

Rules for selection of Sandbox Operators and for cooperation with the Polish Financial Supervision Authority under the ‘UKNF Regulatory Sandbox’ programme

1. General provisions

- 1.1 These Rules provide for the assessment of candidates for Sandbox Operators under the ‘UKNF Regulatory Sandbox’ programme (hereinafter: (‘Sandbox’) and for cooperation between the Sandbox Operator and the Polish Financial Supervision Authority (hereinafter: ‘UKNF’) in that respect.
- 1.2 The role of a Sandbox Operator may be assigned to an entity which meets the requirements laid down in these Rules (hereinafter: ‘Rules’). The Sandbox Operator may also engage in other activities if such activities are not contrary to the goals or objectives of the Sandbox, in particular the activities in the area of start-up incubators and accelerators.
- 1.3 Cooperation with the Sandbox Operator shall rely on the UKNF patronage of the Sandbox and the substantive support provided by the UKNF to the Sandbox Operator and to the Testing Entity.
- 1.4 The UKNF shall enter into an agreement for patronage of the Sandbox to be operated by the Sandbox Operator with the entities selected by the UKNF which, in the opinion of the UKNF, meet the UKNF requirements for obtaining patronage.
- 1.5 Once a year, the UKNF shall announce the launch of the procedure for selection of Sandbox Operators, and the period of such selection procedure shall not be shorter than two weeks. No appeal may be lodged against the UKNF decision to grant patronage of the Sandbox Operator.
- 1.6 The agreement for patronage of the Sandbox to be operated by the Sandbox Operator shall be concluded for a period of one year and it shall specify the rights and duties of the Sandbox Operator, the terms of support provided by the UKNF and terms of cooperation between the parties in respect to the operation of the Sandbox. The patronage agreement may be renewed for subsequent one-year periods.
- 1.7 The agreement for patronage of the Sandbox to be operated by the Sandbox Operator shall also specify the responsibility of the Sandbox Operator for providing the UKNF with inaccurate information.

2. Application of a Sandbox Operator

Applications from candidates for Sandbox Operator should be submitted to the UKNF by e-mail (dft@knf.gov.pl) and they should contain:

- 1) the valid extract from the register of businesses in which the candidate for Sandbox Operator is entered,
- 2) an indication of the entity’s website (if the entity has one),
- 3) details of contact persons (name, position), telephone number and e-mail address,

- 4) financial statements for the last financial year of the candidate for Sandbox Operator, or a statement that the applicant has no financial statements if the applicant started its business less than 12 months before the submission of the application,
- 5) a description of compliance with all the requirements for Sandbox operation laid down in the Rules governing the 'Regulatory Sandbox at the Polish Financial Supervision Authority' programme,
- 6) a description of other activities conducted by the Sandbox Operator in addition to the role of Sandbox Operator,
- 7) a detailed description of the model and method of running the Sandbox, considering the types of business and areas of the financial market the Sandbox will apply to and how the Sandbox is to search and qualify the entities for the participation in the Sandbox,
- 8) a detailed description of the test environment, taking into account whether the environment is to be ensured by providing a fully computerised environment in the form of a test platform, or be based on a real test environment,
- 9) information whether the Sandbox Operator intends to operate the test environment in the form of a real or computerised environment, a description of the method of searching and attracting test clients, and a detailed description of the method of providing data for testing, the type of such data, and the testing method to be applied by Testing Entities.

3. Requirements for Sandbox Operator in respect of cooperation with the UKNF

An entity which intends to act as Sandbox Operator, or the entity's staff and partners, shall:

- 1) provide a test environment which is adapted to the testing of innovative solutions,
- 2) have the resources which allow for the development of own IT test environment, use a test environment of another entity (both an IT environment and real environment), or have a test environment based on functional tests conducted in a real environment based on real clients,
- 3) have staff which are qualified and experienced in the testing of innovative solutions (mainly in the area of FinTech),
- 4) ensure a procedure of reporting test results and progress of the Testing Entity to the UKNF,
- 5) have an incubation plan for FinTech businesses,
- 6) have experience in incubation of the FinTech businesses which, following incubation, operated in the market or were implemented at a financial institution or obtained the minimum number of clients required to start business,
- 7) have experience in conducting/organising training for FinTech businesses,
- 8) have a training plan for FinTech businesses relating to the issues of running and expanding business activities, risk management (including security of the ICT infrastructure), legal requirements for regulated activities, personal data processing, anti-money laundering,
- 9) have internal regulations which specify the rules for selection of Testing Entities and for conducting and completing the tests,
- 10) have defined rules and procedures for supervision of the Testing Entity,
- 11) have defined rules for making plans of tests, including test parameters and scenarios,
- 12) have defined the reporting rules for the Testing Entity,
- 13) have developed methods of verification and assessment of the Testing Entity, e.g. have appropriate internal regulations in place,

- 14) have a regulation which specifies the activities relating to successful completion or failure of tests,
- 15) allow for simulation of real behaviours of clients who use the solution, including fraudulent behaviours, or provide support in attracting test clients,
- 16) support the Testing Entity in raising funds for the development of the innovative solution (e.g. by providing training in cooperation with investment funds and investors, or by providing the opportunity of presentation before investment funds and investors).

4. Functional and operational requirements for the test environment

The Sandbox Operator shall ensure the following functionalities of the test environment:

- 1) the test environment should reflect, as much as possible, market conditions and the actual functioning of the market supervised by the UKNF,
- 2) the possibility of testing the solution using virtual or real funds provided by the Testing Entity,
- 3) the possibility of testing the solution on selected real clients or simulated clients,
- 4) the period of solution testing: 3–9 months, with an option of extension of the testing period by 3 months (up to a maximum testing period of 12 months), providing that the Testing Entity submits an appropriate application to the Sandbox Operator with at least one month notice, subject to the approval by the UKNF,
- 5) it is necessary to agree with the UKNF on the test parameters and scenarios, e.g.: the number of clients, type of clients (simulated or real environment), testing period, frequency of reporting,
- 6) the opportunity of solution assessment carried out by real test clients (client satisfaction surveys adapted to the solution tested), if they participate in the tests,
- 7) the opportunity of assessment of the solution for the degree of compliance of the adopted functional and non-functional requirements (e.g. security, confidentiality and integrity of data, resistance to cyberattacks, efficiency, error rate, etc.),
- 8) the need to report test result and to communicate other information to the UKNF, at the frequency agreed upon prior to the commencement of the tests (e.g. each month). The method of communication between the Sandbox Operator and the UKNF shall be agreed on a case-by-case basis,
- 9) the possibility of prompt submission, by real test clients, of complaints and comments to the Testing Entity, Sandbox Operator, and to the UKNF,
- 10) before the Testing Entity is allowed to join the tests, it shall have the necessary procedures/regulations for the operation in the financial market, however, such procedures may be made more precise and modified at the time of participation in the Sandbox,
- 11) the need to schedule, and subsequently to implement, the exit strategy (completion of tests) at any moment of the tests so as to ensure security, including security of data of real clients,

5. Final provisions

- 5.1. In matters not regulated in these Rules, the provisions generally applicable in the Republic of Poland apply.

- 5.2. The UKNF reserves the right to amend these Rules at any time. A notice on an amendment to the Rules, and the amended Rules, shall be published by the UKNF on its website.
- 5.3. The electronic version of these Rules is available on the UKNF website.
- 5.4. These Rules shall apply as of 25 October 2018.