

HOUSE BILL NO. HB0057

Financial technology sandbox.

Sponsored by: Joint Minerals, Business & Economic Development
Interim Committee

A BILL

for

1 AN ACT relating to trade and commerce; making legislative
2 findings; creating the financial technology sandbox for the
3 testing of financial products and services in Wyoming;
4 authorizing limited waivers of specified statutes and rules
5 under certain conditions; establishing standards and
6 procedures for sandbox applications, operations and
7 supervision; authorizing reciprocity agreements with other
8 regulators; requiring criminal history background checks;
9 creating an account; requiring a consumer protection bond;
10 specifying standards for the suspension and revocation of
11 sandbox authorization; authorizing rules and orders; and
12 providing for effective dates.

13

14 *Be It Enacted by the Legislature of the State of Wyoming:*

15

1 **Section 1.**

2

3 (a) The legislature finds the following:

4

5 (i) Financial technology is undergoing a
6 transformational period in which new technologies are
7 providing greater automation, connectivity and transparency
8 for financial products and services;

9

10 (ii) Existing legal frameworks are restricting
11 financial technology innovation because these frameworks were
12 largely established at a time when technology was not a
13 fundamental component of financial products and services;

14

15 (iii) Financial technology innovators require a
16 supervised, flexible regulatory sandbox to test new products
17 and services using waivers of specified statutes and rules
18 under defined conditions;

19

20 (iv) Jurisdictions which establish regulatory
21 sandboxes are more likely to provide a welcoming business
22 environment for technology innovators and may experience
23 significant business growth;

1

2 (v) Other jurisdictions have enacted, or are
3 considering, regulatory sandboxes for financial technology
4 innovators in their jurisdictions;

5

6 (vi) The state of Wyoming currently offers one of
7 the best business environments in the United States for
8 blockchain and financial technology innovators, and should
9 offer a regulatory sandbox for these innovators to develop
10 the next generation of financial technology products and
11 services in Wyoming.

12

13 **Section 2.** W.S. 40-28-101 through 40-28-109 are created
14 to read:

15

16

CHAPTER 28

17

FINANCIAL TECHNOLOGY SANDBOX ACT

18

19 **40-28-101. Short title.**

20

21 This act may be cited as the "Financial Technology Sandbox
22 Act."

23

1 **40-28-102. Definitions.**

2

3 (a) As used in this act:

4

5 (i) "Blockchain" means a digital ledger or
6 database which is chronological, consensus-based,
7 decentralized and mathematically verified in nature;

8

9 (ii) "Commissioner" means the state banking
10 commissioner;

11

12 (iii) "Consumer" means a person, whether a natural
13 person or a legal entity, in Wyoming who purchases or enters
14 into an agreement to receive an innovative financial product
15 or service made available through the financial technology
16 sandbox;

17

18 (iv) "Financial product or service" means a
19 product or service related to finance, including banking,
20 securities, consumer credit or money transmission, which is
21 subject to statutory or rule requirements identified in W.S.
22 40-28-103(a) and is under the jurisdiction of the
23 commissioner or secretary;

1

2 (v) "Financial technology sandbox" means the
3 program created by this act which allows a person to make an
4 innovative financial product or service available to
5 consumers during a sandbox period through a waiver of existing
6 statutory and rule requirements, or portions thereof, by the
7 commissioner or secretary;

8

9 (vi) "Innovative" means new or emerging
10 technology, or new uses of existing technology, that provides
11 a product, service, business model or delivery mechanism to
12 the public and has no substantially comparable, widely
13 available analogue in Wyoming, including blockchain
14 technology;

15

16 (vii) "Sandbox period" means the period of time,
17 initially not longer than twenty-four (24) months, in which
18 the commissioner or secretary has authorized an innovative
19 financial product or service to be made available to
20 consumers, which shall also encompass any extension granted
21 under W.S. 40-28-108;

22

23 (viii) "Secretary" means the secretary of state;

1

2 (ix) "This act" means W.S. 40-28-101 through
3 40-28-109.

4

5 **40-28-103. Financial technology sandbox waiver;**
6 **applicability of criminal and consumer protection statutes;**
7 **referral to investigatory agencies; civil liability.**

8

9 (a) Notwithstanding any other provision of law, a
10 person who makes an innovative financial product or service
11 available to consumers in the financial technology sandbox
12 may be granted a waiver of specified requirements imposed by
13 statute or rule, or portions thereof, if these statutes or
14 rules do not currently permit the product or service to be
15 made available to consumers. A waiver under this subsection
16 shall be no broader than necessary to accomplish the purposes
17 and standards set forth in this act, as determined by the
18 commissioner or secretary. The following statutes, and the
19 rules adopted under them, or portions of these statutes and
20 rules, may be waived by the commissioner or secretary for the
21 sandbox period, upon receipt and approval of an application
22 made pursuant to W.S. 40-28-104:

23

1 (i) W.S. 13-1-101 through 13-2-904;

2

3 (ii) W.S. 13-5-101 through 13-5-219;

4

5 (iii) W.S. 17-4-201 through 17-4-412;

6

7 (iv) W.S. 17-16-101 through 17-16-1810, provided
8 that no provisions relating to the liability of
9 incorporators, directors and officers shall be eligible for
10 a waiver;

11

12 (v) W.S. 17-28-101 through 17-28-111;

13

14 (vi) W.S. 17-29-101 through 17-29-1105, provided
15 that no provisions relating to the liability of organizers,
16 managers and members shall be eligible for a waiver;

17

18 (vii) W.S. 40-14-101 through 40-14-702;

19

20 (viii) W.S. 40-21-101 through 40-21-119;

21

22 (ix) W.S. 40-22-101 through 40-22-129;

23

1 (x) W.S. 40-23-101 through 40-23-133.

2

3 (b) A person who makes an innovative financial product
4 or service available to consumers in the financial technology
5 sandbox is:

6

7 (i) Not immune from civil damages for acts and
8 omissions relating to this act; and

9

10 (ii) Subject to all criminal and consumer
11 protection laws, including W.S. 40-12-101 through 40-12-114.

12

13 (c) The commissioner or secretary may refer suspected
14 violations of law relating to this act to appropriate state
15 or federal agencies for investigation, prosecution, civil
16 penalties and other appropriate enforcement actions.

17

18 (d) If service of process on a person making an
19 innovative financial product or service available to
20 consumers in the financial technology sandbox is not
21 feasible, service on the secretary of state shall be deemed
22 service on the person.

23

1 **40-28-104. Financial technology sandbox application;**
2 **standards for approval; consumer protection bond.**

3
4 (a) A person shall apply to the commissioner or
5 secretary to make an innovative financial product or service
6 available to consumers in the financial technology sandbox,
7 based on the office that administers the statute or rule, or
8 portion thereof, for which a waiver is sought. If both the
9 commissioner and the secretary jointly administer a statute
10 or rule, or if the appropriate office is not known, an
11 application may be filed with either the commissioner or the
12 secretary. If an application is filed with an office that
13 does not administer the statute or rule for which a waiver is
14 sought, the receiving office shall forward the application to
15 the correct office. The person shall specify in an application
16 the statutory or rule requirements for which a waiver is
17 sought, and the reasons why these requirements prohibit the
18 innovative financial product or service from being made
19 available to consumers. The application shall also contain
20 the elements required for authorization which are set forth
21 in subsection (f) of this section. The commissioner and
22 secretary shall each, by rule, prescribe a method of
23 application.

1

2 (b) A business entity making an application under this
3 section shall be a domestic corporation or other organized
4 domestic entity with a physical presence, other than that of
5 a registered office or agent, in Wyoming.

6

7 (c) Before an employee applies on behalf of an
8 institution, firm or other entity intending to make an
9 innovative financial product or service available through the
10 financial technology sandbox, the employee shall obtain the
11 consent of the institution, firm or entity before filing an
12 application under this section.

13

14 (d) The individual filing an application under this
15 section and the individuals who are substantially involved in
16 the development, operation or management of the innovative
17 financial product or service shall, as a condition of an
18 application, submit to a criminal history background check
19 pursuant to W.S. 7-19-201.

20

21 (e) An application made under this section shall be
22 accompanied by a fee of five hundred dollars (\$500.00). The

1 fee shall be deposited into the financial technology
2 innovation account as provided in W.S. 40-28-105.

3

4 (f) The commissioner or secretary, as applicable, shall
5 authorize or deny a financial technology sandbox application
6 in writing within ninety (90) days of receiving the
7 application. The commissioner or secretary and the person who
8 has made an application may jointly agree to extend the time
9 beyond ninety (90) days. The commissioner or secretary may
10 impose conditions on any authorization, consistent with this
11 act. In deciding to authorize or deny an application under
12 this subsection, the commissioner or secretary shall consider
13 each of the following:

14

15 (i) The nature of the innovative financial product
16 or service proposed to be made available to consumers in the
17 sandbox, including all relevant technical details, which may
18 include whether the product or service utilizes blockchain
19 technology;

20

21 (ii) The potential risk to consumers and methods
22 which will be used to protect consumers and resolve complaints
23 during the sandbox period;

1

2 (iii) A business plan proposed by the person,
3 including a statement of arranged capital;

4

5 (iv) Whether the person has the necessary
6 personnel, adequate financial and technical expertise and a
7 sufficient plan to test, monitor and assess the innovative
8 financial product or service;

9

10 (v) Whether any person substantially involved in
11 the development, operation or management of the innovative
12 financial product or service has been convicted of, or is
13 currently under investigation for, fraud, state or federal
14 securities violations or any property based offense;

15

16 (vi) A copy of the disclosures required under W.S.
17 40-28-106(c) that will be provided to consumers;

18

19 (vii) Any other factor that the commissioner or
20 secretary determines to be relevant.

21

22 (g) If an application is authorized under subsection
23 (f) of this section, the commissioner or secretary shall

1 specify the statutory or rule requirements, or portions
2 thereof, for which a waiver is granted and the length of the
3 initial sandbox period, consistent with W.S.
4 40-28-102(a)(vii). The commissioner or secretary shall also
5 post notice of the approval of a sandbox application under
6 this subsection, a summary of the innovative financial
7 product or service and the contact information of the person
8 making the product or service available through the sandbox
9 on the internet website of the commissioner or secretary.

10

11 (h) A person authorized under subsection (f) of this
12 section to enter into the financial technology sandbox shall
13 post a consumer protection bond with the commissioner or
14 secretary as security for potential losses suffered by
15 consumers. The bond amount shall be determined by the
16 commissioner or secretary in an amount not less than ten
17 thousand dollars (\$10,000.00) and shall be commensurate with
18 the risk profile of the innovative financial product or
19 service. The commissioner or secretary may require that a
20 bond under this subsection be increased or decreased at any
21 time based on risk profile. Unless a bond is enforced under
22 W.S. 40-28-109(b)(ii), the commissioner or secretary shall

1 cancel or allow the bond to expire two (2) years after the
2 date of the conclusion of the sandbox period.

3

4 (j) A person authorized under subsection (f) of this
5 section to enter into the financial technology sandbox shall
6 be deemed to possess an appropriate license for the purposes
7 of federal law requiring state licensure or authorization.

8

9 (k) Authorization under subsection (f) of this section
10 shall not be construed to create a property right.

11

12 **40-28-105. Financial technology innovation account.**

13

14 (a) There is created the financial technology
15 innovation account. Funds within the account shall only be
16 expended by legislative appropriation. All funds within the
17 account shall be invested by the state treasurer and all
18 investment earnings from the account shall be credited to the
19 general fund. The account shall be divided into two (2)
20 subaccounts controlled by the commissioner and secretary,
21 respectively, for the purposes of administrative management.
22 For the purposes of accounting and investing only, the
23 subaccounts shall be treated as separate accounts.

1

2 (b) Subject to legislative appropriation, application
3 fees remitted to the account pursuant to W.S. 40-28-104(e)
4 shall be deposited into the subaccount controlled by the
5 commissioner or secretary, as applicable, based on the
6 receiving official. These funds, and any additional funds
7 appropriated by the legislature, shall be used only for the
8 purposes of administering this act, include processing of
9 sandbox applications and monitoring, examination and
10 enforcement activities relating to this act.

11

12 **40-28-106. Operation of financial technology sandbox.**

13

14 (a) Except as otherwise provided by W.S. 40-28-108, a
15 person authorized under W.S. 40-28-104(f) to enter into the
16 financial technology sandbox may make an innovative financial
17 product or service available to consumers during the sandbox
18 period.

19

20 (b) The commissioner or secretary may, on a case by
21 case basis, specify the maximum number of consumers permitted
22 to receive an innovative financial product or service, after
23 consultation with the person authorized under W.S.

1 40-28-104(f) to make the product or service available in the
2 financial technology sandbox.

3

4 (c) Before a consumer purchases or enters into an
5 agreement to receive an innovative financial product or
6 service through the financial technology sandbox, the person
7 making the product or service available shall provide a
8 written statement of the following to the consumer:

9

10 (i) The name and contact information of the person
11 making the product or service available to consumers;

12

13 (ii) That the product or service has been
14 authorized to be made available to consumers for a temporary
15 period by the commissioner or secretary, as applicable, under
16 the laws of Wyoming;

17

18 (iii) That the state of Wyoming does not endorse
19 the product or service and is not subject to liability for
20 losses or damages caused by the product or service;

21

1 (iv) That the product or service is undergoing
2 testing, may not function as intended and may entail financial
3 risk;

4
5 (v) That the person making the product or service
6 available to consumers is not immune from civil liability for
7 any losses or damages caused by the product or service;

8
9 (vi) The expected end date of the sandbox period;

10
11 (vii) The name and contact information of the
12 commissioner or secretary, as applicable, and notification
13 that suspected legal violations, complaints or other comments
14 related to the product or service may be submitted to the
15 commissioner or secretary;

16
17 (viii) Any other statements or disclosures
18 required by rule of the commissioner or secretary which are
19 necessary to further the purposes of this act.

20
21 (d) A person authorized to make an innovative financial
22 product or service available to consumers in the financial
23 technology sandbox shall maintain comprehensive records

1 relating to the innovative financial product or service. The
2 person shall keep these records for not less than five (5)
3 years after the conclusion of the sandbox period. The
4 commissioner and secretary may specify further records
5 requirements under this subsection by rule.

6

7 (e) The commissioner or secretary, as applicable, may
8 examine the records maintained under subsection (d) of this
9 section at any time, with or without notice. All direct and
10 indirect costs of an examination conducted under this
11 subsection shall be paid by the person making the innovative
12 financial product or service available in the financial
13 technology sandbox. Records made available to the
14 commissioner or secretary under this subsection shall be
15 confidential and shall not be subject to disclosure under the
16 Wyoming Public Records Act but may be released to appropriate
17 state and federal agencies for the purposes of investigation.

18

19 (f) Unless granted an extension pursuant to W.S.
20 40-28-108, not less than thirty (30) days before the
21 conclusion of the sandbox period, a person who makes an
22 innovative financial product or service available in the
23 financial technology sandbox shall provide written

1 notification to consumers regarding the conclusion of the
2 sandbox period and shall not make the product or service
3 available to any new consumers after the conclusion of the
4 sandbox period until legal authority outside of the sandbox
5 exists to make the product or service available to consumers.

6 The person shall wind down operations with existing consumers
7 within sixty (60) days after the conclusion of the sandbox
8 period, except that, after the sixtieth day, the person may:

9

10 (i) Collect and receive money owed to the person
11 and service loans made by the person, based on agreements
12 with consumers made before the conclusion of the sandbox
13 period;

14

15 (ii) Take necessary legal action; and

16

17 (iii) Take other actions authorized by the
18 commissioner or secretary by rule which are not inconsistent
19 with this subsection.

20

21 (g) The commissioner and the secretary may, jointly or
22 separately, enter into agreements with state, federal or
23 foreign regulatory agencies to allow persons who make an

1 innovative financial product or service available in Wyoming
2 through the financial technology sandbox to make their
3 products or services available in other jurisdictions and to
4 allow persons operating in similar financial technology
5 sandboxes in other jurisdictions to make innovative financial
6 products and services available in Wyoming under the
7 standards of this chapter.

8

9 **40-28-107. Revocation or suspension of financial**
10 **technology sandbox authorization.**

11

12 (a) The commissioner or secretary may, by order, revoke
13 or suspend authorization granted to a person under W.S.
14 40-28-104(f) if:

15

16 (i) The person has violated or refused to comply
17 with this act or any lawful rule, order or decision adopted
18 by the commissioner or secretary;

19

20 (ii) A fact or condition exists that, if it had
21 existed or become known at the time of the financial
22 technology sandbox application, would have warranted denial
23 of the application or the imposition of material conditions;

1

2 (iii) A material error, false statement,
3 misrepresentation or material omission was made in the
4 financial technology sandbox application; or

5

6 (iv) After consultation with the person, continued
7 testing of the innovative financial product or service would:

8

9 (A) Be likely to harm consumers; or

10

11 (B) No longer serve the purposes of this act
12 because of the financial or operational failure of the product
13 or service.

14

15 (b) Written notification of a revocation or suspension
16 order made under subsection (a) of this section shall be
17 served using any means authorized by law, and if the notice
18 relates to a suspension, include any conditions or remedial
19 action which shall be completed before the suspension will be
20 lifted by the commissioner or secretary.

21

22 **40-28-108. Extension of sandbox period.**

23

1 (a) A person granted authorization under W.S.
2 40-28-104(f) may apply for an extension of the initial sandbox
3 period for not more than twelve (12) additional months. An
4 application for an extension shall be made not later than
5 sixty (60) days before the conclusion of the initial sandbox
6 period specified by the commissioner or secretary. The
7 commissioner or secretary shall approve or deny the
8 application for extension in writing not later than thirty-
9 five (35) days before the conclusion of the initial sandbox
10 period. An application for extension by a person shall cite
11 one (1) of the following reasons as the basis for the
12 application and provide all relevant supporting information
13 that:

14

15 (i) Statutory or rule amendments are necessary to
16 conduct business in Wyoming on a permanent basis; or

17

18 (ii) An application for a license or other
19 authorization required to conduct business in Wyoming on a
20 permanent basis has been filed with the appropriate office
21 and approval is currently pending.

22

1 **40-28-109. Rules and orders; enforcement of bond;**
2 **restitution; applicability of Wyoming Administrative**
3 **Procedure Act.**

4

5 (a) The commissioner and secretary shall each adopt
6 rules to implement this act. The rules adopted by the
7 commissioner and secretary under this subsection shall be as
8 consistent as reasonably possible, but shall account for
9 differences in the statutes and programs administered by the
10 commissioner and secretary.

11

12 (b) The commissioner or secretary may issue:

13

14 (i) All necessary orders to enforce this act,
15 including ordering the payment of restitution, and enforce
16 these orders in any court of competent jurisdiction;

17

18 (ii) An order under paragraph (i) of this
19 subsection to enforce the bond posted under W.S.
20 40-28-104(h), or a portion of this bond, and use proceeds
21 from the bond to offset losses suffered by consumers as a
22 result of an innovative financial product or service.

23

1 (c) All actions of the commissioner or secretary under
2 this act shall be subject to the Wyoming Administrative
3 Procedure Act.

4
5 **Section 3.** W.S. 7-19-106(a) by creating a new paragraph
6 (xxx), 7-19-201(a) by creating a new paragraph (xxvi),
7 13-1-201, 13-5-203, 17-4-105, 17-16-102, 17-28-111,
8 17-29-107, 40-14-106 by creating a new subsection (f),
9 40-21-104, 40-22-104 by creating a new subsection (b) and
10 40-23-105 by creating a new subsection (b) are amended to
11 read:

12
13 **7-19-106. Access to, and dissemination of, information.**

14
15 (a) Criminal history record information shall be
16 disseminated by criminal justice agencies in this state,
17 whether directly or through any intermediary, only to:

18
19 (xxx) The banking commissioner or the secretary of
20 state for purposes of obtaining background information on
21 persons specified in W.S. 40-28-104(d) as part of a financial
22 technology sandbox application.

23

1 **7-19-201. State or national criminal history record**
2 **information.**

3
4 (a) The following persons shall be required to submit
5 to fingerprinting in order to obtain state and national
6 criminal history record information:

7

8 (xxvi) Persons specified in W.S. 40-28-104(d) as
9 part of a financial technology sandbox application.

10

11 **13-1-201. General applicability.**

12

13 (a) This act applies to all banks in this state
14 organized under this act and to national banks where
15 specifically provided by the text.

16

17 (b) The Financial Technology Sandbox Act shall apply to
18 this act.

19

20 **13-5-203. Applicability.**

21

1 (a) Except as otherwise provided in this article, a
2 chartered family trust company is subject to the provisions
3 of Wyoming statutes, title 13, chapter 5.

4

5 (b) The Financial Technology Sandbox Act shall apply to
6 this article.

7

8 **17-4-105. Electronic records and signatures;**
9 **applicability.**

10

11 (a) This act modifies, limits, and supersedes the
12 federal Electronic Signatures in Global and National Commerce
13 Act, but does not modify, limit, or supersede section 101(c)
14 of that act (15 U.S.C. § 7001(c)) or authorize electronic
15 delivery of any of the notices described in section 103(b) of
16 that act (15 U.S.C. § 7003(b)). This act authorizes the filing
17 of records and signatures, when specified by provisions of
18 this act or by a rule adopted or order issued under this act,
19 in a manner consistent with section 104(a) of that act (15
20 U.S.C. § 7004(a)).

21

22 (b) The Financial Technology Sandbox Act shall apply to
23 this act.

1

2 **17-16-102. Reservation of power to amend or repeal;**
3 **applicability.**

4

5 (a) The legislature has power to amend or repeal all or
6 part of this act at any time and all domestic and foreign
7 corporations subject to this act are governed by the amendment
8 or repeal.

9

10 (b) The Financial Technology Sandbox Act shall apply to
11 this act.

12

13 **17-28-111. Rules and regulations; applicability.**

14

15 (a) The secretary of state shall have the power
16 reasonably necessary to perform the duties required of him by
17 this chapter. The secretary of state shall promulgate
18 reasonable rules and regulations necessary to carry out the
19 purposes of this chapter.

20

21 (b) The Financial Technology Sandbox Act shall apply to
22 this chapter.

23

1 **17-29-107. Supplemental principles of law;**
2 **applicability.**

3
4 (a) Unless displaced by particular provisions of this
5 chapter, the principles of law and equity supplement this
6 chapter.

7
8 (b) The Financial Technology Sandbox Act shall apply to
9 this chapter.

10

11 **40-14-106. Waiver; agreement to forego rights;**
12 **settlement of claims; legal rate of interest; applicability.**

13

14 (f) The Financial Technology Sandbox Act shall apply to
15 this act.

16

17 **40-21-104. Applicability.**

18

19 (a) This act applies to any electronic record or
20 electronic signature created, generated, sent, communicated,
21 received or stored on or after July 1, 2001.

22

1 (b) The Financial Technology Sandbox Act shall apply to
2 this act.

3

4 **40-22-104. Exemptions; applicability.**

5

6 (b) The Financial Technology Sandbox Act shall apply to
7 this act.

8

9 **40-23-105. Exemptions from license requirements.**

10

11 (b) The Financial Technology Sandbox Act shall apply to
12 this act.

13

14 **Section 4.** Consistent with W.S. 40-28-109(a), the
15 banking commissioner and the secretary of state shall adopt
16 rules to implement this act on or before January 1, 2020,
17 provided these rules shall not take effect until January 1,
18 2020.

19

20 **Section 5.**

21

22 (a) Except as otherwise provided by subsection (b) of
23 this section, this act is effective January 1, 2020.

1

2 (b) Section 4 of this act is effective immediately upon
3 completion of all acts necessary for a bill to become law as
4 provided by Article 4, Section 8 of the Wyoming Constitution.

5

6

(END)