

122 Discuss the importance of inter-operable Regulatory Sandboxes
3 developed by FSDC.

The RS-regulatory sandboxes is the framework set up by the regulator that allows the fintech startups and innovators to live experiment the products and services mandated by the regulator.

IoRS - Interoperable regulatory sandboxes

In order to increase the footprint of the regulatory sand box the interoperable regulations is launched. It is to test the new fintech product and services that fall within the ambit of more than one financial regulator.

The dominant feature of the product determines the principal regulator and associated regulator. Also determined based on type of enhancement to the products and number of relaxations made.

Importance

- ① Reduces cost of the startups by regulating the cross sectoral regulations.
- ② Breaks the silos of the industrial regulation and free hand is given for the developers to innovate. It paves the way for evidence based and innovation friendly regulation.

③ International regulation is done by the IFSC - International financial service centre authority where Indian fintech is looking to launch a product abroad.

Concerns Difference between the principal and associate regulators will require the unregistered entity to enter MoU with registered entity to apply for IORS.

Way forward Regulatory uniformity as in UK's FCA - Financial conduct authority can be tried. Cross-jurisdictional co-operation is the best way to mitigate regulatory arbitrage.