



PHILIFINTECH INNOVATION OFFICE

Securities And Exchange Commission – Stratbox Guidelines

Introduction

Through the PhiliFintech Innovation Office (PhiliFINNO), the Commission takes a proactive role in encouraging and supporting Financial technology innovation in the Philippines. To create better-informed policies for the regulation of new and existing fintech, the PhiliFINNO established a regulatory sandbox that may enable firms to explore innovation, test their product or services in a live setting, and eventually adopt the technology to develop a richer financial market. The establishment of a regulatory sandbox framework will stimulate the development of a vibrant and inclusive digital economy in the Philippines.

Procedure for the SEC Stratbox

1. When applying for the regulatory sandbox of the PhiliFINNO, please complete the SEC Stratbox Application Form and carefully read the criteria and disclaimer provided before submitting it.

SEC Stratbox Application Form

2. A firm that intends to apply for enrollment to the sandbox must submit the following to the:
 - a. Duly accomplished SEC Stratbox Application Form;
 - b. Letter of intent to enter a Regulatory Sandbox signed by the president of the corporation;
 - c. Board Resolution and Corporate secretary's certificate on the approval of the board of directors of the intention to apply for a sandbox;
 - d. Company profile;
 - e. Profiles of key officers of the corporation; and
 - f. Proposed testing plan.

The SEC may request additional documents for the applicant to demonstrate its adherence to the objectives, principles, and criteria specified under Section 2 and Section 5 of SEC Memorandum Circular No. 09, Series of 2024.

3. The SEC Stratbox Application Form and other supporting documents must be sent directly to the Philifintech Innovation Office (fintech@sec.gov.ph).

To further understand the applicant's product or services, the PhilifINNO may call in the applicant for a 'Present Me Anything' session to demonstrate their product, service, or business.

For the guidelines on the 'Present Me Anything' session, you may visit: <https://www.sec.gov.ph/fintech-pma/present-me-anything-pma-session-guidelines/#gsc.tab=0>

4. After receipt of the documentary requirements, the PhilifINNO will evaluate the application based on the eligibility criteria, the completeness and complexity of the submission, and the specific legal and regulatory implications.

The applicant shall be informed through email whether it can proceed with the sandbox.

An application shall be rejected if it fails to meet the objective and principles of the sandbox or any of the evaluation criteria. Provided that the SEC may give the applicant a reasonable time to modify the objectionable portions of the application before rejecting the application with finality. If the application has been rejected, the applicant may re-apply for the sandbox when it is capable of meeting the objective, principles, and evaluation criteria of the sandbox.

No regulatory sandbox testing involving a business, product, service or activity falling under the SEC's jurisdiction may commence without the approval of the Commission En Banc.

Minimum Requirements

The applicant for a sandbox must incorporate the following safeguards in their proposed testing plan:

1. Confidentiality of customer information;
2. Consumer protection in line with relevant laws, including R.A. No. 11765 or the Financial Products and Services Consumer Protection Act;
3. Appropriate risk disclosure and customer acknowledgment that they understood the risks involved in the financial product or service to be tested;
4. Proof of fitness criteria particularly on honesty and integrity of the officers;
5. Separation of sandbox participant funds and customer funds deposited in a bank registered with the Bangko Sentral ng Pilipinas, or stored for safekeeping in facilities offered by other registered companies in the Philippines with appropriate licenses;
6. Strict monitoring of transactions to ensure Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) measures;
7. Cybersecurity and Data Protection measures;
8. Disputes management and resolution mechanisms; and
9. Disclosure of related parties.

For more comprehensive information about the sandbox, please visit: <https://www.sec.gov.ph/philifintech/sec-regulatory-sandbox/#gsc.tab=0> for a copy of the Memorandum Circular No. 09, Series of 2024.