

## Wyoming Creates Fintech Sandbox

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Thursday, June 6, 2019

Earlier this year, Wyoming became the second state to create a financial technology (fintech) sandbox by enacting the “[Financial Technology Sandbox Act](#)” (Sandbox Act). (Arizona was the first state [to create a fintech sandbox](#) and we will soon be publishing a blog post about Utah’s new fintech sandbox.) The provisions requiring Wyoming’s Banking Commissioner and Secretary of State to adopt implementing regulations became effective on February 19, 2019. The remainder of the Sandbox Act is effective January 1, 2020.

The Sandbox Act authorizes the Banking Commissioner or Secretary of State to grant a waiver for a “sandbox period” from the statutes specified in the Sandbox Act (and their implementing rules) to “a person who makes an innovative financial product or service available to consumers in the financial technology sandbox if [such specified statutes] or rules do not currently permit the product or service to be made available to consumers.” Key definitions include the following:

- “Financial product or service” means “a product or service related to finance, including banking, securities, consumer credit or money transmission, which is subject to statutory or rule requirements [that may be waived under the Sandbox Act] and is under the jurisdiction of the commissioner or secretary.”
- “Financial technology sandbox” means “the program created by [the Sandbox Act] which allows a person to make an innovative financial product or service available to consumers during a sandbox period through a waiver of existing statutory and rule requirements, or portions thereof, by the commissioner or secretary.”
- “Innovative” means “new or emerging technology, or new uses of existing technology, that provides a product, service, business mode or delivery

mechanism to the public and has no substantially comparable, widely available analogue in Wyoming, including blockchain technology.”

- “Sandbox period” means “the period of time, initially not longer than twenty-four (24) months, in which the commissioner or secretary has authorized an innovative financial product or service to be made available to consumers, which shall also encompass any extension granted under [the Sandbox Act].”

The Wyoming statutes and rules that may be waived pursuant to the Sandbox Act include the Uniform Consumer Credit Code, the Uniform Electronic Transactions Act, the Money Transmitters Act, and the Residential Mortgage Practices Act. Thus, unlike Arizona’s sandbox, a person receiving a waiver under the Sandbox Act can be exempted from Wyoming’s civil usury laws. A person receiving a waiver under the Sandbox Act remains “subject to all criminal and consumer protection laws,” including the Consumer Protection Act which prohibits deceptive and other practices.

The Sandbox Act allows the Banking Commissioner or Secretary of State, on a case by case basis, “to specify the maximum number of consumers permitted to receive an innovative product or service” after consulting with a person whose “financial technology sandbox application” has been approved. It also requires a person whose sandbox application has been approved to provide a written statement to a consumer containing specified information “before a consumer purchases or enters into an agreement to receive an innovative financial product or service through the financial technology sandbox.”

In May 2019, [the OCC](#) issued a proposal to create a “sandbox” through an Innovation Pilot Program, and in December 2018, [the CFPB](#) issued a proposal to create a “Product Sandbox.”

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