

# CySEC Launches Regulatory Sandbox to Foster Financial Innovation in Cyprus



**By Angelina Alyabyeva, Legal Associate, CYSEC AML Officer, Commercial Mediator, LLB(Hons), LLM**

The Cyprus Securities and Exchange Commission (CySEC) successfully launched its Regulatory Sandbox on June 11, 2024, marking a significant step forward for financial technology (FinTech), regulatory technology (RegTech), and supervisory technology (SupTech) in Cyprus.

Dr. George Theocharides, Chairman of CySEC, highlighted the importance of the initiative: "The Regulatory Sandbox allows us to nurture responsible innovation within the financial services sector. Our goal is to support the development of cutting-edge solutions that leverage technological advancements while ensuring market integrity and investor protection."

## **Benefits of Participating in the Sandbox**

The Sandbox offers a unique opportunity for businesses to test their innovative financial products and services in a controlled environment under

CySEC's guidance. Participants will receive valuable feedback on how regulations apply to their solutions, helping them navigate the regulatory landscape.

## **Who Can Participate?**

The CySEC Regulatory Sandbox welcomes both regulated and unregulated entities involved in financial technology innovation. Unregulated entities can participate through various means:

- Obtaining CySEC authorization for the specific regulated services they intend to offer.
- Testing solutions solely within their corporate group or utilizing other applicable exemptions.
- Providing demo services.
- Collaborating with a CySEC-regulated entity.
- It's important to note that the Sandbox doesn't provide a lighter regulatory touch. Unregulated entities offering regulated services must obtain CySEC authorization before participating.

## **Eligibility Criteria**

To be eligible for the Sandbox, your proposed innovative solution must:

- Align with CySEC's supervisory scope.
- Introduce genuine innovation in product, service, or business model.
- Be ready for testing in a real-world environment.
- Offer benefits to the financial services industry.

