about Sandbox activities, participants, and outcomes on its website. While maintaining the confidentiality of personally identifiable information, the Central Bank may publish periodic summaries highlighting the types of innovations tested, key regulatory insights, and lessons learned for the broader financial sector.

## APPENDIX A

### SUPPORTING DOCUMENTS FOR REGULATORY SANDBOX APPLICATION

The following documents should be submitted to the Bank Supervision Department in support of each application:

- A completed Regulatory Sandbox Application Form;
- Confirmation of Registration as a Company registered to conduct business in or from within The Bahamas;
- Due Diligence Documents for individuals identified as shareholders, controllers, and directors of the applicant, which include, but are not limited to:
  - Detailed Curriculum Vitae;
  - Certified Copy of Passport (or Certified – National Identification Card);
  - Original Financial Reference;
  - Original Character Reference (2);
  - Original Police Certificate; and
  - Notarised Confidential Statement.
- Business proposal for the product, service, business model, delivery channel, or technology platform;
- Details of any third-party service providers or outsourcing arrangements supporting the proposed testing, including the due diligence conducted on such providers and any applicable regulatory approvals, registrations or authorisations; and
- Any other document that the Central Bank deems necessary.