



APPLICATION DEADLINE is on September 30th, 2024

Ethiopian Capital Market Authority Regulatory Sandbox Process

What is the Regulatory Sandbox?

The Ethiopian Capital Market Regulatory Sandbox is an innovative initiative launched by the Ethiopian Capital Markets Authority (ECMA). It provides a secure, controlled environment where start-ups, fintech companies, and established institutions can test new financial market products, services, or business models with real consumers while operating under temporary regulatory flexibility. The sandbox is designed to foster innovation in the Ethiopian financial sector by allowing businesses to experiment with innovative solutions, ensuring they meet all regulatory standards before full market entry.

Why Participate?

- **Regulatory Guidance:** Receive direct support from ECMA, helping you navigate the complexities of financial market regulations in Ethiopia.
- **Safe Testing Environment:** Experiment with your innovations on a small scale, gaining valuable feedback.
- **Faster Market Entry:** Accelerate the time it takes for your product or service to move from concept to market, with access to tailored regulatory advice and support.
- **Consumer Trust:** Demonstrate that your innovation has been tested and vetted in collaboration with ECMA, boosting confidence among potential customers and investors.

Who Can Apply?

The Regulatory Sandbox is open to a wide range of applicants, including:

- **Licensed Firms:** Established institutions with ECMA licenses seeking to innovate within their existing operations.
- **Unlicensed Firms:** Start-ups and companies introducing new financial market products or services that may require regulatory approval in the future.
- **Technology Providers:** Companies developing technological solutions that support regulated activities, such as compliance tools, risk management systems, and financial market technology innovations.

Benefits of the Sandbox

- **Innovation and Growth:** Encourage the development of cutting-edge financial market technologies that can drive economic growth and enhance financial inclusion in Ethiopia.
- **Consumer Protection:** Ensure that new financial market products are safe and reliable before they reach the market, protecting consumers and building trust.
- **Regulatory Evolution:** Allow the ECMA to adapt and evolve its regulatory framework in response to emerging trends and technologies, ensuring that regulations keep pace with innovation.



THE SANDBOX PROCESS: STEP BY STEP

Application Submission

- **What it Involves:** Innovators submit a detailed application, including a description of the financial market product or service, the innovative elements, target market, potential benefits, and the need for sandbox testing.
- **Outcome:** Applications are evaluated based on innovation potential, consumer benefit, and readiness for market testing. Only the most promising projects are accepted into the sandbox.

Developing a Testing Plan

- **What it Involves:** Once accepted, innovators collaborate with ECMA and industry experts to design a comprehensive testing plan. This plan includes setting clear objectives, identifying key performance indicators (KPIs), outlining risk management strategies, and ensuring robust consumer protection measures are in place.
- **Outcome:** The testing plan acts as a blueprint, aligning the innovator's goals with regulatory expectations, and setting clear parameters for the testing phase.

Testing and Monitoring

- **What it Involves:** The product or service undergoes rigorous testing with real consumers under ECMA's close supervision. This phase involves ongoing monitoring through regular reports, real-time data analysis, and periodic check-ins to ensure compliance with the agreed-upon testing plan.
- **Outcome:** The testing phase allows innovators to refine their products based on real-world feedback while ensuring that all regulatory and safety standards are met. This process also helps identify potential risks and areas for improvement before full market launch.

Exiting the Sandbox

- **What it Involves:** After successfully completing the testing phase, innovations that meet their KPIs and demonstrate safety and regulatory compliance can transition out of the sandbox and into the broader market. ECMA may issue necessary licenses or approvals at this stage.
- **Outcome:** Innovations are market-ready, with proven compliance and a strong foundation for success. For those needing further refinement, the sandbox offers a structured path for continued development.

Ongoing Support and Feedback

- **What it Involves:** Throughout the process, ECMA provides ongoing support, including where relevant, regulatory tools like Testing Approval Letters (TALs), modified licensing requirements, and, where necessary, temporary waivers. This support helps innovators navigate regulatory challenges and align their products with market needs.
- **Outcome:** Innovators are equipped with the knowledge and tools needed to succeed in the Ethiopian financial market, reducing time to market and increasing the likelihood of long-term success.

JOIN THE SANDBOX

Are you ready to bring your innovative financial solution to market? Apply to the Ethiopian Capital Market Regulatory Sandbox **BEFORE September 30th, 2024** and gain access to a unique blend of regulatory support, strategic guidance, and a fast-tracked path to market. Visit our website for more information on the application process, eligibility criteria, and upcoming deadlines.

For inquiries, contact us at regulatorysandbox@ecma.gov.et or visit our website <https://ecma.gov.et/>.