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The Central Bank of Uzbekistan has approved the procedure for creating a special legal regime in the area of financial services

The Board of the Central Bank of Uzbekistan adopted resolution “On approval of the provision on the procedure of creation by the Central Bank of Uzbekistan of the special legal regime in the sphere of financial services”. No. 3391 dated October 4, 2022 (the “Regulation”). The Regulation defines the order of creation, cancellation and functioning of special legal regime (“regulatory sandbox”) for new financial operations, technologies and services.

“Regulatory sandbox” is a special experimental legal regime for the implementation of innovative projects, which are not regulated by the current legislation. A zone is created for a certain period of time in a selected region, where an exemption from general legal regulation is made.

In the “regulatory sandbox”, companies get the opportunity to test their products without a license and without the risk of breaking the law.

In order to implement “the regulatory sandbox”, a financial service must meet one of the following criteria:

- ▶ novelty of the financial service to the national financial services market;
- ▶ improvement in the characteristics of the consumption of financial services in comparison with existing services;
- ▶ presence of legal restrictions or ambiguities in relation to the provision of financial services.

Application for implementation of the “regulatory sandbox” is submitted by a legal entity, which is a resident of the Republic of Uzbekistan, establishing new financial transactions, technologies and services.

The applicant must meet the following requirements:

- ▶ not be in the process of reorganization and liquidation;
- ▶ has not been declared bankrupt and no insolvency proceedings have been instituted against it;
- ▶ beneficial owners, members of the management body do not have an unexpunged or outstanding conviction for economic crimes, crimes against the order of government or money laundering and terrorist financing;
- ▶ beneficial owners, members of the management body;
- ▶ do not reside, are not registered and are not residents of the state and territory - offshore zones, which provide preferential tax treatment or do not disclose information on financial transactions;
- ▶ absence of restrictions on financial transactions at the moment of application.

The application for the establishment of a “regulatory sandbox” is considered within 40 (forty) days, at the end of which a decision on its creation or refusal to do so is made.

The Central Bank and the Participant shall establish the term of the “regulatory sandbox” for a period not exceeding 3 (three) years.

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