



REGULATORY SANDBOX LICENCE GUIDELINES (Non Fintech)

DISCLAIMER

These guidelines may be subject to changes at any time. Any other information or document not listed below may be requested depending on the application.

Whilst care has been taken to ensure that the information provided herein is accurate and correct at the time of publication, users of this publication are advised to seek guidance from the Economic Development Board in case of uncertainty or ambiguity encountered in reading this manual. The Economic Development Board shall, under no circumstances whatsoever, be held liable to any person arising from the use of information contained herein.

Table of Contents

Page

1. Chapter 1. The Regulatory Sandbox License	3-7
<i>1.1. Application process</i>	
<i>Preliminary evaluation by</i>	
<i>EDB Technical Committee</i>	
<i>Responsibilities of the Technical Committee</i>	
<i>Constitution of the Technical Committee</i>	
<i>Rejection</i>	
<i>Deferral</i>	
<i>Approval</i>	
2. Selection criteria	8-9
3. Rejection of an application	9
4. Safeguards, Terms & Conditions	9-10
5. Revocation and suspension of license	11
6. Approved project, monitoring and reporting	11-12
7. Miscellaneous	13
8. Annex	14

1. The Regulatory Sandbox License

The Regulatory Sandbox License (RSL) offers the possibility for a person to conduct a business activity for which there are no, or no adequate provisions under any enactment.

The RSL will be issued by the Economic Development Board ('EDB') to eligible companies willing to invest in innovative projects within an agreed set of terms and conditions for defined period.

2. Eligibility

Any person who has an innovative project for which there is no or an inadequate legal framework which is hindering its realization may apply for an RSL.

The applicant should be able to demonstrate the innovative nature of the project in the local, regional or international contexts.

In addition, it should be made clear that the current legislative framework does not cater for the type of project. Where there are existing provisions, it would be deemed that the person is not eligible to apply for an RSL.

3. How to apply

Applications and relevant supporting documents should be submitted to the Chief Executive Officer of the EDB. Documents needed

An applicant for an RSL should submit an electronic version of the following documents at the time of application (and should present the original documents should the application be approved under the Scheme) to the EDB to obtain the RSL:

- a)** Completed application form (Annex I)
- b)** A business plan or feasibility study outlining proposed business activity (including project description, financial forecasts, initial investment and proof of funds, regulatory constraints and existing legislative frameworks abroad);
- c)** Particulars of promoters, beneficial owners and directors;
- d)** Certificates of character (or equivalent) of beneficial owners and directors;
- e)** Financial forecasts and financial capacities;
- f)** Evidence of lack of regulatory framework;

g) Existing relevant regulatory framework (if any) abroad

Other information that may be requested by the EDB following the application depending on the nature of the project.

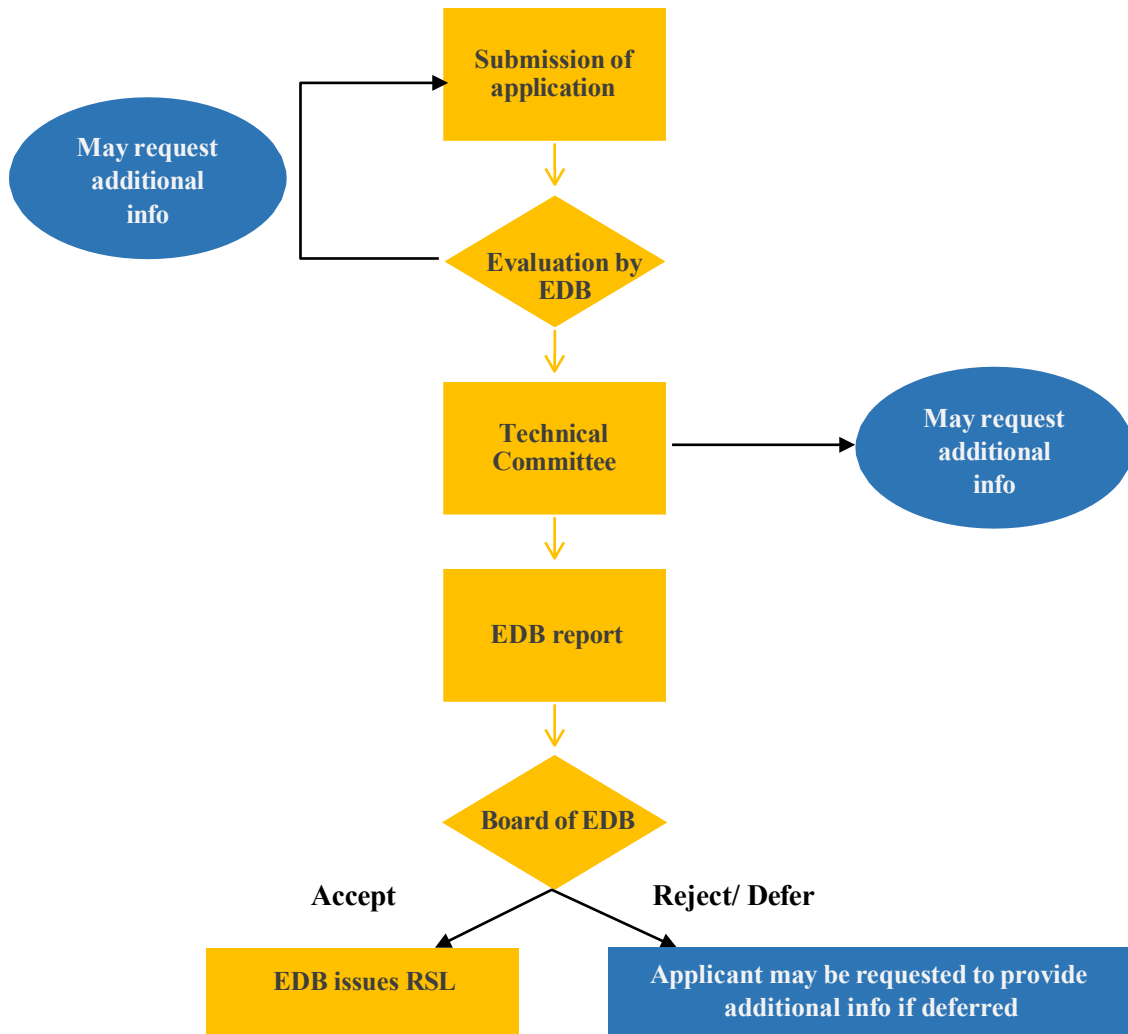
A Certificate of Character is a Police certificate or an equivalent document which states that the applicant does not have any criminal conviction in the country where he resided for the past five years. In the event that the applicant has resided in more than one country in the past 5 years preceding his application, he is required to submit a Certificate of Character from all the countries.

Financial capabilities: the applicant should show evidence of funds to conduct his proposed business. This can be a document from a bank which attests that the applicant has sufficient funds for instance.

1.1. Application process

The EDB will review the application in consultation with stakeholders and assess the risks involved. Projects that are viable and that represent minimum potential for harm are issued with a list of safeguards, conditions and recommendations. Some of the conditions preclude the issue of the RSL. Non-viable projects or those failing to meet the criteria proposed are rejected.

The process flow following the receipt of the application by the EDB is as follows:



a) Preliminary evaluation by EDB

Upon receipt of a project intending to use the RSL to perform a business activity, the Chief Executive Officer of the EDB may request his staff to identify the institutions that need to be consulted prior to presenting the project to the Technical Committee to ensure:

- necessary technical understanding of the project;
- identification of impacts on particular sectors;
- identification of relevant safeguards

The EDB will undertake a preliminary evaluation and prepare a project brief which will include the potential regulatory constraints and administrative bottlenecks faced by the applicant.

The applicant may be requested to provide additional information, particulars or documents to substantiate the brief within a period of 30 days following the submission of a complete application.

b) Technical Committee

Pursuant to Section 23(1)(b) of the Economic Development Board Act, the Chief Executive Officer shall, upon receipt of an application, hold meetings (technical committee meeting) with heads, or a senior officer with full authority to act as required, of relevant public sector agencies and obtain their views on the application.

The Chief Executive Officer will inform and request Heads of identified institutions to attend the meeting in writing, at least 7 working days before the meeting. The invitation will be accompanied by the project brief as well as the agenda of the meeting.

Responsibilities of the Technical Committee

The Technical Committee shall:

- advise whether adequate provisions, if any, exist under any enactment for the business activity for which the application has been made,
- provide its views on the possible impact and risks, if any, that the project may cause and
- recommend safeguards, terms and conditions that need to be put in place subject to the approval of the project

Constitution of the Technical Committee

The Technical Committee is chaired by the Chief Executive Officer of the EDB and will be constituted depending on the sector and nature of the project.

The applicant may be invited to make a presentation to the Technical Committee of its project and will be required to provide further clarification to members if required.

c) EDB Recommendations and Board Decision

Based on the consultations with the Technical Committee and any other agency or persons that the Chief Executive Officer may deem necessary, the EDB will prepare and submit a report to the Board, as soon as reasonably practicable, with its comments, observations and recommendations. The Board will assess the report and, based on the latter, may:

- Approve the application on such terms and conditions as it may determine;
- Refer the application back to the Chief Executive Officer for further enquiry; or
- Reject the application

Rejection

The Board may reject the project for the reasons set out in Clause 3 below.

Deferral

Where the Board has referred the application back to the Chief Executive Officer, the latter will within one week request the applicant to provide the information requested.

The onus will be on the applicant to provide the information request within a reasonable delay.

Approval

Where an application is approved by the Board, the Chief Executive Officer shall issue an RSL with relevant terms, conditions and safeguards as may be deemed necessary by the Chief Executive Officer.

2. Selection criteria

Considering the fact that projects and projects' maturity level that might be entitled to the RSL may be very diverse, the selection criteria may vary as per the project's nature. In this section, general eligibility criteria are defined and the latter are neither exhaustive, mandatory nor exclusive. The EDB reserves the right to define the selection criteria tailor made to receive projects.

Generally, an applicant seeking the Board's approval to participate in a Sandbox must demonstrate the following:

- a) the product, service or solution is genuinely innovative, i.e. it is novel and not similar to those already available in the Mauritian, regional or international market;
- b) the project will contribute to the development of local skills and know-how;
- c) the provision of the new product, service or solution is otherwise
 - i. not allowed due to any prohibition or restriction under existing laws or regulations administered by the country; or
 - ii. either wholly or partly incompatible with applicable regulatory requirements currently imposed by the country. However, where the proposed product, service or solution possesses strong value propositions, the Board would adopt an 'open' mind approach which includes granting flexibilities in complying with existing rules and regulations.
- d) the product, service or solution has clear potential to:
 - i. contribute to the development of Mauritian economy. This may include greater accessibility, efficiency, security, reliability or effectiveness in the provision services and products in diverse sectors
 - ii. bring about enhancement to the Mauritian industrial, commercial and know-how efficiency or risk management and controls;
 - iii. significantly benefit the Mauritian consumers.
- e) the applicant has conducted an adequate and appropriate assessment to demonstrate the usefulness and functionality of the product, service or solution and understands the associated risks;
- f) the applicant has the necessary resources to participate in Sandbox, mitigate and control potential risks and losses arising from the offering of such product, service or solution;
- g) the applicant has demonstrated its plan to deploy the product, service or solution on a commercial scale in Mauritius after exit from the Sandbox or to deploy the product, service or solution

on a commercial scale for the international market with relevant advantages for Mauritius (sharing of Royalties, setting up of the company's Headquarters in Mauritius);

- h) there are adequate safeguards, terms and conditions to mitigate major foreseeable risks assessed and mitigated and
- i) Any other criteria that would be deemed necessary to be met by the Board.

3. Rejection of an application

Once the Chief Executive Officer is in receipt of an application for a project requesting for an RSL to perform a business activity in Mauritius, the former refers the application to the Board of the EDB with relevant comments and proposals from the Technical Committee. The Board may reject the project where, in the opinion of the Board, -

- a) the proposed activity may cause prejudice to the good repute of Mauritius;
- b) the project represents no advantage for Mauritius;
- c) the project comprises of too significant risks; and
- d) the EDB does not have necessary competency to control, monitor and evaluate the project due to its nature.

In any such case, the Chief Executive Officer shall by written notice give reasons for the rejection to the applicant.

4. Safeguards, Terms & Conditions

The RSL will enable the applicant to start its business activity even if relevant regulatory frameworks are not complete or are inexistent. The RSL will be accompanied by a number of conditions specific to the activity referring to:

- Safeguards;
- Terms and conditions that need to be followed;
- Compliance with existing regulations referring to general business operation;
- Monitoring mechanisms;
- Others

Applicants should beforehand identify the potential risks to consumers and the country's economy that may arise from the testing of the product, service or solution in the Sandbox and propose appropriate safeguards to address the identified risks.

Where there are existing legal provisions for such types of activity, the applicant is encouraged to provide the necessary information.

The EDB will at its end assess the proposed safeguards and may implement additional safeguards, terms and conditions as it may deem necessary, having regard to factors which may include, but are not limited to:

- (a) consumer protection;
- (b) limitation of the duration of the testing period;
- (c) availability of consumer redress mechanism, including the possibility for financial compensation under clearly specified circumstances;
- (d) availability of adequate resources to undertake the testing, develop solutions to mitigate risks and contain the consequences of failure;
- (e) maintenance of appropriate risk management systems and processes including adequate confidentiality and security controls as well as contingency arrangements to address fraud and operational disruptions;
- (f) Intellectual Property;
- (g) certifying agreement of commercialization project so as not to use Sandbox cover to unfairly compete with existing companies;
- (h) guaranteeing that experimental tests are conducted in restrained and secured areas;
- (i) responsibility for losses are either taken by third party companies wishing to test the new products or the company proposing the project
- (j) demonstration of skills transfer to locals

In addition to the safeguards, the project should be carried out in accordance with all existing legislative arrangements.

5. Revocation and suspension of license

The EDB may in accordance with Section 26 of the Economic Development Board Act, revoke or suspend an RSL under such terms and conditions as it may determine.

When the Board is of the opinion that the promoter may, within a period of 6 months, take necessary actions to ensure that the reasons motivating the suspension of the RSL may be positively addressed, the Board may suspend the RSL until the promoter shows necessary reasons to re- activate the RSL. The RSL will otherwise be revoked.

6. Approved project, monitoring and reporting

The Chief Executive Officer shall, in accordance with Section 25 of the Economic Development Board Act, monitor any business activity in respect of which an RSL that has been issued and ensure that the licensee complies with the conditions of the license.

To this end, the Chief Executive Officer may design a monitoring mechanism, in collaboration with other public sector agencies, as it may deem appropriate. The applicant should submit regular reports to the Chief Executive Officer:

a) Interim reports

These should include:

- Status update on KPIs mentioned in business plan (e.g., investment amount, jobs created, turnover, client base etc.)
- Date of start of operation
- Acquired and operating equipment
- Encountered problems, hindrances, etc.
- Risk control mechanism and efficiency
- Table of safeguards and conditions with relevant comments on compliance with each of the parameters
- Description of the later steps in the project and relevant timeframe

Interim reports need to be submitted twice a year. The first within the first six (6) months following the issue of the RSL, followed by regular reports at six (6) months intervals.

The reports need to be directed to the Chief Executive Officer both by email and hard copy versions.

b) Final report

A final report needs to be submitted to the Chief Executive Officer both by email and hard copy versions when:

- a)** a business activity for which an RSL had been issued is subsequently regulated under an enactment and subsequently the RSL shall be deemed to have lapsed and the business activity shall be governed by that enactment;
- b)** The promoter decides to end its operation;
- c)** The promoter wishes to end its testing phase and enter a commercialization phase out of Mauritius.

The final report has to be provided to the Chief Executive Officer within 30 days as from the date of:

- a)** project completion;
- b)** enforcement of permanent enactment;
- c)** change of activities.

The final report needs to include the outcome of the project, including the turnover, profits, client base amongst others.

The final report shall also propose the exit strategy should the test fail or be discontinued, and a transition plan for the deployment of the product, service or solution on a commercial scale upon successful testing subject to the prior approval of the Board.

The Board may require changes to the exit strategy.

7. Miscellaneous

Enforcement of relevant enactment

- a) Where a business activity for which an RSL had been issued is subsequently regulated under an enactment, the RSL shall be deemed to have lapsed and the business activity shall be governed by that enactment.
- b) Nothing shall prevent the enactment of relevant legislation for a business activity for which an RSL has been issued..

IP Issues

- a) At the time of application for an RSL, the promoter needs to define all information relevant to IP detained by himself.
- b) At the end of the project, the promoter will need to define all results and deliverables obtained. Where an RSL was issued conditional to the promoter having been requested to share its IP and/or royalties with the state of Mauritius, the applicant shall work with the EDB on an IP/ royalties sharing agreement.

ANNEX 1:

A. Contact details	
Name of company	
Registration number	
Website URL	
Name designated officer (e.g. CEO)	
Email address	
Phone number	
Mailing address	
Shareholders	
Describe the nature and scale of your operations in Mauritius	
How many skilled jobs will your company create in Mauritius? Please provide number and description	
B. Product, service or solution	
Name of product, service or solution	
Type of product, service or solution	
Describe the product, service or solution	
Explain how the product, service or solution is innovative	
Describe how the viability of the product, service or solution has been assessed and/or tested	
State the country's regulations or policy or lack of the latter that prohibit or restrict the provision of the product	
Explain how the product or service: i. Contributes to the development of the financial sector; or ii. Enhances the financial institution's efficiency or risk management or controls; or iii. Significantly benefits the consumers at large	
Demonstrate that the product, service or solution is ready to be tested in a live environment through the sandbox	
Explain the source of funding for the testing	
Explain the expected duration of the test	
State the location where all the relevant data will reside	
Explain the plan for the product, service or solution to be offered on wider commercial scale	
Describe and explain the regulatory flexibility needed to undertake the test	
Describe the risks associated with the testing, and identify appropriate risk mitigation measures	
Any other information that may support the application	
C. Miscellaneous	
Institutions and private operators that the project might interact with	
Declaration of intellectual property	
Openness to IP and royalty sharing	

Contact Us

Economic Development Board

Ground Floor, 7 Exchange Square Building, Wall Street, Ebene-

Mauritius Tel: +230 203 3800

Email: