

Enhanced regulatory sandbox

The Australian Government's enhanced regulatory sandbox is now available to entities that wish to test their innovative financial services or credit activities. Using the sandbox, you can test your service or activity without an Australian financial services (AFS) licence or Australian credit licence for up to 24 months.

Check that you meet the general conditions that apply, and that the financial service and product, or credit activity, you plan to test are eligible.

You must meet entry requirements

You must:

- › not be licensed for, or have previously tested, the proposed financial service or credit activity
- › satisfy minimum requirements on probity, net public benefit and innovation
- › plan to test for no more than 24 months.



You must comply with ongoing conditions

You must:

- › provide only eligible financial services and products or engage in only eligible credit activities
- › have total customer exposure of no more than \$5 million
- › limit individual retail client exposure to \$10,000 for certain products
- › have adequate compensation arrangements (such as professional indemnity insurance)
- › be a member of the Australian Financial Complaints Authority
- › meet disclosure and conduct requirements.



You must only test eligible financial services and credit activities

Eligible

- › Providing personal or general advice
- › Dealing in or distributing eligible financial products
- › Issuing non-cash payment facilities
- › Issuing insurance (including as an agent)
- › Providing a crowd-funding service
- › Lending money to consumers



Not eligible

- › Issuing other financial products
- › Operating your own managed investment scheme



The type of client determines what are eligible products

Wholesale clients

- › All products except derivatives and margin lending facilities

Retail clients and credit consumers

- › Deposit products
- › Non-cash payment facilities
- › General insurance (except consumer credit insurance)
- › Life insurance
- › Superannuation
- › Simple managed investment schemes
- › Commonwealth debentures, stocks or bonds
- › Listed domestic or recognised international securities
- › Company securities under a crowd-sourced funding offer
- › Consumer credit contracts which have certain features including a term of no more than 4 years, and a credit limit of between \$2,001 and \$25,000.



What to do if you are eligible to use the enhanced regulatory sandbox

Next steps:

You should read Information Sheet 248 *Enhanced regulatory sandbox* (INFO 248) for more details on exemption conditions and obligations, and how to apply.



What to do if you are not eligible to use the enhanced regulatory sandbox

Other options:

- › Rely on an existing statutory exemption to test the financial service or credit activity
- › Request individual relief from ASIC
- › Act on behalf of an AFS or credit licensee
- › Apply for an AFS or credit licence from ASIC.