

MFSA REGULATORY SANDBOX
PROPOSAL FORM
GUIDELINES

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REVISIONS LOG

VERSION	DATE ISSUED	DETAILS
1.00	22 July 2020	DOCUMENT ISSUED

Title 1 General

Section 1 Scope and Application

G1-1.1.1 The Guidelines to the MFSA FinTech Regulatory Sandbox ('the Guidelines') are issued to assist an Applicant wishing to submit a Proposal to test his/her innovative idea within the MFSA FinTech Regulatory Sandbox ('the Sandbox') under the FinTech Regulatory Sandbox Proposal form ('the Proposal Form').

G1-1.1.2 These Guidelines are applicable to Applicants wishing to be registered as FinTech Service Provider, FinTech Supplier or Other Applicants under the MFSA Rule 3 of 2020 ('the Rule') establishing the MFSA FinTech Regulatory Sandbox in terms of Article 16(2)(a) of the MFSA Act.

Section 2 High Level Guidelines

G1-1.2.1 The Applicant shall to the best of his/ her knowledge, provide information, which is truthful, accurate and complete.

G1-1.2.2 The Applicant shall notify the MFSA immediately if the information provided changes in any respect subsequent to submitting a Proposal.

G1-1.2.3 Applicants are required to make reference to, and comply with, the Rule during the completion of their Proposal.

G1-1.2.4 Any potential improvements and/ or recommendations should be communicated to the MFSA for consideration.

G1-1.2.5 The Authority may at its sole discretion request from the Applicant further information/ documentation.

Section 3 Definitions

G1-1.3.1 Unless otherwise specified, terms used in these Guidelines shall have the same meaning assigned to them under the Rule.

Section 4 Date of Application

G1-1.4.1 These Guidelines shall apply from 22 July 2020.

Title 2 Methodology

Section 1 Scope and Application

G1-2.1.1 This Title outlines the methodology underpinning the Proposal Form, and its respective validations and reporting requirements.

G1-2.1.2 This Title shall be applicable to Applicants falling within the scope of Section 1, Title 1 of these Guidelines.

Section 2 Accessing the Regulatory Sandbox Proposal Form

G1-2.2.1 The MFSA Shall only be considering proposal submissions for participation within the Sandbox made through the dedicated Sandbox Proposal Form, which is publicly available online on the dedicated MFSA FinTech Regulatory Sandbox on the MFSA website, accessible through the following link:

<https://www.mfsa.mt/sandbox-proposal-form/>

G1-2.2.2 Pursuant to G1-2.2.1, Applicants shall be directed towards the Proposal Form section, where he or she shall proceed to initiate the Proposal Form submission process by selecting the *"Submit a Sandbox Proposal"* button. Applicants will then be redirected to the Proposal Form page.

Section 3 Structure

G1-2.3.1 In order for the Proposal Form to be considered complete, the Applicant is required to complete all six parts of the Proposal Form, as follows:

- i. Part 1 - Applicant Details
- ii. Part 2 – Regulatory History
- iii. Part 3 – Proposal Details
- iv. Part 4 – Eligibility Criteria
- v. Part 5 – Testing Objectives
- vi. Part 6 – Application Fees

G1-2.3.2 Applicants are advised that the Proposal Form should be completed in a sequential manner proceeding from Part 1 to the next. However, Applicants are able to modify and/ or alter any part in any way or form until submission.

- G1-2.3.3 Furthermore, Applicants are to note that a *"Save and Continue Later"* function is available whereby an Applicant can Save the Proposal Form and receive a link via email which upon clicking on will enable him/ her to proceed with the Proposal Form. Such link is valid for 30 days.
- G1-2.3.4 In order for the Proposal Form to be considered complete, the Applicant shall have to submit the required business plan together with any supporting documents, as he/ she deem appropriate, complimented with the respective fee via bank/ cheque.

Title 3	The Proposal Form Considerations
Section 1	Scope and Application
G1-3.1.1	This Title outlines the six parts of the Proposal Form, and the respective requirements.
G1-3.1.2	This Title shall be applicable to Applicants falling within scope of Section 1, Title 1 of these Guidelines.
Section 2	Part 1: Applicant Contact Details
<i>Sub - section 1</i>	<i>Section A - Applicant Contact Details</i>
G1-3.2.1.1	The Applicant is required to submit its general information and contact details.
<i>Sub - section 2</i>	<i>Section B - Applicant General Details</i>
G1-3.2.2.1	The Applicant is requested to indicate the Person Type and to disclose all the relevant information as required under the respective Person type section.
G1-3.2.2.2	The Applicant is also requested to disclose, where applicable, its social media presence by providing the respective URLs.
Section 3	Part 2: Regulatory History
G1-3.3.1	The Applicant is required to disclose whether it has ever sought any kind of authorisation whatsoever by the MFSa or any other regulatory authority.
G1-3.3.2	Pursuant to G1-3.3.1, the Applicant is required to disclose whether authorisation was ever obtained within the context of a Regulatory Sandbox Framework. In such case, the Applicant is to provide details of the Sandbox, the testing objectives and respective outcome.
Section 4	Part 3: Proposal Details
<i>Sub - Section 1</i>	<i>Section A - Sector & Target Market</i>
G1-3.4.1.1	The Applicant is required to disclose the sector and target market reflecting the business model.
G1-3.4.1.2	Pursuant to G1-3.4.1.1, the Applicant shall clearly depict:

- i. which sector the business model falls under;
- ii. the type of clients being targeted; and
- iii. the geographical target market/s.

G1-3.4.1.3 Furthermore, the Applicant is required to disclose in detail the intended methods to be utilised to reach out to the prospective clients.

Sub - Section 2 Section B -Solution & Business Plan Details

G1-3.4.2.1 The Applicant is required to attach a copy of its business plan in .PDF format.

G1-3.4.2.2 Pursuant to G1-3.4.2.1, the business plan should at the minimum, include the following information:

- i. Overview of the organisation:
 - a. a description of the team and a short personal curriculum vitae of each of the involved person/s;
 - b. a chart illustrating the internal operational structure of the Applicant's business (showing names; reporting lines and roles); and
- ii. Strategy and Innovation
 - a. rationale behind decision to become involved in the MFSa FinTech Regulatory Sandbox;
 - b. description of the technology enabled financial innovation being utilised within its FinTech Solution;
 - c. length of testing period;
 - d. testing objective/s and performance measure/s;
 - e. exit strategy as set out in RX-4.4.5.1 of the MFSa Rule 3;
 - f. business strategy;
 - g. information on target clients: type, number of clients and jurisdiction/s;
 - h. anticipated level of business and yearly development for the first two (2) years of operation (including milestones timelines);

- i. marketing plan; and
 - j. proposed disclosures, including inter alia the regulatory status of the Applicant as well as the risks associated with the proposed Solution.
- iii. Internal Controls
 - a. detailed description of the systems, tools, processes and controls the Applicant will have in place in order to enable it to conduct its operations;
 - b. detailed description of the security mechanisms in place to guarantee the security and authentication of the means of transfer of information, minimise the risk of data corruption and unauthorised access and to prevent information leakage maintaining confidentiality of data at all times. The term 'security' includes cyber security.
- iv. Financials – Budgeted financial forecast for the next three (3) years including the following:
 - a. statement of financial position;
 - b. statement of profit and loss and other comprehensive income;
 - c. statement of changes in equity; and
 - d. statement of cash flows.

Section 5 Part 4: Eligibility

Sub - Section 1 Section A - Innovation

G1-3.5.1.1 The Applicant is required to indicate which of the technology-enabled solutions are being utilised within the solution.

G1-3.5.1.2 Additionally, the Applicant is required to, provide a description in the text box provided, how the solution is innovative and/or significantly different from existing business models, applications, processes or products within the financial services market.

Sub - Section 2 Section B - Need

G1-3.5.2.1 The Applicant shall demonstrate how the Solution would benefit from testing within the Sandbox, in order to identify any inherent regulatory gaps, challenges and risk.

G1-3.5.2.2 Furthermore, shall disclose the support required from the Authority for the Solution to operate within the Sandbox.

Sub - Section 3 Section C - Benefit

G1-3.5.3.1 The Applicant is required to disclose how the solution offers identifiable direct or indirect benefits to consumers and the wider financial services market.

G1-3.5.3.2 Furthermore, the Applicant is required to disclose:

- i. the risks posed to the consumers;
- ii. the measures undertaken to mitigate such risks; and
- iii. the risks faced during the testing phase of the Sandbox.

Sub - Section 4 Section D - Readiness

G1-3.5.4.1 The Applicant shall demonstrate how the Solution is ready for testing within the Sandbox and that adequate resources, both financial and human capacity, are available and committed for it to operate during the Sandbox.

Section 6 Part 5: Testing Objectives

G1-3.5.6.1 The Applicant shall identify the length of testing required for the Solution within the Sandbox, which shall be for a period of either six (6) or twelve (12) months.

G1-3.5.6.2 Pursuant to G1-3.5.6.1, the Applicant shall disclose the testing objective/s and performance measure/s, which the Solution will be expected to reach during the testing phase.

G1-3.5.6.3 The Applicant shall disclose the Exit Strategy should the test be terminated prematurely during the testing phase as in accordance to RX-4.5.2.1 and RX-4.5.2.2 of the Rule.

G1-3.5.6.4 The Applicant shall describe the intentions should the testing objectives be achieved and successful following the completion of the Sandbox testing phase.

Section 7 Part 6: Application Fees

G1-3.5.7.1 The Authority shall not commence the review of a Proposal which has pending fees.

G1-3.5.7.2 Pursuant to G1-3.5.7.1, payment of the non-refundable Proposal Fee may be made either through (i) cheque or (ii) bank transfer.

G1-3.5.7.3 Upon submission of the Proposal the Applicant will receive an email disclosing the bank / cheque details together with a PDF copy of the submitted Proposal, for the attention of the Applicant.

Annex 1

REGULATORY SANDBOX PROPOSAL FORM FIELD DETAILS

Sheet Ref.	Field Code	Required Detail	Field Type	REQ ¹	Details
PART 1 – Applicant Details					
Section A Applicant Contact Details <i>Contact Details</i>	P1-1	Title	List	M	
	P1-2	First Name	Text	M	
	P1-3	Last Name	Text	M	
	P1-4	Contact Email	Text	M	
	P1-5	Country Code	Text	M	
	P1-6	Phone	Numerical	M	
Section B Applicant General Details <i>Applicant Person Type</i>	P1-7	Legal Person or Natural Person	Radio Button	M	
	P1-8 ²	Entity Registered Name	Text	M	The below applies for Legal Person
	P1-9	Is the Entity's Trade Name Different than the Registered Name?	Radio Button	M	
	P1-10	Entity's Trade Name/s	Text	O	If applicable, please provide the respective Trading Name
	P1-11	Legal Form	List	M	

¹ 'M' refers to mandatory input (as applicable)

'O' refers to optional input

² The following fields are applicable for 'Legal Person'

REGULATORY SANDBOX PROPOSAL FORM FIELD DETAILS

Sheet Ref.	Field Code	Required Detail	Field Type	REQ ¹	Details
	P1-12	Other – Please Specify	Text	O	Only applicable if 'Other – Please Specify' for Legal Form has been chosen
	P1-13	Entity Registration Number	Text	M	
	P1-14	Date of Registration	List	M	
	P1-15	Registered Address	Text	M	
	P1-15.1	Building Name/Number	Text	M	
	P1-15.2	Street	Text	M	
	P1-15.3	City/Town	Text	M	
	P1-15.4	Postcode	Text	M	
	P1-16	Country of Registration	List	M	
	P1-17	Country Code	Text	M	
	P1-18	Business Direct Number	Text	M	
	P1-19	Business Email Address	Text	M	
	P1-20	Is the Business Address different than the Registered Address?	Radio Button	M	Select "Yes" or "No" If Yes, indicate the principle place of business as required.
	P1-20.1	Registered Address	Text	M	
	P1-20.2	Building Name/Number	Text	M	
	P1-20.3	Street Name	Text	M	
	P1-20.4	City/Town	Text	M	
	P1-20.5	Post Code/Zip Code	Text	M	

REGULATORY SANDBOX PROPOSAL FORM FIELD DETAILS

Sheet Ref.	Field Code	Required Detail	Field Type	REQ ¹	Details
	P1-20.6	Select Country	List	M	
	P1-21	Social Media	Text	O	If applicable, provide the respective URL.
	P1-22 ³	Principal Business Address	Text	M	
	P1-23	Building Name/Number	Text	M	
	P1-24	Street Name	Text	M	
	P1-25	City/Town	Text	M	
	P1-26	Post Code/Zip Code	Text	M	
	P1-27	Business Address – Country	List	M	
	P1-27	Website	Text	M	
	P1-28	Social Media	Text	O	If applicable, provide the respective URL.

PART 2 – Regulatory History

Section A <i>Regulatory History</i>	P2-1	Has the Applicant ever sought any kind of authorisation whatsoever by the MFSA or any other Regulatory Authority?	Radio Button	M	Select "Yes" or "No"
	P2-2	Competent Authority	List	M	
	P2-3	Type of Authorisation or License	Text	M	
	P2-4	Was this Authorisation obtained within the context of Sandbox Framework	Radio Button	M	Select "Yes" or "No"

³ The following fields are applicable for 'Natural Person'

REGULATORY SANDBOX PROPOSAL FORM FIELD DETAILS

Sheet Ref.	Field Code	Required Detail	Field Type	REQ ¹	Details
	P2-5	If yes, provide details of the Sandbox, the testing objectives and outcome	Text	O	If "Yes" provide a detailed description
	P2-6	Status	List	M	Refers to the status of Licence/ Approval/ Registration/ Position/ Other
	P2-7	Date	List	M	
	P2-8	Reason	Text	M	

PART 3 – Proposal Details

Section A Sector & Target Market <i>Provide details of the Applicant's sector and target market</i>	P3-1	Which sector does your business model fall under?	Tick	M	Multiple options may be selected
	P3-2	Type of clients?	Tick	M	Multiple options may be selected
	P3-3	Target market?	Tick	M	Multiple options may be selected
	P3-4	How does the applicant intend to reach out to prospective clients?	Text	M	
Section B Solution & Business plan <i>Details</i> <i>Provide details of the proposed solution and business model</i>	P3-5	Briefly describe the proposed solution and underlying business model	Text	M	
	P3-6	Attach a business plan and/or presentation and/or any material which the applicant may have in relation to this Proposal	PDF Upload	M	

REGULATORY SANDBOX PROPOSAL FORM FIELD DETAILS

Sheet Ref.	Field Code	Required Detail	Field Type	REQ ¹	Details
PART 4 – Eligibility Criteria					
Section A Innovation <i>The solution shall be (i) technology-enabled and (ii) innovative, resulting in new business models, application, processes or products within the financial services sector</i>	P4-1	Which of the following are being utilised within the solution	Tick	M	Multiple options may be selected
	P4-2	Explain how the solution is innovative and/or significantly different from existing business models, applications, processes or products within the financial services market	Text	M	
	P4-3	Attach any market research and/or any other documentation the applicant may have supporting the above response	PDF Upload	O	
Section B Need <i>There exists a genuine need and objective for testing the solution within a controlled environment in order to identify any inherent gaps, challenges and risk</i>	P4-4	Explain how the solution would benefit from testing within the sandbox	Text	M	
	P4-5	Explain the support required from the Authority for the solution to operate within the sandbox	Text	M	
	P4-6	Attach legal opinion/s obtained by the applicant and/or any other documentation the applicant may have supporting the above response	PDF Upload	O	
Section C Benefit <i>The solution shall offer identifiable direct or</i>	P4-7	Which of the following benefits does the proposal offer?	Tick	M	Multiple options may be selected
	P4-8	Describe how the solution offers identifiable direct or indirect benefits to consumers and	Text	M	

REGULATORY SANDBOX PROPOSAL FORM FIELD DETAILS

Sheet Ref.	Field Code	Required Detail	Field Type	REQ ¹	Details
<i>indirect benefit/s to consumers of financial services and the wider financial services sector</i>		the wider financial services market as identified above			
	P4-9	Identify and describe the risks posed by the solution to consumers, to businesses and to the wider financial services market and explain the measures undertaken by the applicant to mitigate such risks. This should also include the risks faced during the testing phase of the sandbox	Text	M	
	P4-10	Attach any documentation that the applicant may have supporting the above response	PDF Upload	O	
Section D Readiness <i>The solution is ready for testing within the Sandbox and that the Applicant shall have adequate resources to operate throughout the duration of the Sandbox</i>	P4-11	Stage of development	Radio Button	M	
	P4-12	Does the Applicant have the necessary funding to support its operation within the Sandbox?	Radio Button	M	Select "Yes" or "No"
	P4-13	Further to the above, describe how (i) the solution is ready for testing within the Sandbox, and (ii) the Applicant has adequate resources for it to operate during the Sandbox	Text	M	
	P4-14	Attach any documentation the Applicant may have supporting the above response	PDF Upload	O	

REGULATORY SANDBOX PROPOSAL FORM FIELD DETAILS

Sheet Ref.	Field Code	Required Detail	Field Type	REQ ¹	Details
PART 5 – TESTING OBJECTIVES					
Section A <i>Testing Objectives</i>	P5-1	Length of Sandbox testing phase being requested by the Applicant	Radio Button	M	
	P5-2	Describe what the Applicant intends to test within the Sandbox	Text	M	
	P5-3	Indicate the testing objective/s which the Applicant shall test during the Sandbox testing phase. Provide and details as applicable.	Text	M	Multiple objectives may be added
	P5-4	Describe the Applicant's discontinuation – exit strategy should the test be terminated prematurely during the testing phase	Text	M	
	P5-5	Describe the Applicants intentions should the testing objectives be achieved and successful completion of the sandbox	Text	M	
	P5-6	Attach any documentation the Applicant may have supporting the above responses	PDF Upload	O	

PART 6 – APPLICATION FEES

Section A <i>Application Fees</i>	P6-3	Payment Method	Radio Button	M	
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