

Info Capsule



THE INSTITUTE OF
Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

(Under the jurisdiction of Ministry of Corporate Affairs)

August 21, 2019

1. 'Enabling Framework for Regulatory Sandbox (Reserve Bank of India)

The Reserve Bank of India has placed on its website the final 'Enabling Framework for Regulatory Sandbox'. Further details in respect of the cohorts and the window for submission of applications shall be announced later.

Regulatory Sandbox (RS) usually refers to live testing of new products or services in a controlled/test regulatory environment for which regulators may (or may not) permit certain regulatory relaxations for the limited purpose of the testing. The RS allows the regulator, the innovators, the financial service providers (as potential deployers of the technology) and the customers (as final users) to conduct field tests to collect evidence on the benefits and risks of new financial innovations, while carefully monitoring and containing their risks. It can provide a structured avenue for the regulator to engage with the ecosystem and to develop innovation-enabling or innovation-responsive regulations that facilitate delivery of relevant, low-cost financial products. The RS is an important tool which enables more dynamic, evidence-based regulatory environments which learn from, and evolve with, emerging technologies.

The objective of the RS is to foster responsible innovation in financial services, promote efficiency and bring benefit to consumers.

The Reserve Bank of India had placed the draft 'Enabling Framework for Regulatory Sandbox' on its website on April 18, 2019 inviting stakeholders to offer their comments/feedback. A total of 381 para-wise comments/feedback from 69 stakeholders, including FinTech entities, banks, multilateral agencies, industry associations, payment aggregators, audit & legal firms, government departments, individuals etc. on the various aspects of the framework, were received. The suggestions appearing in 17 newspaper reports were also considered.

The comments/feedback were mainly on the Sandbox objectives, Eligibility Criteria, Fit and Proper Criteria for participants, List of exclusions, Legal and Regulatory waiver, Consumer Protection and Transparency & Disclosure. The suggestions received have been examined and suitably incorporated in the framework.

The detailed 'Enabling Framework For Regulatory Sandbox' is available at: <https://rbidocs.rbi.org.in/rdocs/PublicationReport/Pdfs/ENABLING79D8EBD31FED47A0BE21158C337123BF.PDF>