

SECOND REGULAR SESSION

# HOUSE BILL NO. 2587

## 101ST GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE RILEY.

4416H.011

DANA RADEMAN MILLER, Chief Clerk

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### AN ACT

To amend chapter 620, RSMo, by adding thereto seven new sections relating to the regulatory sandbox act.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Chapter 620, RSMo, is amended by adding thereto seven new sections, to  
2 be known as sections 620.3900, 620.3905, 620.3910, 620.3915, 620.3920, 620.3925, and  
3 620.3930, to read as follows:

2 **620.3900. 1. Sections 620.3900 to 620.3930 shall be known and may be cited as  
the "Regulatory Sandbox Act".**

3 **2. For the purposes of sections 620.3900 to 620.3930, the following terms shall  
4 mean:**

5 **(1) "Advisory committee", the general regulatory sandbox program advisory  
6 committee created in section 620.3910;**

7 **(2) "Applicable agency", a department or agency of the state that by law  
8 regulates a business activity and persons engaged in such business activity, including the  
9 issuance of licenses or other types of authorization, and which the regulatory relief office  
10 determines would otherwise regulate a sandbox participant. A participant may fall  
11 under multiple applicable agencies if multiple agencies regulate the business activity  
12 that is subject to the sandbox program application;**

13 **(3) "Applicant" or "sandbox applicant", a person or business that applies to  
14 participate in the sandbox program;**

EXPLANATION — Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

15 (4) "Consumer", a person who purchases or otherwise enters into a transaction  
16 or agreement to receive a product or service offered through the sandbox program  
17 pursuant to a demonstration by a program participant;

18 (5) "Demonstrate" or "demonstration", to temporarily provide an offering of an  
19 innovative product or service in accordance with the provisions of the sandbox  
20 program;

21 (6) "Department", the department of economic development;

22 (7) "Innovation", the use or incorporation of a new idea, a new or emerging  
23 technology, or a new use of existing technology to address a problem, provide a benefit,  
24 or otherwise offer a product, production method, or service;

25 (8) "Innovative offering", an offering of a product or service that includes an  
26 innovation;

27 (9) "Product", a commercially distributed good that is:

28 (a) Tangible personal property; and

29 (b) The result of a production process;

30 (10) "Production", the method or process of creating or obtaining a good, which  
31 may include assembling, breeding, capturing, collecting, extracting, fabricating,  
32 farming, fishing, gathering, growing, harvesting, hunting, manufacturing, mining,  
33 processing, raising, or trapping a good;

34 (11) "Regulatory relief office", the office responsible for administering the  
35 sandbox program within the department;

36 (12) "Sandbox participant" or "participant", a person or business whose  
37 application to participate in the sandbox program is approved in accordance with the  
38 provisions of section 620.3915;

39 (13) "Sandbox program", the general regulatory sandbox program created in  
40 sections 620.3900 to 620.3930 that allows a person to temporarily demonstrate an  
41 innovative offering of a product or service under a waiver or suspension of one or more  
42 state laws or regulations;

43 (14) "Sandbox program director", the director of the regulatory relief office;

44 (15) "Service", any commercial activity, duty, or labor performed for another  
45 person or business.

620.3905. 1. There is hereby created within the department of economic  
2 development the "Regulatory Relief Office", which shall be administered by the  
3 sandbox program director. The sandbox program director shall report to the director  
4 of the department and may appoint staff, subject to the approval of the director of the  
5 department.

6 2. The regulatory relief office shall:

- 7           **(1) Administer the sandbox program pursuant to sections 620.3900 to 620.3930;**  
8           **(2) Act as a liaison between private businesses and applicable agencies that**  
9 **regulate such businesses to identify state laws or regulations that could potentially be**  
10 **waived or suspended under the sandbox program;**  
11           **(3) Consult with each applicable agency; and**  
12           **(4) Establish a program to enable a person to obtain legal protections and**  
13 **monitored access to the market in the state to demonstrate an innovative product or**  
14 **service without obtaining a license or other authorization that might otherwise be**  
15 **required.**
- 16           **3. The regulatory relief office may:**
- 17           **(1) Review state laws and regulations that may unnecessarily inhibit the creation**  
18 **and success of new companies or industries and provide recommendations to the**  
19 **governor and the general assembly on modifying or repealing such state laws and**  
20 **regulations;**  
21           **(2) Create a framework for analyzing the risk level of the health, safety, and**  
22 **financial well-being of consumers related to permanently removing or temporarily**  
23 **waiving laws and regulations inhibiting the creation or success of new and existing**  
24 **companies or industries;**  
25           **(3) Propose and enter into reciprocity agreements between states that use or are**  
26 **proposing to use similar regulatory sandbox programs as described in sections 620.3900**  
27 **to 620.3930, provided that such reciprocity agreement is supported by a majority vote of**  
28 **the advisory committee and the regulatory relief office is directed by an order of the**  
29 **governor to pursue such reciprocity agreement;**  
30           **(4) Enter into agreements with or adopt best practices of corresponding federal**  
31 **regulatory agencies or other states that are administering similar programs;**  
32           **(5) Consult with businesses in the state about existing or potential proposals for**  
33 **the sandbox program; and**  
34           **(6) In accordance with the provisions of chapter 536 and the provisions of**  
35 **sections 620.3900 to 620.3930, make rules regarding the administration of the sandbox**  
36 **program, including making rules regarding the application process and the reporting**  
37 **requirements of sandbox participants. Any rule or portion of a rule, as that term is**  
38 **defined in section 536.010, that is created under the authority delegated in this section**  
39 **shall become effective only if it complies with and is subject to all of the provisions of**  
40 **chapter 536 and, if applicable, section 536.028. This section and chapter 536 are**  
41 **nonseverable, and if any of the powers vested with the general assembly pursuant to**  
42 **chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are**

43 subsequently held unconstitutional, then the grant of rulemaking authority and any rule  
44 proposed or adopted after August 28, 2022, shall be invalid and void.

45 4. (1) The regulatory relief office shall create and maintain on the department's  
46 website a web page that invites residents and businesses in the state to make suggestions  
47 regarding laws and regulations that could be modified or eliminated to reduce the  
48 regulatory burden on residents and businesses in the state.

49 (2) On at least a quarterly basis, the regulatory relief office shall compile the  
50 results of suggestions from the web page created pursuant to subdivision (1) of this  
51 subsection and provide a written report to the governor and the general assembly that  
52 describes the most common suggestions.

53 (3) In creating the report described in subdivision (2) of this subsection, the  
54 regulatory relief office:

55 (a) Shall ensure that the private information of residents and businesses that  
56 make suggestions on the web page is not made public; and

57 (b) May evaluate the suggestions and provide analysis and suggestions regarding  
58 which state laws and regulations could be modified or eliminated to reduce the  
59 regulatory burden on residents and businesses in the state while still protecting  
60 consumers.

61 5. (1) By October first of each year, the department shall submit an annual  
62 report to the governor and the general assembly, which shall include:

63 (a) Information regarding each participant in the sandbox program, including  
64 industries represented by each participant and the anticipated or actual cost savings  
65 that each participant experienced;

66 (b) The anticipated or actual benefit to consumers created by each  
67 demonstration in the sandbox program;

68 (c) Recommendations regarding any laws or regulations that should be  
69 permanently modified or repealed;

70 (d) Information regarding any health and safety events related to the activities of  
71 a participant in the sandbox program; and

72 (e) Recommendations for changes to the sandbox program or other duties of the  
73 regulatory relief office.

74 (2) The department may provide an interim report from the sandbox program  
75 director to the governor and general assembly on specific, time-sensitive issues for the  
76 functioning of the sandbox program, for the health and safety of consumers, for the  
77 success of participants in the program, and for other issues of urgent need.

620.3910. 1. There is hereby created the "General Regulatory Sandbox  
2 Program Advisory Committee", to be composed of the following members:

- 3           **(1) The director of the department of economic development;**  
4           **(2) The director of the department of commerce and insurance;**  
5           **(3) The attorney general or his or her designee;**  
6           **(4) A member of the public or of an institution of higher education, to be**  
7 **appointed by the governor;**  
8           **(5) A member of the public or of an institution of higher education, to be**  
9 **appointed by the speaker of the house of representatives;**  
10          **(6) A member of the public or of an institution of higher education, to be**  
11 **appointed by the president pro tempore of the senate;**  
12          **(7) One member of the house of representatives, to be appointed by the speaker**  
13 **of the house of representatives; and**  
14          **(8) One member of the senate, to be appointed by the president pro tempore of**  
15 **the senate.**
- 16          **2. (1) Advisory committee members shall be appointed to a four-year term.**  
17 **Members who cease holding elective office shall be replaced by the speaker of the house**  
18 **of representatives or the president pro tempore of the senate, as applicable. The**  
19 **sandbox program director may establish the terms of initial appointments so that**  
20 **approximately half of the advisory committee is appointed every two years.**
- 21          **(2) The sandbox program director shall select a chair of the advisory committee**  
22 **every two years.**
- 23          **(3) No appointee of the governor, speaker of the house of representatives, or**  
24 **president pro tempore of the senate may serve more than two complete terms.**
- 25          **3. A majority of the advisory committee shall constitute a quorum for the**  
26 **purpose of conducting business, and the action of a majority of a quorum shall**  
27 **constitute the action of the advisory committee, except as provided in subsection 4 of**  
28 **this section.**
- 29          **4. The advisory committee may, at its own discretion, meet to override a decision**  
30 **of the regulatory relief office on the admission or denial of an applicant to the sandbox**  
31 **program, provided such override is decided with a majority vote of the members of the**  
32 **advisory committee, and further provided that such vote shall be taken within ten**  
33 **business days of the regulatory relief office's decision.**
- 34          **5. The advisory committee shall advise and make recommendations to the**  
35 **regulatory relief office on whether to approve applications to the sandbox program**  
36 **pursuant to section 620.3915.**
- 37          **6. The regulatory relief office shall provide administrative staff support for the**  
38 **advisory committee.**

39           7. The members of the advisory committee shall serve without compensation,  
40 but may be reimbursed for any actual and necessary expenses incurred in the  
41 performance of the advisory committee's official duties.

42           8. Meetings of the advisory committee shall not be considered public meetings  
43 for the purposes of chapter 610.

          620.3915. 1. An applicant for the sandbox program shall provide to the  
2 regulatory relief office an application in a form prescribed by the regulatory relief office  
3 that:

4           (1) Confirms the applicant is subject to the jurisdiction of the state;

5           (2) Confirms the applicant has established physical residence or a virtual  
6 location in the state from which the demonstration of an innovative offering will be  
7 developed and performed, and where all required records, documents, and data will be  
8 maintained;

9           (3) Contains relevant personal and contact information for the applicant,  
10 including legal names, addresses, telephone numbers, email addresses, website  
11 addresses, and other information required by the regulatory relief office;

12           (4) Discloses criminal convictions of the applicant or other participating  
13 personnel, if any; and

14           (5) Contains a description of the innovative offering to be demonstrated,  
15 including statements regarding:

16           (a) How the innovative offering is subject to licensing, legal prohibition, or other  
17 authorization requirements outside of the sandbox program;

18           (b) Each law or regulation that the applicant seeks to have waived or suspended  
19 while participating in the sandbox program;

20           (c) How the innovative offering would benefit consumers;

21           (d) How the innovative offering is different from other innovative offerings  
22 available in the state;

23           (e) The risks that might exist for consumers who use or purchase the innovative  
24 offering;

25           (f) How participating in the sandbox program would enable a successful  
26 demonstration of the innovative offering of an innovative product or service;

27           (g) A description of the proposed demonstration plan, including estimated time  
28 periods for beginning and ending the demonstration;

29           (h) Recognition that the applicant will be subject to all laws and regulations  
30 pertaining to the applicant's innovative offering after the conclusion of the  
31 demonstration;

32 (i) How the applicant will end the demonstration and protect consumers if the  
33 demonstration fails;

34 (j) A list of each applicable agency, if any, that the applicant knows regulates the  
35 applicant's business; and

36 (k) Any other required information as determined by the regulatory relief office.

37 2. An applicant shall remit to the regulatory relief office an application fee of five  
38 thousand dollars per application for each innovative offering.

39 3. An applicant shall file a separate application for each innovative offering that  
40 the applicant wishes to demonstrate.

41 4. An applicant for the sandbox program may contact the regulatory relief office  
42 to request a consultation regarding the sandbox program before submitting an  
43 application. The regulatory relief office may provide assistance to an applicant in  
44 preparing an application for submission.

45 5. (1) After an application is filed, the regulatory relief office shall:

46 (a) Consult with each applicable agency that regulates the applicant's business  
47 regarding whether more information is needed from the applicant; and

48 (b) Seek additional information from the applicant that the regulatory relief  
49 office determines is necessary.

50 (2) No later than five business days after the day on which a completed  
51 application is received by the regulatory relief office, the regulatory relief office shall:

52 (a) Review the application and refer the application to each applicable agency  
53 that regulates the applicant's business; and

54 (b) Provide to the applicant:

55 a. An acknowledgment of receipt of the application; and

56 b. The identity and contact information of each applicable agency to which the  
57 application has been referred for review.

58 (3) No later than thirty days after the day on which an applicable agency  
59 receives a completed application for review, the applicable agency shall provide a  
60 written report to the sandbox program director with the applicable agency's findings.  
61 Such report shall:

62 (a) Describe any identifiable, likely, and significant harm to the health, safety, or  
63 financial well-being of consumers that the relevant law or regulation protects against;  
64 and

65 (b) Make a recommendation to the regulatory relief office that the applicant  
66 either be admitted or denied entrance into the sandbox program.

67 (4) An applicable agency may request an additional five business days to deliver  
68 the written report required by subdivision (3) of this subsection by providing notice to

69 the sandbox program director, which request shall automatically be granted. An  
70 applicable agency may request only one extension per application.

71 (5) If an applicable agency recommends an applicant under this section be  
72 denied entrance into the sandbox program, the written report required by subdivision  
73 (3) of this subsection shall include a description of the reasons for such recommendation,  
74 including the reason a temporary waiver or suspension of the relevant laws or  
75 regulations would potentially significantly harm the health, safety, or financial well-  
76 being of consumers or the public and the assessed likelihood of such harm occurring.

77 (6) If an applicable agency determines that the consumer's or public's health,  
78 safety, or financial well-being can be protected through less restrictive means than the  
79 existing relevant laws or regulations, the applicable agency shall provide a  
80 recommendation of how that can be achieved.

81 (7) If an applicable agency fails to deliver the written report required by  
82 subdivision (3) of this subsection, the sandbox program director shall assume that the  
83 applicable agency does not object to the temporary waiver or suspension of the relevant  
84 laws or regulations for an applicant seeking to participate in the sandbox program.

85 6. (1) Notwithstanding any provision of this section to the contrary, an  
86 applicable agency may, by written notice to the regulatory relief office:

87 (a) Reject an application, provided such rejection occurs within thirty days after  
88 the day on which the applicable agency receives a complete application for review, or  
89 within thirty-five days if an extension has been requested by the applicable agency, if the  
90 applicable agency determines, in the applicable agency's sole discretion, that the  
91 applicant's offering fails to comply with standards or specifications:

92 a. Required by federal rule or regulation; or

93 b. Previously approved for use by a federal agency; or

94 (b) Reject an application preliminarily approved by the regulatory relief office,  
95 if the applicable agency:

96 a. Recommends rejection of the application in the applicable agency's written  
97 report submitted pursuant to subdivision (3) of subsection 5 of this section; and

98 b. Provides in the written report submitted pursuant to subdivision (3) of  
99 subsection 5 of this section a description of the applicable agency's reasons approval of  
100 the application would create a substantial risk of harm to the health or safety of the  
101 public, or create unreasonable expenses for taxpayers in the state.

102 (2) If an applicable agency rejects an application on a nonpreliminary basis  
103 pursuant to subdivision (1) of this subsection, the regulatory relief office shall not  
104 approve the application.

105           7. (1) The sandbox program director shall provide all applications and  
106 associated written reports to the advisory committee upon receiving a written report  
107 from an applicable agency.

108           (2) The sandbox program director may call the advisory committee to meet as  
109 needed, but not less than once per quarter if applications are available for review.

110           (3) After receiving and reviewing the application and each associated written  
111 report, the advisory committee shall provide to the sandbox program director the  
112 advisory committee's recommendation as to whether the applicant should be admitted  
113 as a sandbox participant.

114           (4) As part of the advisory committee's review of each report, the advisory  
115 committee shall use criteria used by applicable agencies to evaluate applications.

116           8. The regulatory relief office shall consult with each applicable agency and the  
117 advisory committee before admitting an applicant into the sandbox program. Such  
118 consultation may include seeking information about whether:

119           (1) The applicable agency has previously issued a license or other authorization  
120 to the applicant; and

121           (2) The applicable agency has previously investigated, sanctioned, or pursued  
122 legal action against the applicant.

123           9. In reviewing an application under this section, the regulatory relief office and  
124 applicable agencies shall consider whether:

125           (1) A competitor to the applicant is or has been a sandbox participant and, if so,  
126 weigh that as a factor in favor of allowing the applicant to also become a sandbox  
127 participant;

128           (2) The applicant's plan will adequately protect consumers from potential harm  
129 identified by an applicable agency in the applicable agency's written report;

130           (3) The risk of harm to consumers is outweighed by the potential benefits to  
131 consumers from the applicant's participation in the sandbox program; and

132           (4) Certain state laws or regulations that regulate an innovative offering should  
133 not be waived or suspended even if the applicant is approved as a sandbox participant,  
134 including applicable anti-fraud or disclosure provisions.

135           10. An applicant shall become a sandbox participant if the regulatory relief  
136 office approves the application for the sandbox program and enters into a written  
137 agreement with the applicant describing the specific laws and regulations that are  
138 waived or suspended as part of participation in the sandbox program. Notwithstanding  
139 any other provision of this section to the contrary, the regulatory relief office shall not  
140 enter into a written agreement with an applicant that exempts the applicant from any

141 income, property, or sales tax liability unless such applicant otherwise qualifies for an  
142 exemption from such tax.

143       **11. (1) The sandbox program director may deny at his or her sole discretion any**  
144 **application submitted under this section for any reason, including if the sandbox**  
145 **program director determines that the preponderance of evidence demonstrates that**  
146 **suspending or waiving enforcement of a law or regulation would cause significant risk of**  
147 **harm to consumers or residents of the state.**

148       **(2) If the sandbox program director denies an application submitted under this**  
149 **section, the regulatory relief office shall provide to the applicant a written description of**  
150 **the reasons for not allowing the applicant to become a sandbox participant.**

151       **(3) The denial of an application submitted under this section shall not be subject**  
152 **to judicial or administrative review.**

153       **(4) The acceptance or denial of an application submitted under this section may**  
154 **be overridden by an affirmative vote of a majority of the advisory committee at the**  
155 **discretion of the advisory committee, provided such vote shall take place within ten**  
156 **business days of the sandbox program director's decision.**

157       **(5) The sandbox program director shall deny an application for participation in**  
158 **the sandbox program if the applicant or any person who seeks to participate with the**  
159 **applicant in demonstrating an innovative offering has been convicted, entered into a**  
160 **plea of nolo contendere, or entered a plea of guilty or nolo contendere held in abeyance,**  
161 **for any crime involving significant theft, fraud, or dishonesty if the crime bears a**  
162 **significant relationship to the applicant's or other participant's ability to safely and**  
163 **competently participate in the sandbox program.**

164       **12. When an applicant is approved for participation in the sandbox program,**  
165 **the sandbox program director may provide notice of the approval to competitors of the**  
166 **applicant and to the general public.**

167       **13. Applications to participate in the sandbox program shall be considered**  
168 **public records for the purposes of chapter 610, provided, however, that any information**  
169 **contained in such applications that constitutes proprietary or confidential trade secrets**  
170 **shall not be subject to disclosure pursuant to chapter 610.**

**620.3920. 1. If the regulatory relief office approves an application pursuant to**  
2 **section 620.3915, the sandbox participant shall have twenty-four months after the day**  
3 **on which the application was approved to demonstrate the innovative offering described**  
4 **in the sandbox participant's application.**

5       **2. An innovative offering that is demonstrated within the sandbox program shall**  
6 **only be available to consumers who are residents of the state. No law or regulation shall**

7 be waived or suspended if waiving or suspending such law or regulation would prevent a  
8 consumer from seeking restitution in the event that the consumer is harmed.

9       **3. Nothing in sections 620.3900 to 620.3930 shall restrict a sandbox participant**  
10 **that holds a license or other authorization in another jurisdiction from acting in**  
11 **accordance with such license or other authorization in that jurisdiction.**

12       **4. A sandbox participant shall be deemed to possess an appropriate license or**  
13 **other authorization under the laws of this state for the purposes of any provision of**  
14 **federal law requiring licensure or other authorization by the state.**

15       **5. (1) During the demonstration period, a sandbox participant shall not be**  
16 **subject to the enforcement of state laws or regulations identified in the written**  
17 **agreement between the regulatory relief office and the sandbox participant.**

18       **(2) A prosecutor shall not file or pursue charges pertaining to any action related**  
19 **to a law or regulation identified in the written agreement between the regulatory relief**  
20 **office and the sandbox participant that occurs during the demonstration period.**

21       **(3) A state agency shall not file or pursue any punitive action against a sandbox**  
22 **participant, including a fine or license suspension or revocation, for the violation of a**  
23 **law or regulation that is identified as being waived or suspended in the written**  
24 **agreement between the regulatory relief office and the sandbox participant that occurs**  
25 **during the demonstration period.**

26       **6. Notwithstanding any provision of this section to the contrary, a sandbox**  
27 **participant shall not have immunity related to any criminal offense committed during**  
28 **the sandbox participant's participation in the sandbox program.**

29       **7. By written notice, the regulatory relief office may end a sandbox participant's**  
30 **participation in the sandbox program at any time and for any reason, including if the**  
31 **sandbox program director determines that a sandbox participant is not operating in**  
32 **good faith to bring an innovative offering to market; provided, however, that the**  
33 **sandbox program director's decision may be overridden by an affirmative vote of a**  
34 **majority of the members of the advisory committee.**

35       **8. The regulatory relief office and regulatory relief office's employees shall not**  
36 **be liable for any business losses or the recouping of application expenses or other**  
37 **expenses related to the sandbox program, including for:**

38       **(1) Denying an applicant's application to participate in the sandbox program for**  
39 **any reason; or**

40       **(2) Ending a sandbox participant's participation in the sandbox program at any**  
41 **time and for any reason.**

**620.3925. 1. Before demonstrating an innovative offering to a consumer, a**  
2 **sandbox participant shall disclose the following information to the consumer:**

- 3           **(1) The name and contact information of the sandbox participant;**  
4           **(2) A statement that the innovative offering is authorized pursuant to the**  
5 **sandbox program and, if applicable, that the sandbox participant does not have a license**  
6 **or other authorization to provide an innovative offering under state laws that regulate**  
7 **offerings outside of the sandbox program;**  
8           **(3) A statement that specific laws and regulations have been waived for the**  
9 **sandbox participant for the duration of its demonstration in the sandbox program, with**  
10 **a summary of such waived laws and regulations;**  
11           **(4) A statement that the innovative offering is undergoing testing and may not**  
12 **function as intended and may expose the consumer to certain risks as identified by the**  
13 **applicable agency's written report;**  
14           **(5) A statement that the provider of the innovative offering is not immune from**  
15 **civil liability for any losses or damages caused by the innovative offering;**  
16           **(6) A statement that the provider of the innovative offering is not immune from**  
17 **criminal prosecution for violations of state law or regulations that are not suspended or**  
18 **waived as allowed within the sandbox program;**  
19           **(7) A statement that the innovative offering is a temporary demonstration that**  
20 **may be discontinued at the end of the demonstration period;**  
21           **(8) The expected end date of the demonstration period; and**  
22           **(9) A statement that a consumer may contact the regulatory relief office and file**  
23 **a complaint regarding the innovative offering being demonstrated, providing the**  
24 **regulatory relief office's telephone number, email address, and website address where a**  
25 **complaint may be filed.**  
26           **2. The disclosures required by subsection 1 of this section shall be provided to a**  
27 **consumer in a clear and conspicuous form and, for an internet- or application-based**  
28 **innovative offering, a consumer shall acknowledge receipt of the disclosure before any**  
29 **transaction may be completed.**  
30           **3. The regulatory relief office may require that a sandbox participant make**  
31 **additional disclosures to a consumer.**

620.3930. 1. At least thirty days before the end of the twenty-four-month  
2 demonstration period, a sandbox participant shall:

- 3           **(1) Notify the regulatory relief office that the sandbox participant will exit the**  
4 **sandbox program and discontinue the sandbox participant's demonstration after the**  
5 **day on which the twenty-four-month demonstration period ends; or**  
6           **(2) Seek an extension pursuant to subsection 4 of this section.**

7           **2. If the regulatory relief office does not receive notification as required by**  
8 **subsection 1 of this section, the demonstration period shall end at the end of the twenty-**  
9 **four-month demonstration period.**

10           **3. If a demonstration includes an innovative offering that requires ongoing**  
11 **services or duties beyond the twenty-four-month demonstration period, the sandbox**  
12 **participant may continue to demonstrate the innovative offering but shall be subject to**  
13 **enforcement of the laws or regulations that were waived or suspended as part of the**  
14 **sandbox program.**

15           **4. (1) No later than thirty days before the end of the twenty-four-month**  
16 **demonstration period, a sandbox participant may request an extension of the**  
17 **demonstration period.**

18           **(2) The regulatory relief office shall grant or deny a request for an extension by**  
19 **the end of the twenty-four month demonstration period.**

20           **(3) The regulatory relief office may grant an extension for not more than twelve**  
21 **months after the end of the demonstration period.**

22           **(4) Sandbox participants may apply for additional extensions in accordance with**  
23 **the criteria used to assess their initial application.**

24           **5. (1) A sandbox participant shall retain records, documents, and data produced**  
25 **in the ordinary course of business regarding an innovative offering demonstrated in the**  
26 **sandbox program for twenty-four months after exiting the sandbox program.**

27           **(2) The regulatory relief office may request relevant records, documents, and**  
28 **data from a sandbox participant, and, upon the regulatory relief office's request, the**  
29 **sandbox participant shall make such records, documents, and data available for**  
30 **inspection by the regulatory relief office.**

31           **6. If a sandbox participant ceases to provide an innovative offering before the**  
32 **end of a demonstration period, the sandbox participant shall notify the regulatory relief**  
33 **office and each applicable agency and report on actions taken by the sandbox**  
34 **participant to ensure consumers have not been harmed as a result.**

35           **7. The regulatory relief office shall establish quarterly reporting requirements**  
36 **for each sandbox participant, including information about any consumer complaints.**

37           **8. (1) The sandbox participant shall notify the regulatory relief office and each**  
38 **applicable agency of any incidents that result in harm to the health, safety, or financial**  
39 **well-being of a consumer. The parameters for such incidents that shall be reported shall**  
40 **be laid out in the written agreement between the applicant and the regulatory relief**  
41 **office.**

42           **(2) If a sandbox participant fails to notify the regulatory relief office and each**  
43 **applicable agency of any incidents required to be reported, or the regulatory relief office**

44 or an applicable agency has evidence that significant harm to a consumer has occurred,  
45 the regulatory relief office may immediately remove the sandbox participant from the  
46 sandbox program.

47 9. No later than thirty days after the day on which a sandbox participant exits  
48 the sandbox program, the sandbox participant shall submit a written report to the  
49 regulatory relief office and each applicable agency describing an overview of the  
50 sandbox participant's demonstration. Failure to submit such a report shall result in the  
51 sandbox participant and any entity that later employs a member of the leadership team  
52 of the sandbox participant being prohibited from future participation in the sandbox  
53 program. Such report shall include any:

54 (1) Incidents of harm to consumers;

55 (2) Legal action filed against the sandbox participant as a result of the  
56 participant's demonstration; or

57 (3) Complaint filed with an applicable agency as a result of the sandbox  
58 participant's demonstration.

59 10. No later than thirty days after the day on which an applicable agency  
60 receives the quarterly report required by subsection 7 of this section or a written report  
61 from a sandbox participant as required by subsection 9 of this section, the applicable  
62 agency shall provide a written report to the regulatory relief office on the  
63 demonstration, which describes any statutory or regulatory reform the applicable  
64 agency recommends as a result of the demonstration.

65 11. The regulatory relief office may remove a sandbox participant from the  
66 sandbox program at any time if the regulatory relief office determines that a sandbox  
67 participant has engaged in, is engaging in, or is about to engage in any practice or  
68 transaction that is in violation of sections 620.3900 to 620.3930 or that constitutes a  
69 violation of a law or regulation for which suspension or waiver has not been granted  
70 pursuant to the sandbox program.

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