

## Qatar Central Bank

### FinTech and Innovation Department

## Regulatory Sandbox Frequently Asked Questions (FAQ)

---

## Table of Contents

<b>Introduction</b>	3
<b>General</b>	3
1. What is the QCB Regulatory Sandbox?	3
2. Who can apply for the QCB Regulatory Sandbox?	3
3. What are the entry criteria for the QCB Regulatory Sandbox?	3
4. What is the Express Sandbox?	4
5. Who can apply for Express Sandbox?	4
6. How do I apply to participate in the Regulatory Sandbox?	4
7. What actions should be taken if the use case does not align with the existing regulations?	4
8. What are the key timelines for accepting applications in the Regulatory Sandbox?	4
9. Are there any fees associated with the Regulatory Sandbox?	5
10. Does approval to participate in the Regulatory Sandbox require applicants to fully comply with Qatar Central Bank guidelines?	5
11. What is the level of solution readiness expected for the Regulatory Sandbox?	5
<b>Regulatory Sandbox Phases</b>	5
12. What are the Regulatory Sandbox phases?	5
13. Can rejected applicants re-apply to the Regulatory Sandbox?	5
14. Can a participant make changes during the Regulatory Sandbox testing phase?	6
15. What are the exit criteria and how are participant innovations evaluated at this stage?	6
16. What are the different scenarios under which a participant might exit the QCB Regulatory Sandbox?	6

## Introduction

The global financial sector is witnessing rapid development supported by innovations and electronic systems. The provision of financial services has become primarily dependent on technology and modern techniques. Therefore, Qatar Central Bank (QCB), as the regulatory and supervisory authority, contributes to creating a modern regulatory environment that supports innovation, ensures market stability, and consumer protection. Recognizing the importance of financial technology in the development of the banking and financial sector in the country, within the framework of Qatar National Vision 2030 and the implementation of the FinTech strategy, QCB has launched the Regulatory Sandbox for FinTech companies. The Regulatory Sandbox is a safe space that allows companies and financial institutions providing technological solutions to test their innovative products in an environment managed by the QCB. These companies will operate within a specific scope for a specific period, contributing to encouraging and enabling innovation in the financial services sector.

## General

### 1. What is the QCB Regulatory Sandbox?

The QCB Regulatory Sandbox is a framework that facilitates live testing of innovative financial technological solutions in a controlled environment regulated by Qatar Central Bank. The entities enrolled in the Regulatory Sandbox shall operate within a limited framework and timeframe not exceeding 12 months.

### 2. Who can apply for the QCB Regulatory Sandbox?

Financial Institutions, start-ups and technology companies can apply for Regulatory Sandbox at QCB including:

- ♦ Entities aiming to leverage technology to provide innovative financial solutions within the financial sector.
- ♦ Entities whose activities are or may likely be regulated by QCB and are eligible.

However, there should be a technological solution ready for testing. Applicants should have a clear understanding of Qatar's legal and Regulatory landscape for financial services.

Detailed FinTech related guidelines and regulations could be sourced at:

<https://www.qcb.gov.qa/en/Pages/FinancialTechnology.aspx>

### 3. What are the entry criteria for the QCB Regulatory Sandbox?

The entry criteria are designed to ensure that participating innovations align with Regulatory objectives, adhere to compliance standards, and contribute positively to the financial ecosystem.

Key areas assessed includes, but not limited to:

- ♦ **Innovation Scope:** Examining how the innovation redefines financial services and its uniqueness in solving the problem identified.
- ♦ **Consumer Benefits:** Assessing the quantifiable benefits and impact on financial inclusion.
- ♦ **Consumer Protection:** Evaluating data protection measures, consumer complaint handling systems, and the transparency of terms and conditions.
- ♦ **Readiness for Market:** Checking the go-to-market strategy and Regulatory compliance approach.
- ♦ **Clear Objectives for Testing:** Ensuring testing objectives are clear, specific, measurable, and aligned with the capabilities of the Sandbox.

- **Track Record:** Evaluating whether the solution has been approved in other jurisdictions or has proven market fit; however, it is not mandatory for the solution to already be licensed.
- **Financial Soundness:** Assessing the applicants' financial stability and ability to sustain operations during the Sandbox period.

Applications that excel in these criteria are more likely to be accepted, ensuring only high-potential and market-ready solutions are tested.

#### 4. What is the Express Sandbox?

The Express Sandbox an expedited testing period of 3 to 6 months aimed at facilitating quicker market entry for solutions that demonstrate readiness and potential, offering a faster track through the usual Regulatory assessment while still maintaining high standards of consumer protection and system integrity. Entities which successfully enter the Express Sandbox will be able to benefit from a short testing period and rapid testing cycles.

#### 5. Who can apply for Express Sandbox?

Financial Institutions, start-ups and technology companies can apply for Express Sandbox at QCB if they meet any of the following criteria:

- ♦ Licensed in the State of Qatar for financial technological solution.
- ♦ Jointly with an existing licensed financial entity by QCB.
- ♦ Graduated successfully from a Regulatory Sandbox in another jurisdiction.
- ♦ Licensed in a different jurisdiction.

#### 6. How do I apply to participate in the Regulatory Sandbox?

To apply for participation in the Regulatory Sandbox, the applicants should:

1. Create an account at <https://Sandbox.qcb.gov.qa/login>
2. The applicant will receive confirmation email for account creation.
3. Complete the application form and provide any necessary supporting documents.
4. The application will be fully evaluated by the Regulatory Sandbox team.

Entities can also seek clarifications or ask questions by contacting QCB's FinTech Sandbox Team at [SandboxSupport@qcb.gov.qa](mailto:SandboxSupport@qcb.gov.qa).

#### 7. What actions should be taken if the use case does not align with the existing regulations?

FinTech entities may reach out with any questions or requests for clarifications by writing to QCB's FinTech Sandbox Team at [SandboxSupport@qcb.gov.qa](mailto:SandboxSupport@qcb.gov.qa).

#### 8. What are the key timelines for accepting applications in the Regulatory Sandbox?

Applications to join the Regulatory Sandbox are accepted at any time throughout the year, for any financial technology activity that is or may be subject to regulation by Qatar Central Bank. This open timeframe

provides entities with an ongoing opportunity to develop and test their innovative solutions within a flexible and supportive environment.

#### 9. Are there any fees associated with the Regulatory Sandbox?

There are no administrative charges for applying to or participating in the QCB Regulatory Sandbox.

#### 10. Does approval to participate in the Regulatory Sandbox require applicants to fully comply with Qatar Central Bank guidelines?

QCB will issue the final decision regarding the acceptance or rejection of participation in the Regulatory Sandbox. If accepted, QCB will determine any exceptions granted to participants on an individual basis. Therefore, QCB reserves the right to adjust any restrictions or conditions for any participant throughout the Regulatory trial period.

#### 11. What is the level of solution readiness expected for the Regulatory Sandbox?

Applicants must have a minimum viable product (MVP) ready for testing in the Regulatory Sandbox.

### Regulatory Sandbox Phases

#### 12. What are the Regulatory Sandbox phases?

The Regulatory Sandbox process comprises the following four distinct phases, each strategically designed to guide innovative FinTech solutions through a comprehensive testing journey:

- ♦ **Pre-Entry Phase:** Regulatory Sandbox pre-entry phase involves the participants providing details on their technological solution, business plan, customer benefits, testing plans, Regulatory compliance, risk identification, understanding procedures, efficient onboarding, and any other documents as requested.
- ♦ **Entry Phase:** The Entry Phase in a Regulatory Sandbox marks the official commencement of the participant's innovation journey within a secured and supportive environment. This pivotal stage is designed to facilitate the testing, validation, and refinement of the solution under the careful oversight of the QCB.
- ♦ **Testing Phase:** The Testing Phase in a Regulatory Sandbox marks an important stage where the participant's solutions are subjected to real-life scenarios, allowing for rigorous evaluation, validation, and refinement.
- ♦ **Exit Phase:** The Exit phase ensures a smooth transition for both successful and unsuccessful participants in the testing phase. Successful participants who want to operate in Qatar must obtain a QCB license within three months to proceed with the market launch, while unsuccessful ones undergo a wind-down process.

#### 13. Can rejected applicants re-apply to the Regulatory Sandbox?

- ♦ For the same FinTech Solution, entities can re-apply six months after an initial rejection. Re-applicants should demonstrate significant enhancements to their solution and improved circumstances that make them better suited for Sandbox admission.

- ♦ For a new FinTech Solution, entities can apply at any time.

#### 14. Can a participant make changes during the Regulatory Sandbox testing phase?

Recognizing the dynamic nature of innovation, QCB is open to changes in the testing approach during the testing phase. Participants must apply for any changes at least two weeks in advance. Changes should be notified to QCB, and relevant customers should be informed.

#### 15. What are the exit criteria and how are participant innovations evaluated at this stage?

The exit criteria for the QCB Regulatory Sandbox focus on several key aspects to ensure that participant innovations are ready for the market and comply with Regulatory standards. The evaluation includes:

- ♦ **Regulatory Compliance:** Innovations must fully align with the Regulatory Sandbox requirements relevant to the exit phase.
- ♦ **Consumer Protection Standards:** Maintaining high consumer protection standards during and after the Sandbox.
- ♦ **Operational Viability:** Proving the operational viability and scalability of the innovation.
- ♦ **Risk Mitigation Measures:** Implementing effective and sustainable risk mitigation strategies.
- ♦ **Sustainability Plan:** Having a clear and realistic financial plan for post-Sandbox operations.
- ♦ **Market Readiness:** Ensuring the innovation is thoroughly tested and ready for market launch.
- ♦ **Documentation and Reporting:** Maintaining thorough documentation and reporting throughout the Regulatory Sandbox journey.
- ♦ **Transition Timeline:** Establishing a well-defined, feasible timeline for market transition.
- ♦ **Governance:** Understanding the physical office as well as the key management personnel presence in Qatar and with local regulations.
- ♦ **Capital:** Determining funding sources/financial support for meeting the required capital for the Regulatory Sandbox

#### 16. What are the different scenarios under which a participant might exit the QCB Regulatory Sandbox?

Exiting the QCB Regulatory Sandbox typically occurs under several scenarios, each reflecting different outcomes of the testing phase:

- ♦ **Successful Exit:** The participant can exit the Regulatory Sandbox after a successful test phase if they have obtained a license.
- ♦ **Successful Testing with Wind-Down Exit:** The participant can exit the Regulatory Sandbox after successful testing, and wind-down their operations if they do not want to obtain a license. However, they will not be permitted to operate in Qatar without obtaining the license.
- ♦ **Unsuccessful Testing with Wind-Down Exit:** The participant who was unsuccessful in the testing phase will be mandated by QCB to start their wind-down process and ensure its completion within 3 months.