



SANDBOXES IN MONTANA

INCREASING INNOVATION AND OPPORTUNITY

WHAT ARE REGULATORY SANDBOXES?

Regulatory sandboxes allow innovative products and services to be regulated under custom regulatory structures that promote innovation and protect consumers. Often current regulatory frameworks do not even contemplate new opportunities, emerging technologies, or innovative practices, and they can serve as barriers instead of enablers for responsibly entering the market. The flexibility of a sandbox program allows time for lawmakers and regulators to either create appropriate guardrails that fit the business model or reduce unnecessary regulations that simply do not fit.



Sandboxes are for companies which do not fall under current regulatory frameworks.



Companies in sandboxes don't have to comply with standard regulations.

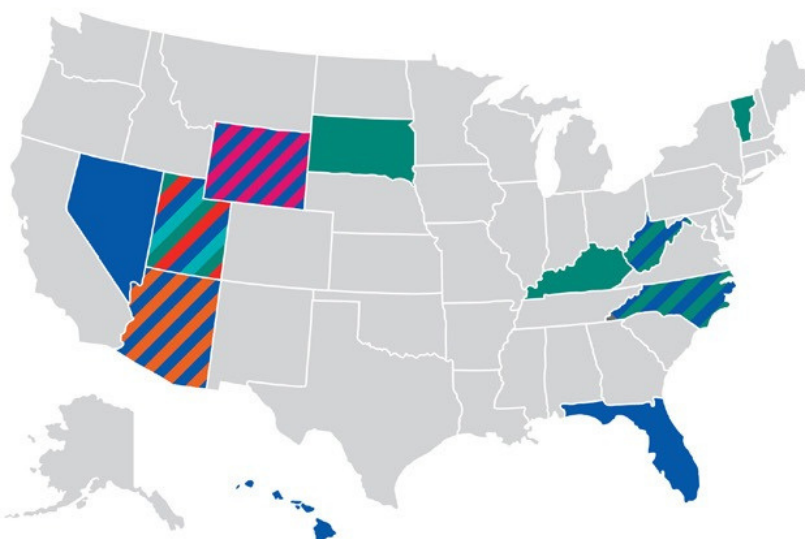


Sandboxes allow time for lawmakers to create or reduce regulations.

WHERE ARE REGULATORY SANDBOXES?

There are currently numerous regulatory sandboxes across the country, including in Wyoming, South Dakota, and Utah. These sandboxes work in slightly different ways, but all promote flexibility and innovation while maintaining strong protection for consumers.

STATES THAT HAVE ENACTED REGULATORY SANDBOXES



Types of Regulatory Sandboxes Enacted

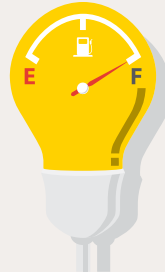
- Financial Technology
- Insurance
- Financial Technology and Insurance
- Financial Technology and Medical Digital Innovation
- Financial Technology and Property Technology
- Financial Technology, Insurance, Legal Services and All Inclusive

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TYPES OF REGULATORY SANDBOXES

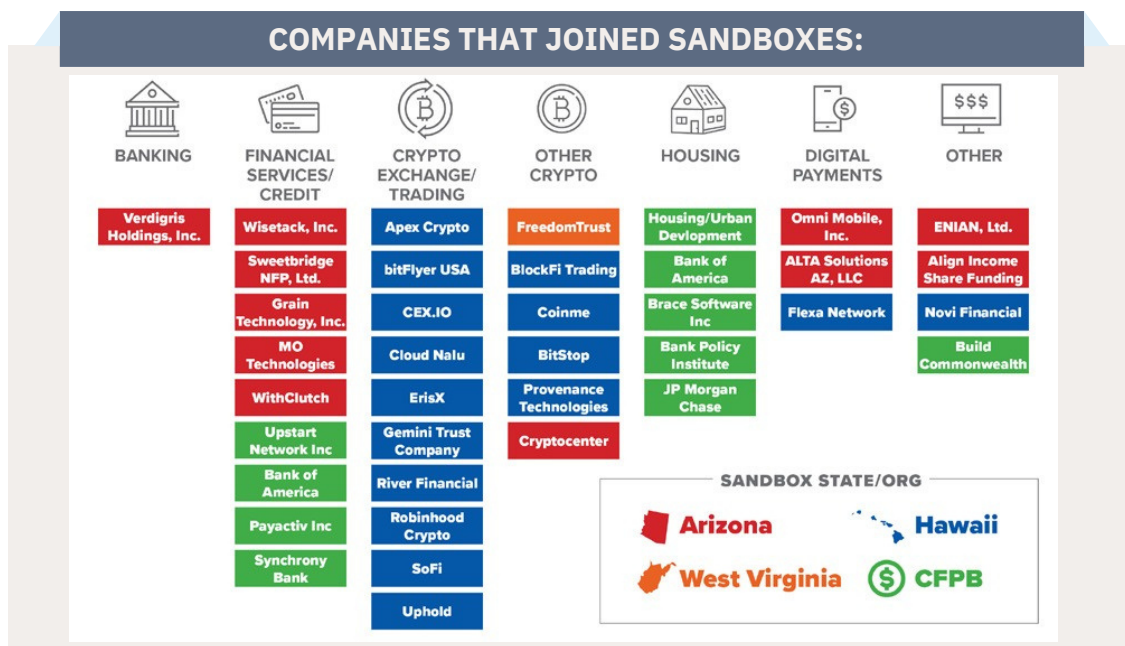
Regulatory sandboxes vary greatly in the types of industries they cover. Financial technology or “fintech” remains the most popular sandbox implemented across the globe, but legal and insurance sandboxes







are just a few other examples. Utah has recently implemented an industry agnostic sandbox, which means that any kind of innovative company, regardless of industry, can apply.

ARE SANDBOXES EFFECTIVE?

Arizona created the first fintech sandbox in 2018, and since that time, 37 different major companies have joined fintech sandboxes across the country. These companies specialize in cryptocurrency, consumer loans, and payment services. Sandboxed companies have created hundreds of jobs and raised tens of millions of dollars in investments. As innovation continues to grow at a rapid pace, sandboxes will become even more important to address emerging needs.



MONTANA CAN TAKE ADVANTAGE OF SANDBOXES BY:

- 
 Implementing sandboxes in certain industries to build familiarity with the process.
- 
 Marketing sandboxes to firms already taking advantage of sandboxes in other areas, so they can expand into Montana.
- 
 Evaluating the success of sandboxes and considering whether specific parts of the program need adjustment.
- 
 Removing regulations highlighted by the sandbox program that are unnecessary to the protection of consumers.