

Burgos, Alexander N

Subject: FW: February 2025 RRC Meeting-Request for Changes-Innovation Council

From: Avramovic, Victoria <victoria.avramovic@nc.gov>

Sent: Tuesday, February 11, 2025 8:27 AM

To: Wiggs, Travis C <travis.wiggs@oah.nc.gov>

Cc: Burgos, Alexander N <alexander.burgos@oah.nc.gov>; Lamar, Lewis W <llamar@ncdoj.gov>

Subject: RE: February 2025 RRC Meeting-Request for Changes-Innovation Council

Thank you. I will package up the final rules and email them later today.

Best,

Victoria Avramović

Executive Director

NC Innovation Council



**North Carolina
Innovation Council**

Phone: (704) 648-1217

Email: Victoria.Avramovic@nc.gov

www.innovation.nc.gov

Burgos, Alexander N

Subject: FW: February 2025 RRC Meeting-Request for Changes-Innovation Council

From: Wiggs, Travis C <travis.wiggs@oah.nc.gov>
Sent: Monday, February 10, 2025 10:26 AM
To: Avramovic, Victoria <victoria.avramovic@nc.gov>
Cc: Burgos, Alexander N <alexander.burgos@oah.nc.gov>; Lamar, Lewis W <llamar@ncdoj.gov>
Subject: RE: February 2025 RRC Meeting-Request for Changes-Innovation Council

Thank you for your work on these rules. I look forward to working with you again in the future.

I intend to recommend to the RRC that the final revised rules be approved at the February 26th meeting. Please submit the revised rules via email to oah.rules@oah.nc.gov no later than 5pm on February 14, 2025. The electronic copy must be saved as the official rule name (XX NCAC XXXX). Please include me on the email.

Thank you.

Travis C. Wiggs
Rules Review Commission Counsel
Office of Administrative Hearings
Telephone: 984-236-1929
Email: travis.wiggs@oah.nc.gov

Burgos, Alexander N

Subject: FW: February 2025 RRC Meeting-Request for Changes-Innovation Council
Attachments: 04 NCAC 25 .0101 - Copy.docx; 04 NCAC 25 .0104 - Copy.docx

From: Avramovic, Victoria <victoria.avramovic@nc.gov>
Sent: Friday, February 7, 2025 5:09 PM
To: Wiggs, Travis C <travis.wiggs@oah.nc.gov>
Cc: Burgos, Alexander N <alexander.burgos@oah.nc.gov>; Lamar, Lewis W <llamar@ncdoj.gov>
Subject: RE: February 2025 RRC Meeting-Request for Changes-Innovation Council

Final changes attached.

Upon further consideration, I choose to strike “finance and insurance” as the preceding line appears to convey the requisite industry types to be eligible for the Sandbox program.

Thank you for your patience with the corrections, this is my first experience with the State’s rules process. I made a few mistakes, but everyone has been very helpful getting us through the process.

Best Regards,

Victoria Avramović
Executive Director
NC Innovation Council



**North Carolina
Innovation Council**

Phone: (704) 648-1217
Email: Victoria.Avramovic@nc.gov
www.innovation.nc.gov

04 NCAC 25 .0101 is adopted with changes as published in 39:10 NCR 623 as follows:

04 NCAC 25 .0101 DEFINITIONS

For the purposes of the rules in this Chapter, the definitions found in G.S. 169-1, and ~~subsequent amendments and editions are hereby incorporated by reference. In addition to the definitions set forth in G.S. 169-1,~~ the following definitions, shall apply to this Section:

- (1) “Executive Director” means the Executive Director of the North Carolina Innovation Council or an authorized designee of the Executive Director.
- (2) “Expression of Interest” shall mean a method for potential applicants to contact the NC Innovation Council through its website to document their interest in submitting an application to be a Sandbox participant.
- (3) “Monitoring and Evaluation Plan” means a written plan submitted by a Sandbox applicant that requires the applicant to periodically measure the success or risks of the innovative product or service during and at the end of the Sandbox period.
- (4) “Nonprofit corporation” as defined in G.S. 55A-1-40(17).
- (5) “Control person” means an entity or individual who has the power to influence, direct, or control the activities of a publicly traded company. Control persons can be directors, officers, shareholders, affiliates, or any other person with authority over the public company’s management and operations.
- (6) “DUNS Number” means a data universal numbering system or DUNS number, ~~is~~ a unique, nine-digit series or numerals that identifies a business. Dun & Bradstreet, Inc. (D&B) creates the number, which generates a business profile in its database and provides a company's name, phone number, address, number of workers and line of business, along with other relevant corporate information.

*History Note: Authority G.S. 169-1; 169-4;
Eff. March 1, 2025.*

04 NCAC 25 .0104 is adopted with changes as published in 39:10 NCR 624 - 625 as follows:

04 NCAC 25 .0104 EXPRESSION OF INTEREST TO PARTICIPATE

- (a) An applicant may contact the Council to request a consultation regarding the Sandbox prior to submitting a formal application. An applicant may also request to present the innovative product or service at a Council meeting. All requests to present ~~will be~~ shall be approved by the Council based on a determination of whether the expression of interest indicates that the applicant intends to propose a FinTech, InsurTech, blockchain or other new or emerging technology for participation in the Sandbox. Each request shall be submitted through the Expression of Interest to Participate ~~form~~ Form on the Council 's website at www.innovation.nc.gov.
- (b) The applicant must provide basic contact information for the entity or business, ~~the industry type (finance or insurance)~~, and a brief description of the proposed product or service that would be tested in the Sandbox.
- (c) The Executive Director or a designee will acknowledge receipt of a submission within five business days. The Executive Director will provide the completed Expression of Interest to Participate ~~form~~ Form to the Council. If the applicant has requested to present, and the Council has approved the request, the proposed applicant will be allotted time to present at the next regularly scheduled Council meeting. If a consultation has been requested, the Executive Director will facilitate a meeting with either the Chair or Co-Chair of the Council within 14 business days after submission.

*History Note: Authority G.S. 169-4;
Eff. March 1, 2025.*

Burgos, Alexander N

Subject: FW: February 2025 RRC Meeting-Request for Changes-Innovation Council

From: Wiggs, Travis C <travis.wiggs@oah.nc.gov>
Sent: Friday, February 7, 2025 11:59 AM
To: Avramovic, Victoria <victoria.avramovic@nc.gov>
Cc: Burgos, Alexander N <alexander.burgos@oah.nc.gov>; Lamar, Lewis W <llamar@ncdoj.gov>
Subject: RE: February 2025 RRC Meeting-Request for Changes-Innovation Council

Good morning, thank you for the revisions and inserting the tracking of changes. I have a couple more requests to finalize the rules:

In .0101, please make sure the highlighted portion below is also deleted/stricken.

In .0104, please capitalize “form”. Also, is “finance or insurance” necessary to include since those are the only relevant industries? If you desire to keep that language included, consider deleting “the industry type” to replace it with “whether it’s related to the finance or insurance industry,”.

04 NCAC 25 .0101

- For the purposes of the rules in this Chapter, the definitions found in G.S. 169-1, and ~~subsequent amendments and editions are hereby incorporated by reference. In addition to the definitions set forth in G.S. 169-1,~~ the following definitions, shall apply to this Section:

04 NCAC 25 .0104

- Expression of Interest to Participate **form** (line 9).
- {finance or insurance}, (lines 10-11)

Please reply at your earliest convenience so I can review the final changes. Thank you.

Travis C. Wiggs
Rules Review Commission Counsel
Office of Administrative Hearings
Telephone: 984-236-1929
Email: travis.wiggs@oah.nc.gov

Email correspondence to and from this address may be subject to the North Carolina Public Records Law and may be disclosed to third parties by an authorized state official.

Burgos, Alexander N

Subject: FW: February 2025 RRC Meeting-Request for Changes-Innovation Council
Attachments: 04 NCAC 25 .0101 - Copy.docx; 04 NCAC 25 .0102 - Copy.docx; 04 NCAC 25 .0103 - Copy.docx; 04 NCAC 25 .0104 - Copy.docx; 04 NCAC 25 .0105 - Copy.docx; 04 NCAC 25 .0106 - Copy.docx; 04 NCAC 25 .0107 - Copy.docx; 04 NCAC 25 .0108 - Copy.docx; 04 NCAC 25 .0109 - Copy.docx; 04 NCAC 25 .0110 - Copy.docx; 04 NCAC 25 .0111 - Copy.docx

From: Avramovic, Victoria <victoria.avramovic@nc.gov>
Sent: Friday, February 7, 2025 10:33 AM
To: Wiggs, Travis C <travis.wiggs@oah.nc.gov>
Cc: Burgos, Alexander N <alexander.burgos@oah.nc.gov>; Lamar, Lewis W <llamar@ncdoj.gov>
Subject: RE: February 2025 RRC Meeting-Request for Changes-Innovation Council

Good morning,

I have revised the Rules per the requested technical changes.

Additionally, I noticed I did not respond to the last questions for Rule **04 NCAC 25 .0104:**

- In (b), lines 10-11, please delete the parenthesis. **Are finance and insurance the only industry types? If not, please delete “(finance or insurance)”.**
 - **Per the statute the Sandbox program is industry specific and inclusive only of finance and insurance.**

Please let me know if any further changes are needed.

Best,

Victoria Avramović
Executive Director
NC Innovation Council



**North Carolina
Innovation Council**

Phone: (704) 648-1217
Email: Victoria.Avramovic@nc.gov
www.innovation.nc.gov

04 NCAC 25 .0101 is adopted with changes as published in 39:10 NCR 623 as follows:

04 NCAC 25 .0101 DEFINITIONS

For the purposes of the rules in this Chapter, the definitions found in G.S. 169-1, and ~~subsequent amendments and editions are hereby incorporated by reference. In addition to the definitions set forth in G.S. 169-1,~~ the following definitions, shall apply to this Section:

- (1) “Executive Director” means the Executive Director of the North Carolina Innovation Council or an authorized designee of the Executive Director.
- (2) “Expression of Interest” shall mean a method for potential applicants to contact the NC Innovation Council through its website to document their interest in submitting an application to be a Sandbox participant.
- (3) “Monitoring and Evaluation Plan” means a written plan submitted by a Sandbox applicant that requires the applicant to periodically measure the success or risks of the innovative product or service during and at the end of the Sandbox period.
- (4) “Nonprofit corporation” as defined in G.S. 55A-1-40(17).
- (5) “Control person” means an entity or individual who has the power to influence, direct, or control the activities of a publicly traded company. Control persons can be directors, officers, shareholders, affiliates, or any other person with authority over the public company’s management and operations.
- (6) “DUNS Number” means a data universal numbering system or DUNS number, ~~is~~ a unique, nine-digit series or numerals that identifies a business. Dun & Bradstreet, Inc. (D&B) creates the number, which generates a business profile in its database and provides a company's name, phone number, address, number of workers and line of business, along with other relevant corporate information.

*History Note: Authority G.S. 169-1; 169-4;
Eff. March 1, 2025.*

04 NCAC 25 .0102 is adopted with changes as published in 39:10 NCR 623 -624 as follows:

04 NCAC 25 .0102 NONPROFIT PARTNERS

(a) Nonprofit organizations wishing to assist applicants or participants as a nonprofit partner shall submit an application to the Council. Applications may be found on the Council's website at www.innovation.nc.gov.

(b) Nonprofit organization applications shall include the following:

- (1) The formal legal name of the organization applying to be a nonprofit partner;
- (2) If applicable, the nonprofit applicant must provide documentation of registration of associated trade names or Doing Business As (DBA);
- (3) The name and address of the registered agent;
- (4) Proof that the organization is a nonprofit organization duly authorized by the North Carolina Office of the Secretary of State and provide a North Carolina Certificate of Good Standing;
- (5) A single point of contact must be designated for all correspondence, including the individual's name, role, phone number, and email address;
- (6) A list of individuals that are directors of the board, partners, managers, and other individuals who are legally responsible for the governance of the entity, including their names, titles, expertise related to the product or service, and whether they have been convicted of, or are currently under investigation for, fraud or State or federal securities law violations;
- (7) A summary of how the nonprofit organization's mission is aligned with the Sandbox program, to be used by the Council in a published list of nonprofit partners; and
- (8) A description of the nonprofit organization's capabilities, including its data security capabilities and practices as required by law to ensure the confidentiality of information submitted by Sandbox applicants and participants.

(c) The Council may request additional information from the applicant pertaining to their application and eligibility to participate in the Sandbox based on the criteria set forth in subsection (b) of this Rule.

(d) Within 30 business days of receipt of a nonprofit organization's application, the Executive Director shall review the application for completeness. Applications that the Executive Director has determined have met the application submittal requirements shall be forwarded to all Council members for review. If an application is incomplete, the Executive Director shall request that any missing information from the nonprofit organization be submitted within 14 business days of the request.

(e) At the next Council meeting that is at least 14 business days after the Council has received a complete application, the Council shall discuss the application to determine the next ~~appropriate~~ action. Upon the motion of any member, the Council ~~may~~ shall enter a closed session, pursuant to G.S. 143-318.11(a)(1) ~~and~~ or G.S. 132-1.2(1)(a)-(c)a. - c., to discuss the application, however, all votes on an application shall be in an open session.

(f) Within 14 business days of a Council vote on an application, the Executive Director shall notify the nonprofit organization in writing of the Council's decision. If the Council denied the nonprofit organization's application, the written notification shall include the specific reasons for the denial.

- 1 (g) Upon the motion of any member, at a duly called meeting of the Council, the Council may rescind its approval
2 of a nonprofit partner by a majority vote of the Council.
- 3 (h) A nonprofit partner whose approval is denied or rescinded by the Council may not reapply to be a nonprofit
4 partner for a period of two years from the date of the Council vote. Any application submitted during the
5 debarment period will be rejected for consideration by the Council.

6

7 *History Note: Authority G.S. 169-4; 169-5;*
8 *Eff. March 1, 2025.*

04 NCAC 25 .0103 is adopted with changes as published in 39:10 NCR 624 as follows:

04 NCAC 25 .0103 NONPROFIT PARTNERS APPLICATION DENIAL

(a) Reasons for denial of a nonprofit application shall include at least one of the following:

- (1) Perceived or actual conflicts of interest;
- (2) Failure to provide proof that the organization is a nonprofit organization duly authorized by the North Carolina Office of the Secretary of State;
- (3) Failure to provide a current North Carolina Certificate of Good Standing;
- (4) Failure to implement and utilize data security practices, as required by law, that ensure the confidentiality of information submitted by Sandbox applicants and participants;
- (5) Failure to illustrate, as determined by the Council, the organization's capabilities or expertise in FinTech, InsurTech, blockchain technologies, or other new or emerging technology products or services; and
- (6) Failure to provide any required missing information related to the application, or any additional information upon request of the Executive Director within 14 business days, as set forth in 04 NCAC 25 .0102(c).

History Note: Authority G.S. 169-4; 169-5;

Eff. March 1, 2025.

04 NCAC 25 .0104 is adopted with changes as published in 39:10 NCR 624 - 625 as follows:

04 NCAC 25 .0104 EXPRESSION OF INTEREST TO PARTICIPATE

- (a) An applicant may contact the Council to request a consultation regarding the Sandbox prior to submitting a formal application. An applicant may also request to present the innovative product or service at a Council meeting. All requests to present ~~will be~~ shall be approved by the Council based on a determination of whether the expression of interest indicates that the applicant intends to propose a FinTech, InsurTech, blockchain or other new or emerging technology for participation in the Sandbox. Each request shall be submitted through the Expression of Interest to Participate form on the Council 's website at www.innovation.nc.gov.
- (b) The applicant must provide basic contact information for the entity or business, the industry type, (finance or insurance), and a brief description of the proposed product or service that would be tested in the Sandbox.
- (c) The Executive Director or a designee will acknowledge receipt of a submission within five business days. The Executive Director will provide the completed Expression of Interest to Participate ~~form~~ Form to the Council. If the applicant has requested to present, and the Council has approved the request, the proposed applicant will be allotted time to present at the next regularly scheduled Council meeting. If a consultation has been requested, the Executive Director will facilitate a meeting with either the Chair or Co-Chair of the Council within 14 business days after submission.

*History Note: Authority G.S. 169-4;
Eff. March 1, 2025.*

04 NCAC 25 .0105 is adopted with changes as published in 39:10 NCR 625 as follows:

04 NCAC 25 .0105 REGULATORY SANDBOX APPLICATIONS

(a) An applicant for the Regulatory Sandbox shall provide to the Council an application that includes applicant information, product or service information, a business plan, and a monitoring and evaluation plan for the proposed product or service. The application can be found on the Council's website at www.innovation.nc.gov.

(b) The applicant information should include the following:

(1) Confirmation that the applicant or its parent company are subject to the jurisdiction of the State; this shall be established by any of the following applicable documentation:

(i) Articles of Organization, Certificate of Formation, Certificate of Authority, Certificate of Organization, Articles of Formation, or other applicable company formation documents.

(2) Proof that the applicant has a physical location within the State from where the waiver project will be developed and performed, and where all records, documents, and data will be maintained, shall be established by providing:

(i) The name and address of the registered agent;

(ii) The physical address of the applying entity's headquarters;

(iii) The physical address of the North Carolina operations, if different from the headquarters;

(iv) The legal name of the applicant to participate in the Sandbox and, if the entity applying is a subsidiary of a parent entity, the legal name of the parent entity; and

(v) If applicable, the applicant must provide documentation of registration of associated trade names or doing business as assumed names.

(3) A single point of contact must be designated for all correspondence, including the individual's name, role, phone number, and email address.

(4) A list of individuals that are directors of the board, partners, managers, other individuals who are legally or financially responsible, or liable for the governance of the entity. The list of individuals shall include their names, titles, expertise related to the product or service, and whether they have been convicted of, are currently charged with, or are aware that they are ~~or are currently~~ under investigation for, fraud or other violations of State or federal ~~securities law violations~~.

(5) Details of criminal convictions of the applicant and any individuals identified in paragraph (b)(4) of this Rule.

(6) If available, the entity's and any parent entity's Dun and Bradstreet Data Universal Numbering System (D-U-N-S) Number.

(7) A list of each government agency, if any, that the applicant knows regulates the applicant's business.

(8) The applicant's number of employees and, if the entity is a subsidiary of a parent company, the parent entity's number of employees.

(9) The number of the applicant's employees that are residents of North Carolina.

- 1 (10) The name of any entity, be it nonprofit organization, for profit organization, professional, or
2 individual assisting with the application process.
- 3 (11) The name of any partner organization or individual(s) assisting with the design and implementation
4 of the product or service.
- 5 (12) A description of the product or service the applicant seeks to provide through the Sandbox, including
6 statements regarding:
- 7 (i) How the product or service is subject to licensing, legal prohibition₂ or other authorization
8 requirements outside the Regulatory Sandbox₂ or whether the product or service is not
9 subject to any regulation;
- 10 (ii) Each law or regulation the applicant seeks to have waived while participating in the
11 Regulatory Sandbox;
- 12 (iii) How the product or service will benefit consumers or businesses;
- 13 (iv) What risks may exist for consumers who use the product or service;
- 14 (v) A description of the methods that will be used to protect consumers or businesses;
- 15 (vi) A statement outlining a process to resolve complaints during the Sandbox period;
- 16 (vii) A description of the methods and controls to ensure consumers are residents of the State;
17 and
- 18 (viii) Applicable only to products and services related to money transmitters, a description of
19 how they will ensure customers are physically present in the State at the time of transaction.
- 20 (13) A business plan for the intended product or service, which shall include the following information:
- 21 (i) A description of the proposed implementation plan, including estimated time periods for
22 beginning and ending;
- 23 (ii) A description of how the applicant will end the Sandbox offering and protect consumers if
24 the demonstration fails;
- 25 (iii) Technical details and requirements for the product or services;
- 26 (iv) Proposed sales methods, methods of pricing, and the target market;
- 27 (v) Proposed consumer disclosures required by G.S. 169-8 and applicable State agencies;
- 28 (vi) Copy of the proposed consumer contract for the applicant's product or service;
- 29 (vii) The expected distribution of consumers across rural, urban, and suburban areas of the State;
- 30 (viii) The maximum number of consumers or businesses expected to utilize the product or
31 service;
- 32 (ix) The expected revenue; and
- 33 (x) The availability of capital for the product or service.
- 34 (14) A monitoring and evaluation plan, including a definition of risk metrics to be evaluated and the
35 frequency of measurement, and a description of compensating controls that assist in managing risk
36 and harm to consumers and the Sandbox participant.

1 (i) The ~~appropriate~~ applicable State agency, upon approval of the Sandbox applicant, will
2 provide input and request modifications to the proposed monitoring and evaluation plan to
3 ensure the proper metrics and risks are monitored related to the waiver.

4 (ii) The approved monitoring and evaluation plan will be included in the waiver agreement.

5 (15) The applicant may provide any additional information the applicant determines to be relevant to the
6 review and consideration of the Sandbox application.

7 (16) All Sandbox applicants are required to pay a \$50 application fee that must be received in a format
8 determined by the Council.

9 (17) Council may request additional information from the applicant pertaining to their application and
10 eligibility to participate in the Sandbox based on the criteria set forth in paragraph (b) of this Rule.

11
12 *History Note: Authority G.S. 169-4; 169-6, 169-8;*

13 *Eff. March 1, 2025.*

04 NCAC 25 .0106 is adopted with changes as published in 39:10 NCR 626 as follows:

04 NCAC 25 .0106 SANDBOX APPLICATION REVIEW

- (a) The Executive Director or designee shall review the application for completeness according to the criteria set forth in 04 NCAC 25 .0105. If there is missing or incomplete information in the application, the Executive Director shall request the additional information from the applicant. When the Executive Director determines that an application is complete based on the established criteria, they shall notify the applicant and refer the complete application to the applicable State agencies and the Council for review. If the applicant is deemed ineligible due to an incomplete application, the Executive Director shall notify the applicant of their ineligibility, and reasons for ineligibility, and provide notice of such denial to the Council.
- (b) Upon receipt from the Executive Director of a Sandbox application, the applicable State agency or agencies shall provide a review of the Sandbox application to the Council in writing, including ~~in its review~~ a recommendation of any reporting requirements or restrictions ~~to be required~~ of the Sandbox applicant. If the agency or agencies do not provide a written review within 45 business days, the Council, in its discretion, may deem the Sandbox application acceptable. If the applicable State agency or agencies cannot complete the review of the Sandbox application within 45 business days, the agency or agencies may request additional time for review by submitting a written request to the Executive Director. Upon receipt of a written request for additional time from an agency, the Executive Director shall inform the Council of the request, and the Council may, in its discretion, allow additional time for review.
- (c) The Council will review and evaluate the following:
- (1) Potential risks and benefits of the innovative product or service to the State, industry, and consumers;
 - (2) The statutes and rules that the applicant is seeking a waiver of;
 - (3) The applicant's monitoring and evaluation plan;
 - (4) Recommendations regarding consumer caps, limitations, reporting requirements, and disclosure statements;
 - (5) A recommendation on the amount of a bond or cash deposit required from the applicant;
 - (6) Whether the applicable State agency recommends that the application be granted or denied; and
 - (7) The recommended length of waiver if less than 24 months.
- (d) As part of its review of a complete application, the Council, the Executive Director, or the applicable State agency may request a presentation or additional information from the applicant.
- (e) After receipt of the applicable State agency's written statement of its review of a completed application, the Council shall discuss the completed application at the next meeting of the Council. At the meeting:
- (1) There shall be an opportunity for members of the public to comment on the complete application;
 - (2) There shall be an opportunity for the applicant to present the product or services to the Council;
 - (3) There shall be an opportunity for ~~the~~ any Council member to request clarification or additional information;

1 (4) Any Council member may make a motion to enter a closed session, pursuant to G.S. 143-318.11 or
2 G.S. 132-1.2, to discuss the application; and

3 (5) The vote to approve or deny an application shall be made in open session.

4 ~~(6)(f)~~ If the Council approves an application, the approval, with any conditions, including any consumer caps, bond
5 requirements, reporting requirements, notice requirements or fees, shall be set out in a written document, the
6 waiver agreement. Upon review and acceptance by the applicable State agency, this document will be the
7 Council's waiver and, along with the applicable statutes and rules, shall govern the applicant's participation in
8 the Sandbox.

9 ~~(f)(g)~~ A waiver granted by the Council is not effective until all fees have been paid and all conditions of the waiver
10 have been met.

11 ~~(g)(h)~~ If the Council denies a complete application, the Executive Director will disseminate the Council's
12 determinations for denial and must provide the reasons for the denial to the applicant in writing within 10
13 business days of the Council's vote denying the application.

14
15 *History Note: Authority G.S. 169-4; 169-6;*

16 *Eff. March 1, 2025.*

04 NCAC 25 .0107 is adopted with changes as published in 39:10 NCR 627 as follows:

04 NCAC 25 .0107 SANDBOX OPERATIONS

(a) The Sandbox waiver agreement will be developed by the Executive Director within 15 business days of the Sandbox participant's waiver approval, and will be provided to the Council Chair and applicable State agency for review and approval. The Council Chair and applicable State agency will notify the Executive Director in writing within five business days if the waiver agreement is approved. If changes or modifications are required, the Executive Director has two ~~(2)~~ business days to incorporate the prescribed changes into the waiver agreement.

(b) The waiver agreement shall include the following information:

- (1) Sandbox waiver time period, when the waiver begins and when the waiver expires;
- (2) Approved monitoring and evaluation plan;
- (3) Approved business plan including all ~~components required from~~ requirements listed in 04 NCAC 25 .0105(b)(13);
- (4) Approved notice to consumer participants, informing of consumer rights, risks, and the complaint and appeals processes;
- (5) A statement acknowledging that the applicant will be subject to all laws and regulations pertaining to the applicant's offering after conclusion of the demonstration;
- (6) Amount of consumer protection bond or cash deposit required;
- (7) Amount of Sandbox participation fee; and
- (8) Approved wind down plan.

(c) Sandbox applicants must pay a participation fee, due upon execution of the waiver agreement, based on the number of employees the entity or parent entity, as appropriate, has and the expected revenue of the innovative product as set out below:

Number of Employees	Revenue (or Risk)	Less than \$10,000	\$10,000 to less than \$100,000	\$100,000 to less than \$1,000,000	\$1,000,000 to less than \$10,000,000	\$10,000,000 and more
1-10		\$450	\$900	\$1,800	\$3,600	\$7,200
11-100		\$900	\$1,800	\$3,600	\$7,200	\$14,400
101-1000		\$1,800	\$3,600	\$7,200	\$14,400	\$28,800
1,001-50,000		\$3,600	\$7,200	\$14,400	\$28,800	\$57,600

50,001 and more		\$7,200	\$14,400	\$28,800	\$57,600	\$115,200
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- (d) During the period of Sandbox participation, the Sandbox participant shall submit reports, to the Executive Director, pursuant to the approved monitoring and evaluation plan. The Executive Director, Council or applicable State agency may request interim or additional reports.
- (e) The Sandbox participant may request to raise consumer caps set in the waiver agreement. This request shall be submitted in writing to the Executive Director.
- (f) A request to raise consumer caps shall include:
- (1) An updated business plan demonstrating financial capability;
 - (2) An updated assessment of risks and potential for consumer harm;
 - (3) A current monitoring and evaluation plan report;
 - (4) Additional information supporting raised caps; and
 - (5) The new maximum consumer caps being sought.
- (g) The Council or applicable state agency may request additional information relevant to the request.
- (h) A request to raise caps shall be forwarded to the applicable State agency for a recommendation on whether to approve or deny the request. Recommendations shall be made within 20 business days after the receipt of the request. If the applicable State agency cannot review the request within 20 business days, the applicable State agency may submit in writing to the Executive Director the prescribed timeline for completing the review.
- (i) Within 20 business days of receiving the recommendation from the applicable State agency, the Council shall make a determination, granting or denying the request to raise caps. If the request is denied, at the direction of the Council, the Executive Director shall provide written reasons for the denial.
- (j) A Sandbox participant's request for an extension of the Sandbox waiver for the purpose of obtaining a license or other authorization required by law shall be made to the Executive Director in writing no less than 30 business days prior to expiration of the waiver and shall include: a current monitoring and evaluation report, a statement of the reasons for the extension, and any modifications or changes to the innovative product or service needed for the extension. The Executive Director shall forward the request to the Council and applicable State agency.

*History Note: Authority G.S. 169-4; 169-6;
Eff. March 1, 2025.*

04 NCAC 25 .0108 is adopted with changes as published in 39:10 NCR 628 as follows:

04 NCAC 25 .0108 SANDBOX PARTICIPANT REQUEST FOR EXTENSION

(a) A Sandbox participant may request an extension, no later than 30 business days before the end of the Sandbox period, of not more than 12 months, for the purpose of obtaining a license or other authorization required by law; to offer the Sandbox product or service in the open market.

(b) The written request for an extension shall be made to the Executive Director and shall include:

(1) A current monitoring and evaluation report;

(2) A statement of the reasons for the extension; and

(3) A statement of any modifications or changes required for the innovative product or services during the extension period.

(c) Upon receipt from the Executive Director of a request for an extension, the applicable State agency or agencies shall provide a determination for the request to the Council in writing. If the agency or agencies do not provide a determination within 10 business days, the Council, in its discretion, may deem the request for an extension acceptable. If the applicable State agency or agencies cannot complete the review of the extension request within 10 business days, the agency or agencies may request additional time for review by submitting a written request to the Executive Director. Upon receipt of a written request for additional time from an agency, the Executive Director shall inform the Council of the request, and the Council may, in its discretion, allow additional time for review.

(d) The Executive Director will notify the Sandbox participant of approval or denial within five business days of the end of the Sandbox period.

~~(e) The Council and the applicable State agency shall provide for an expedited process for an innovative product or service that is substantially similar to a product or service for which a waiver has previously been granted.~~

History Note: Authority G.S. 169-4; 169-6;

Eff. March 1, 2025.

04 NCAC 25 .0109 is adopted with changes as published in 39:10 NCR 628 as follows:

04 NCAC 25 .0109 DISCIPLINARY GUIDELINES

(a) Sandbox participants may be subject to disciplinary actions for any of the following:

- (1) Failure to respond to consumer complaints according to the waiver agreement;
- (2) Failure to resolve consumer complaints according to the waiver agreement;
- (3) Failure to submit required reports;
- (4) Security breaches impacting consumer data;
- (5) Potential harm for the consumer or public has been identified;
- (6) ~~Substantial changes~~ Changes in the product or service delivery not approved by the applicable State agency;
- (7) Sandbox participant or designee attempt to conceal a violation or mislead the applicable State agency; or
- (8) Other relevant circumstances, including fraud or any violation of criminal or consumer protection laws.

(b) Applicable State agencies shall notify the Executive Director, in writing when they have identified cause for exercising their authority to limit or change a Sandbox participant's waiver or the innovative product or service operation, including enforcement activities pursuant to G.S. 169-4(a)(4) c., d. and G.S.169-7(a). The applicable State agencies must provide this notice prior to exercising their authority. The Executive Director or designee shall deliver this finding to the Chair or Co-Chair of the Council within five business days of receipt.

(c) Within 15 business days of notifying the Council to exercise their authority, the applicable State agency shall provide a written statement of disciplinary actions to the Executive Director specifying the reasons for imposing limitations or changes to the waiver or innovative product or service, and what actions are to be imposed, along with the timeline for the Sandbox participant to implement the actions. The Executive Director or designee shall deliver this finding to the Chair or Co-Chair of the Council within five business days of receipt.

(d) The Chair or Co-Chair may call a meeting with the applicable State agency as needed to review the disciplinary actions.

(e) The Executive Director, at the direction of the Chair or Co-Chair, will deliver the statement of disciplinary actions to the Sandbox applicant.

History Note: Authority G.S. 169-4; 169-7;

Eff. March 1, 2025.

04 NCAC 25 .0110 is adopted with changes as published in 39:10 NCR 628 - 629 as follows:

04 NCAC 25 .0110 EARLY TERMINATION NOTICE AND CLOSE OUT PLAN REPORT

(a) When a Sandbox participant's business objectives fail before the end of the ~~sandbox~~ Sandbox testing period, a written notice of early termination shall be provided, ~~as soon as reasonably practicable~~, pursuant to G.S. 169-7(e), to the applicable State agency and the Executive Director, at least 30 business days prior to the planned termination of the Sandbox product or service and shall include:

- (1) An updated monitoring and evaluation report;
- (2) A description of why the product or service failed;
- (3) A description of the proposed steps the Sandbox participant will need to terminate the innovative product or service to ensure that consumers have not been harmed;
- (4) A copy of the consumer notice of termination of the product or service; and
- (5) The proposed date for termination.

(b) The proposed termination steps must be approved by the applicable State agency before the Sandbox participant may notify consumers and begin winding down operations. The applicable State agency and the Sandbox participant will collaborate to determine a termination date that will ensure consumers are informed and rights are protected during this process.

History Note: Authority G.S. 169-4; 169-7;

Eff. March 1, 2025.

04 NCAC 25 .0111 is adopted with changes as published in 39:10 NCR 629 as follows:

04 NCAC 25 .0111 CONCLUSION OF SANDBOX PERIOD AND BUSINESS OPERATIONS

- (a) If the Sandbox participant cannot obtain regulatory compliance within 90 days following the expiration of the Sandbox period, the participant shall wind down operations with existing consumers within 90 days after the conclusion of the Sandbox period, as directed by the applicable State agency.
- (b) Written notification to consumers, by way of electronic notification email or a letter sent via first class mail, regarding the conclusion of the initial or extended Sandbox period, must be provided by the Sandbox participant, within 30 business days of conclusion and include:
 - (1) Date the notice was sent;
 - (2) The expiration date of the Sandbox period;
 - (3) Summary of outstanding activities, actions, fees for products, or services the consumer utilized;
 - (4) Any steps the consumer needs to take to close out their liabilities; and
 - (4) The name, title, email, and telephone number of a contact person(s) whom the consumer may contact after the conclusion of the Sandbox period.
- (c) A final report shall be submitted to the Executive Director, in writing, in a format approved by the Council, by the Sandbox participant within 90 days after the conclusion of the Sandbox period, and shall include:
 - (1) A final monitoring and evaluation report;
 - (2) A final report of consumer complaints and actions taken to remediate the complaints during the Sandbox period;
 - (3) Financial reports, including a report detailing all money owed by consumers based on agreements made before the conclusion of the Sandbox period;
 - (4) A statement outlining all additional steps the Sandbox applicant must take to wind down the innovative product or service;
 - (5) A written statement outlining all additional duties owed to consumers arising from the innovative product or service, including the name, contact information and role of any third party, acceptable to the applicable State agency, the Sandbox participant has arranged to fulfill those duties, and copies of contracts or agreements binding the fulfillment of said duties to consumers; and
 - (6) A written statement describing any insights into current regulations and their impact on the innovative product or service; and
 - (7) If the Sandbox participant has ongoing duties after the expiration of the Sandbox period, it shall submit an updated final report once all ongoing duties have been completed. The applicable State agency shall verify that all ongoing duties have been completed. The State agency will confirm and will advise the Council of their satisfaction of all outstanding duties and responsibilities.
- (d) The Sandbox participant shall remain liable for any consumer harm resulting from its Sandbox participation or winding down regardless of whether a third party assists in the winding down.

(e) The Executive Director, at the request of the Council, shall issue a closeout letter to the Sandbox participant informing them of the official close out date, that all outstanding duties have been reconciled, and the records retention terms and conditions, as per the waiver agreement.

*History Note: Authority G.S. 169-4; 169-7;
Eff. March 1, 2025.*

Burgos, Alexander N

Subject: FW: February 2025 RRC Meeting-Request for Changes-Innovation Council

From: Wiggs, Travis C <travis.wiggs@oah.nc.gov>
Sent: Thursday, February 6, 2025 12:06 PM
To: Avramovic, Victoria <victoria.avramovic@nc.gov>
Cc: Burgos, Alexander N <alexander.burgos@oah.nc.gov>; Lamar, Lewis W <llamar@ncdoj.gov>
Subject: RE: February 2025 RRC Meeting-Request for Changes-Innovation Council

Good afternoon,

I suggest that you do resubmit all the rules with the requested revisions and the appropriate tracking. G.S. 150B-21.19 gives the Codifier authority to not put rules in the NCAC if they're not "in the physical form specified by the Codifier of Rules." This is also addressed in 26 NCAC 02C .0405.

Thank you for the context and clarification provided for .0102 and .0104.

I will be on the lookout for your email with the requested revisions.

Thanks,

Travis C. Wiggs
Rules Review Commission Counsel
Office of Administrative Hearings
Telephone: 984-236-1929
Email: travis.wiggs@oah.nc.gov

Burgos, Alexander N

Subject: FW: February 2025 RRC Meeting-Request for Changes-Innovation Council

From: Avramovic, Victoria <victoria.avramovic@nc.gov>

Sent: Thursday, February 6, 2025 11:20 AM

To: Wiggs, Travis C <travis.wiggs@oah.nc.gov>

Cc: Burgos, Alexander N <alexander.burgos@oah.nc.gov>; Lamar, Lewis W <llamar@ncdoj.gov>

Subject: RE: February 2025 RRC Meeting-Request for Changes-Innovation Council

Good morning,

My apologies for not following the process for tracking changes. I would be happy to resubmit the revisions submitted on Tuesday with the appropriate tracking, along with the revisions requested below.

I have listed below in red responses to several of your comments that I think provide the necessary context and clarification. Please let me know if there is additional direction for Rules .0102 and .0104.

Regarding the questions for 04 NCAC 25 .0102:

- In (h), what is the consequence if a rejected nonprofit reapplies from the date of the Council vote? Will their application be summarily rejected? Please clarify.
 - If a nonprofit applies during the prohibited timeframe their application is not accepted for consideration, i.e. rejected. We will add in text stating: “Any application submitted during the debarment period will be rejected by the Council. “

Regarding the comments for **04 NCAC 25 .0104:**

- In (a), line 5 and lines 8-9, are the contents or substantive requirements of the “formal application” and the “Expression of Interest to Participate form” prescribed by rule or statute? If so, the “forms” should be in a separate rule pursuant to 150B-2(8a)f.
- The Council’s intention is to develop the application based on the criteria detailed in Rule .0104. Since we are a new organization, we have not yet developed the application form, this Rule will be the basis for developing the form and process. The statute does not provide requirements for the application form or process, rather it outlines the basis for evaluating applicants.
- The “Expression of Interest” was created by the Council to allow for vetting potential applicants until the Council was able to develop the formal application process. The statute does not include any reference to this process. However, since the Council instituted this process, they did want to codify it in the rules. So here the Rule has been developed based on a process that was instituted by the Council.

All other feedback on the remaining Rules, is straightforward, I will work to make those revisions promptly.

Best,
Victoria

Victoria Avramović

Executive Director
NC Innovation Council



**North Carolina
Innovation Council**

Phone: (704) 648-1217

Email: Victoria.Avramovic@nc.gov

www.innovation.nc.gov

Burgos, Alexander N

Subject: FW: February 2025 RRC Meeting-Request for Changes-Innovation Council

From: Wiggs, Travis C <travis.wiggs@oah.nc.gov>
Sent: Wednesday, February 5, 2025 2:03 PM
To: Avramovic, Victoria <victoria.avramovic@nc.gov>
Cc: Burgos, Alexander N <alexander.burgos@oah.nc.gov>; Lamar, Lewis W <llamar@ncdoj.gov>
Subject: RE: February 2025 RRC Meeting-Request for Changes-Innovation Council

Good afternoon,

In the future, please follow the OAH Style Guide (link provided) to indicate where revisions are made in each Rule. This makes it much easier for the Commissioners and the public to track where changes have been made.
<https://www.oah.nc.gov/documents/rules/administrative-rule-style-guide-updated-april-2021/download>

Please see some additional requests below:

04 NCAC 25 .0101:

- In the first paragraph, consider: “For purposes of the rules in this Chapter, the definitions found in G.S. 169-1, and the following definitions, shall apply to this Section:”

04 NCAC 25 .0102:

- In (h), what is the consequence if a rejected nonprofit reapplies from the date of the Council vote? Will their application be summarily rejected? Please clarify.

04 NCAC 25 .0104:

- In (a), line 5 and lines 8-9, are the contents or substantive requirements of the “formal application” and the “Expression of Interest to Participate form” prescribed by rule or statute? If so, the “forms” should be in a separate rule pursuant to 150B-2(8a)f.
- Should “form” be capitalized as in the “Expression of Interest to Participate form”?
- In (b), lines 10-11, please delete the parenthesis. Are finance and insurance the only industry types? If not, please delete “(finance or insurance)”.

04 NCAC 25 .0105:

- In (b)(4), line 27, delete the first “or” and delete “or have been notified” to read, “have been convicted of, are currently charged with, or are aware...”.

04 NCAC 25 .0107:

- In (b)(3), line 12, consider changing to read, “including all requirements listed in 04 NCAC 25 .0105(b)(13);”

04 NCAC 25 .0108:

- In (a), delete the comma at the end of line 5 after “law”.

04 NCAC 25 .0109:

- In (b), line 15, delete the comma after “Director”.

04 NCAC 25 .0111:

- In (b), line 8, delete the comma at the end after “participant”.
- In (c), line 16, delete the comma after “Director”.

Please reply to this email with the revisions to the rules at your earliest convenience. Thank you,

Travis C. Wiggs
Rules Review Commission Counsel
Office of Administrative Hearings
Telephone: 984-236-1929
Email: travis.wiggs@oah.nc.gov

Burgos, Alexander N

Subject: FW: February 2025 RRC Meeting-Request for Changes-Innovation Council

From: Wiggs, Travis C <travis.wiggs@oah.nc.gov>
Sent: Tuesday, February 4, 2025 12:52 PM
To: Avramovic, Victoria <victoria.avramovic@nc.gov>
Cc: Burgos, Alexander N <alexander.burgos@oah.nc.gov>; Lamar, Lewis W <llamar@ncdoj.gov>
Subject: RE: February 2025 RRC Meeting-Request for Changes-Innovation Council

Received. I will review the revised rules and notify you of any additional changes.

We will send an invitation to the individuals listed below.

Thank you.

Travis C. Wiggs
Rules Review Commission Counsel
Office of Administrative Hearings
Telephone: 984-236-1929
Email: travis.wiggs@oah.nc.gov

From: Avramovic, Victoria <victoria.avramovic@nc.gov>
Sent: Tuesday, February 4, 2025 11:25 AM
To: Wiggs, Travis C <travis.wiggs@oah.nc.gov>
Cc: Burgos, Alexander N <alexander.burgos@oah.nc.gov>; Lamar, Lewis W <llamar@ncdoj.gov>
Subject: RE: February 2025 RRC Meeting-Request for Changes-Innovation Council

Good morning,

I have attached the requested changes for rules 04 NCAC 25 .0101 through 04 NCAC 25 .0110.

Regarding the February 27 meeting please send the meeting invitation to the following individuals:

Doug Hague, NC Innovation Council, Chair : dhague@charlotte.edu
Lewis Lamara, NC Innovation Council, Counsel: llamar@ncdoj.gov

Please let me know if any additional revisions are needed.

Best,

Victoria Avramović
Executive Director
NC Innovation Council



**North Carolina
Innovation Council**

Phone: (704) 648-1217

Email: Victoria.Avramovic@nc.gov

www.innovation.nc.gov

04 NCAC 25 .0101 is adopted as published in 39:10 NCR 623 as follows:

04 NCAC 25 .0101 DEFINITIONS

For the purposes of the rules in this Chapter, the definitions found in G.S. 169-1 shall apply, and the following definitions shall apply to this Section:

- (1) “Executive Director” means the Executive Director of the North Carolina Innovation Council or an authorized designee of the Executive Director.
- (2) “Expression of Interest” shall mean a method for potential applicants to contact the NC Innovation Council through its website to document their interest in submitting an application to be a Sandbox participant.
- (3) “Monitoring and Evaluation Plan” means a written plan submitted by a Sandbox applicant that requires the applicant to periodically measure the success or risks of the innovative product or service during and at the end of the Sandbox period.
- (4) “Nonprofit corporation” as defined in G.S. 55A-1-40(17).
- (5) “Control person” means an entity or individual who has the power to influence, direct, or control the activities of a publicly traded company. Control persons can be directors, officers, shareholders, affiliates, or any other person with authority over the public company’s management and operations.
- (6) “DUNS Number” means a data universal numbering system or DUNS number, a unique, nine-digit series or numerals that identifies a business. Dun & Bradstreet, Inc. (D&B) creates the number, which generates a business profile in its database and provides a company's name, phone number, address, number of workers and line of business, along with other relevant corporate information.

History Note: Authority G.S. 169-1; 169-4;

Eff. March 1, 2025.

04 NCAC 25 .0102 is adopted as published in 39:10 NCR 623 -624 as follows:

04 NCAC 25 .0102 NONPROFIT PARTNERS

- (a) Nonprofit organizations wishing to assist applicants or participants as a nonprofit partner shall submit an application to the Council. Applications may be found on the Council's website at www.innovation.nc.gov.
- (b) Nonprofit organization applications shall include the following:
- (1) The formal legal name of the organization applying to be a nonprofit partner;
 - (2) If applicable, the nonprofit applicant must provide documentation of registration of associated trade names or Doing Business As (DBA);
 - (3) The name and address of the registered agent;
 - (4) Proof that the organization is a nonprofit organization duly authorized by the North Carolina Office of the Secretary of State and provide a North Carolina Certificate of Good Standing;
 - (5) A single point of contact must be designated for all correspondence, including the individual's name, role, phone number, and email address;
 - (6) A list of individuals that are directors of the board, partners, managers, and other individuals who are legally responsible for the governance of the entity, including their names, titles, expertise related to the product or service, and whether they have been convicted of, or are currently under investigation for, fraud or State or federal securities law violations;
 - (7) A summary of how the nonprofit organization's mission is aligned with the Sandbox program, to be used by the Council in a published list of nonprofit partners; and
 - (8) A description of the nonprofit organization's capabilities, including its data security capabilities and practices as required by law to ensure the confidentiality of information submitted by Sandbox applicants and participants.
- (c) The Council may request additional information from the applicant pertaining to their application and eligibility to participate in the Sandbox based on the criteria set forth in subsection (b) of this Rule.
- (d) Within 30 business days of receipt of a nonprofit organization's application, the Executive Director shall review the application for completeness. Applications that the Executive Director has determined have met the application submittal requirements shall be forwarded to all Council members for review. If an application is incomplete, the Executive Director shall request that any missing information from the nonprofit organization be submitted within 14 business days of the request.
- (e) At the next Council meeting that is at least 14 business days after the Council has received a complete application, the Council shall discuss the application to determine the next action. Upon the motion of any member, the Council shall enter a closed session, pursuant to G.S. 143-318.11(a)(1) or G.S. 132-1.2(1)(a- c), to discuss the application, however, all votes on an application shall be in an open session.
- (f) Within 14 business days of a Council vote on an application, the Executive Director shall notify the nonprofit organization in writing of the Council's decision. If the Council denied the nonprofit organization's application, the written notification shall include the specific reasons for the denial.

- 1 (g) Upon the motion of any member, at a duly called meeting of the Council, the Council may rescind its approval
2 of a nonprofit partner by a majority vote of the Council.
- 3 (h) A nonprofit partner whose approval is denied or rescinded by the Council may not reapply to be a nonprofit
4 partner for a period of two years from the date of the Council vote.

5

6 *History Note: Authority G.S. 169-4; 169-5;*
7 *Eff. March 1, 2025.*

04 NCAC 25 .0103 is adopted as published in 39:10 NCR 624 as follows:

04 NCAC 25 .0103 NONPROFIT PARTNERS APPLICATION DENIAL

(a) Reasons for denial of a nonprofit application shall include at least one of the following:

- (1) Perceived or actual conflicts of interest;
- (2) Failure to provide proof that the organization is a nonprofit organization duly authorized by the North Carolina Office of the Secretary of State;
- (3) Failure to provide a current North Carolina Certificate of Good Standing;
- (4) Failure to implement and utilize data security practices, as required by law, that ensure the confidentiality of information submitted by Sandbox applicants and participants;
- (5) Failure to illustrate, as determined by the Council, the organization's capabilities or expertise in FinTech, InsurTech, blockchain technologies, or other new or emerging technology products or services; and
- (6) Failure to provide any required missing information related to the application, or any additional information upon request of the Executive Director within 14 business days, as set forth in 04 NCAC 25 .0102(c).

History Note: Authority G.S. 169-4; 169-5;

Eff. March 1, 2025.

04 NCAC 25 .0104 is adopted as published in 39:10 NCR 624 - 625 as follows:

04 NCAC 25 .0104 EXPRESSION OF INTEREST TO PARTICIPATE

- (a) An applicant may contact the Council to request a consultation regarding the Sandbox prior to submitting a formal application. An applicant may also request to present the innovative product or service at a Council meeting. All requests to present shall be approved by the Council based on a determination of whether the expression of interest indicates that the applicant intends to propose a FinTech, InsurTech, blockchain or other new or emerging technology for participation in the Sandbox. Each request shall be submitted through the Expression of Interest to Participate form on the Council 's website at www.innovation.nc.gov.
- (b) The applicant must provide basic contact information for the entity or business, the industry type (finance or insurance), and a brief description of the proposed product or service that would be tested in the Sandbox.
- (c) The Executive Director or a designee will acknowledge receipt of a submission within five business days. The Executive Director will provide the completed Expression of Interest to Participate form to the Council. If the applicant has requested to present, and the Council has approved the request, the proposed applicant will be allotted time to present at the next regularly scheduled Council meeting. If a consultation has been requested, the Executive Director will facilitate a meeting with either the Chair or Co-Chair of the Council within 14 business days after submission.

History Note: Authority G.S. 169-4;
Eff. March 1, 2025.

04 NCAC 25 .0105 is adopted as published in 39:10 NCR 625 as follows:

04 NCAC 25 .0105 REGULATORY SANDBOX APPLICATIONS

- (a) An applicant for the Regulatory Sandbox shall provide to the Council an application that includes applicant information, product or service information, a business plan, and a monitoring and evaluation plan for the proposed product or service. The application can be found on the Council's website at www.innovation.nc.gov.
- (b) The applicant information should include the following:
- (1) Confirmation that the applicant or its parent company is subject to the jurisdiction of the State; this shall be established by any of the following applicable documentation:
 - (i) Articles of Organization, Certificate of Formation, Certificate of Authority, Certificate of Organization, Articles of Formation, or other applicable company formation documents.
 - (2) Proof that the applicant has a physical location within the State from where the waiver project will be developed and performed, and where all records, documents, and data will be maintained, shall be established by providing:
 - (i) The name and address of the registered agent;
 - (ii) The physical address of the applying entity's headquarters;
 - (iii) The physical address of the North Carolina operations, if different from the headquarters;
 - (iv) The legal name of the applicant to participate in the Sandbox and, if the entity applying is a subsidiary of a parent entity, the legal name of the parent entity; and
 - (v) If applicable, the applicant must provide documentation of registration of associated trade names or doing business as assumed names.
 - (3) A single point of contact must be designated for all correspondence, including the individual's name, role, phone number, and email address.
 - (4) A list of individuals that are directors of the board, partners, managers, other individuals who are legally or financially responsible, or liable for the governance of the entity. The list of individuals shall include their names, titles, expertise related to the product or service, and whether they have been convicted of, or are currently charged with, or have been notified, or are aware that they are under investigation for fraud, or other violations of State, or federal law.
 - (5) Details of criminal convictions of the applicant and any individuals identified in paragraph (b)(4) of this Rule.
 - (6) If available, the entity's and any parent entity's Dun and Bradstreet Data Universal Numbering System (D-U-N-S) Number.
 - (7) A list of each government agency, if any, that the applicant knows regulates the applicant's business.
 - (8) The applicant's number of employees and, if the entity is a subsidiary of a parent company, the parent entity's number of employees.
 - (9) The number of the applicant's employees that are residents of North Carolina.

- 1 (10) The name of any entity, be it nonprofit organization, for profit organization, professional, or
2 individual assisting with the application process.
- 3 (11) The name of any partner organization or individual(s) assisting with the design and implementation
4 of the product or service.
- 5 (12) A description of the product or service the applicant seeks to provide through the Sandbox, including
6 statements regarding:
- 7 (i) How the product or service is subject to licensing, legal prohibition, or other authorization
8 requirements outside the Regulatory Sandbox, or whether the product or service is not
9 subject to any regulation;
- 10 (ii) Each law or regulation the applicant seeks to have waived while participating in the
11 Regulatory Sandbox;
- 12 (iii) How the product or service will benefit consumers or businesses;
- 13 (iv) What risks may exist for consumers who use the product or service;
- 14 (v) A description of the methods that will be used to protect consumers or businesses;
- 15 (vi) A statement outlining a process to resolve complaints during the Sandbox period;
- 16 (vii) A description of the methods and controls to ensure consumers are residents of the State;
17 and
- 18 (viii) Applicable only to products and services related to money transmitters, a description of
19 how they will ensure customers are physically present in the State at the time of transaction.
- 20 (13) A business plan for the intended product or service, which shall include the following information:
- 21 (i) A description of the proposed implementation plan, including estimated time periods for
22 beginning and ending;
- 23 (ii) A description of how the applicant will end the Sandbox offering and protect consumers if
24 the demonstration fails;
- 25 (iii) Technical details and requirements for the product or services;
- 26 (iv) Proposed sales methods, methods of pricing, and the target market;
- 27 (v) Proposed consumer disclosures required by G.S. 169-8 and applicable State agencies;
- 28 (vi) Copy of the proposed consumer contract for the applicant's product or service;
- 29 (vii) The expected distribution of consumers across rural, urban, and suburban areas of the State;
- 30 (viii) The maximum number of consumers or businesses expected to utilize the product or
31 service;
- 32 (ix) The expected revenue; and
- 33 (x) The availability of capital for the product or service.
- 34 (14) A monitoring and evaluation plan, including a definition of risk metrics to be evaluated and the
35 frequency of measurement, and a description of compensating controls that assist in managing risk
36 and harm to consumers and the Sandbox participant.

1 (i) The applicable State agency, upon approval of the Sandbox applicant, will provide input
2 and request modifications to the proposed monitoring and evaluation plan to ensure the
3 proper metrics and risks are monitored related to the waiver.

4 (ii) The approved monitoring and evaluation plan will be included in the waiver agreement.

5 (15) The applicant may provide any additional information the applicant determines to be relevant to the
6 review and consideration of the Sandbox application.

7 (16) All Sandbox applicants are required to pay a \$50 application fee that must be received in a format
8 determined by the Council.

9 (17) Council may request additional information from the applicant pertaining to their application and
10 eligibility to participate in the Sandbox based on the criteria set forth in paragraph (b) of this Rule.

11
12 *History Note: Authority G.S. 169-4; 169-6, 169-8;*

13 *Eff. March 1, 2025.*

04 NCAC 25 .0106 is adopted as published in 39:10 NCR 626 as follows:

04 NCAC 25 .0106 SANDBOX APPLICATION REVIEW

- (a) The Executive Director or designee shall review the application for completeness according to the criteria set forth in 04 NCAC 25 .0105. If there is missing or incomplete information in the application, the Executive Director shall request the additional information from the applicant. When the Executive Director determines that an application is complete based on the established criteria, they shall notify the applicant and refer the complete application to the applicable State agencies and the Council for review. If the applicant is deemed ineligible due to an incomplete application, the Executive Director shall notify the applicant of their ineligibility, and reasons for ineligibility, and provide notice of such denial to the Council.
- (b) Upon receipt from the Executive Director of a Sandbox application, the applicable State agency or agencies shall provide a review of the Sandbox application to the Council in writing, including a recommendation of any reporting requirements or restrictions of the Sandbox applicant. If the agency or agencies do not provide a written review within 45 business days, the Council, in its discretion, may deem the Sandbox application acceptable. If the applicable State agency or agencies cannot complete the review of the Sandbox application within 45 business days, the agency or agencies may request additional time for review by submitting a written request to the Executive Director. Upon receipt of a written request for additional time from an agency, the Executive Director shall inform the Council of the request, and the Council may, in its discretion, allow additional time for review.
- (c) The Council will review and evaluate the following:
- (1) Potential risks and benefits of the innovative product or service to the State, industry, and consumers;
 - (2) The statutes and rules that the applicant is seeking a waiver of;
 - (3) The applicant's monitoring and evaluation plan;
 - (4) Recommendations regarding consumer caps, limitations, reporting requirements, and disclosure statements;
 - (5) A recommendation on the amount of a bond or cash deposit required from the applicant;
 - (6) Whether the applicable State agency recommends that the application be granted or denied; and
 - (7) The recommended length of waiver if less than 24 months.
- (d) As part of its review of a complete application, the Council, the Executive Director, or the applicable State agency may request a presentation or additional information from the applicant.
- (e) After receipt of the applicable State agency's written statement of its review of a completed application, the Council shall discuss the completed application at the next meeting of the Council. At the meeting:
- (1) There shall be an opportunity for members of the public to comment on the complete application;
 - (2) There shall be an opportunity for the applicant to present the product or services to the Council;
 - (3) There shall be an opportunity for the any Council member to request clarification or additional information;

1 (4) Any Council member may make a motion to enter a closed session, pursuant to G.S. 143-318.11 or
2 G.S. 132-1.2, to discuss the application; and

3 (5) The vote to approve or deny an application shall be made in open session.

4 (f) If the Council approves an application, the approval, with any conditions, including any consumer caps, bond
5 requirements, reporting requirements, notice requirements or fees, shall be set out in a written document, the
6 waiver agreement. Upon review and acceptance by the applicable State agency, this document will be the
7 Council's waiver and, along with the applicable statutes and rules, shall govern the applicant's participation in
8 the Sandbox.

9 (g) A waiver granted by the Council is not effective until all fees have been paid and all conditions of the waiver have
10 been met.

11 (h) If the Council denies a complete application, the Executive Director will disseminate the Council's determinations
12 for denial and must provide the reasons for the denial to the applicant in writing within 10 business days of the
13 Council's vote denying the application.

14
15 History Note: Authority G.S. 169-4; 169-6;

16 Eff. March 1, 2025.

04 NCAC 25 .0107 is adopted as published in 39:10 NCR 627 as follows:

04 NCAC 25 .0107 SANDBOX OPERATIONS

(a) The Sandbox waiver agreement will be developed by the Executive Director within 15 business days of the Sandbox participant's waiver approval, and will be provided to the Council Chair and applicable State agency for review and approval. The Council Chair and applicable State agency will notify the Executive Director in writing within five business days if the waiver agreement is approved. If changes or modifications are required, the Executive Director has two business days to incorporate the prescribed changes into the waiver agreement.

(b) The waiver agreement shall include the following information:

(1) Sandbox waiver time period, when the waiver begins and when the waiver expires;

(2) Approved monitoring and evaluation plan;

(3) Approved business plan including all components required from 04 NCAC 25 .0105(b)(13);

(4) Approved notice to consumer participants, informing of consumer rights, risks, and the complaint and appeals processes;

(5) A statement acknowledging that the applicant will be subject to all laws and regulations pertaining to the applicant's offering after conclusion of the demonstration;

(6) Amount of consumer protection bond or cash deposit required;

(7) Amount of Sandbox participation fee; and

(8) Approved wind down plan.

(c) Sandbox applicants must pay a participation fee, due upon execution of the waiver agreement, based on the number of employees the entity or parent entity, as appropriate, has and the expected revenue of the innovative product as set out below:

<u>Number of Employees</u>	<u>Revenue (or Risk)</u>	<u>Less than \$10,000</u>	<u>\$10,000 to less than \$100,000</u>	<u>\$100,000 to less than \$1,000,000</u>	<u>\$1,000,000 to less than \$10,000,000</u>	<u>\$10,000,000 and more</u>
<u>1-10</u>		<u>\$450</u>	<u>\$900</u>	<u>\$1,800</u>	<u>\$3,600</u>	<u>\$7,200</u>
<u>11-100</u>		<u>\$900</u>	<u>\$1,800</u>	<u>\$3,600</u>	<u>\$7,200</u>	<u>\$14,400</u>
<u>101-1000</u>		<u>\$1,800</u>	<u>\$3,600</u>	<u>\$7,200</u>	<u>\$14,400</u>	<u>\$28,800</u>
<u>1,001-50,000</u>		<u>\$3,600</u>	<u>\$7,200</u>	<u>\$14,400</u>	<u>\$28,800</u>	<u>\$57,600</u>
<u>50,001 and more</u>		<u>\$7,200</u>	<u>\$14,400</u>	<u>\$28,800</u>	<u>\$57,600</u>	<u>\$115,200</u>

- 1 (d) During the period of Sandbox participation, the Sandbox participant shall submit reports, to the Executive
2 Director, pursuant to the approved monitoring and evaluation plan. The Executive Director, Council or applicable
3 State agency may request interim or additional reports.
- 4 (e) The Sandbox participant may request to raise consumer caps set in the waiver agreement. This request shall be
5 submitted in writing to the Executive Director.
- 6 (f) A request to raise consumer caps shall include:
7 (1) An updated business plan demonstrating financial capability;
8 (2) An updated assessment of risks and potential for consumer harm;
9 (3) A current monitoring and evaluation plan report;
10 (4) Additional information supporting raised caps; and
11 (5) The new maximum consumer caps being sought.
- 12 (g) The Council or applicable state agency may request additional information relevant to the request.
- 13 (h) A request to raise caps shall be forwarded to the applicable State agency for a recommendation on whether to
14 approve or deny the request. Recommendations shall be made within 20 business days after the receipt of the
15 request. If the applicable State agency cannot review the request within 20 business days, the applicable State
16 agency may submit in writing to the Executive Director the prescribed timeline for completing the review.
- 17 (i) Within 20 business days of receiving the recommendation from the applicable State agency, the Council shall
18 make a determination, granting or denying the request to raise caps. If the request is denied, at the direction of
19 the Council, the Executive Director shall provide written reasons for the denial.
- 20 (j) A Sandbox participant's request for an extension of the Sandbox waiver for the purpose of obtaining a license or
21 other authorization required by law shall be made to the Executive Director in writing no less than 30 business
22 days prior to expiration of the waiver and shall include: a current monitoring and evaluation report, a statement
23 of the reasons for the extension, and any modifications or changes to the innovative product or service needed for
24 the extension. The Executive Director shall forward the request to the Council and applicable State agency.

25
26 *History Note: Authority G.S. 169-4; 169-6;*

27 *Eff. March 1, 2025.*

04 NCAC 25 .0108 is adopted as published in 39:10 NCR 628 as follows:

04 NCAC 25 .0108 SANDBOX PARTICIPANT REQUEST FOR EXTENSION

- (a) A Sandbox participant may request an extension, no later than 30 business days before the end of the Sandbox period, of not more than 12 months, for the purpose of obtaining a license or other authorization required by law, to offer the Sandbox product or service in the open market.
- (b) The written request for an extension shall be made to the Executive Director and shall include:
- (1) A current monitoring and evaluation report;
 - (2) A statement of the reasons for the extension; and
 - (3) A statement of any modifications or changes required for the innovative product or services during the extension period.
- (c) Upon receipt from the Executive Director of a request for an extension, the applicable State agency or agencies shall provide a determination for the request to the Council in writing. If the agency or agencies do not provide a determination within 10 business days, the Council, in its discretion, may deem the request for an extension acceptable. If the applicable State agency or agencies cannot complete the review of the extension request within 10 business days, the agency or agencies may request additional time for review by submitting a written request to the Executive Director. Upon receipt of a written request for additional time from an agency, the Executive Director shall inform the Council of the request, and the Council may, in its discretion, allow additional time for review.
- (d) The Executive Director will notify the Sandbox participant of approval or denial within five business days of the end of the Sandbox period.

History Note: Authority G.S. 169-4; 169-6;

Eff. March 1, 2025.

04 NCAC 25 .0109 is adopted as published in 39:10 NCR 628 as follows:

04 NCAC 25 .0109 DISCIPLINARY GUIDELINES

(a) Sandbox participants may be subject to disciplinary actions for any of the following:

(1) Failure to respond to consumer complaints according to the waiver agreement;

(2) Failure to resolve consumer complaints according to the waiver agreement;

(3) Failure to submit required reports;

(4) Security breaches impacting consumer data;

(5) Potential harm for the consumer or public has been identified;

(6) Changes in the product or service delivery not approved by the applicable State agency;

(7) Sandbox participant or designee attempt to conceal a violation or mislead the applicable State agency; or

(8) Other relevant circumstances, including fraud or any violation of criminal or consumer protection laws.

(b) Applicable State agencies shall notify the Executive Director, in writing when they have identified cause for exercising their authority to limit or change a Sandbox participant's waiver or the innovative product or service operation, including enforcement activities pursuant to G.S. 169-4(a)(4) c., d and G.S. 169-7(a). The applicable State agencies must provide this notice prior to exercising their authority. The Executive Director or designee shall deliver this finding to the Chair or Co-Chair of the Council within five business days of receipt.

(c) Within 15 business days of notifying the Council to exercise their authority, the applicable State agency shall provide a written statement of disciplinary actions to the Executive Director specifying the reasons for imposing limitations or changes to the waiver or innovative product or service, and what actions are to be imposed, along with the timeline for the Sandbox participant to implement the actions. The Executive Director or designee shall deliver this finding to the Chair or Co-Chair of the Council within five business days of receipt.

(d) The Chair or Co-Chair may call a meeting with the applicable State agency as needed to review the disciplinary actions.

(e) The Executive Director, at the direction of the Chair or Co-Chair, will deliver the statement of disciplinary actions to the Sandbox applicant.

History Note: Authority G.S. 169-4; 169-7;

Eff. March 1, 2025.

04 NCAC 25 .0110 is adopted as published in 39:10 NCR 628 - 629 as follows:

04 NCAC 25 .0110 EARLY TERMINATION NOTICE AND CLOSE OUT PLAN REPORT

(a) When a Sandbox participant's business objectives fail before the end of the Sandbox testing period, a written notice of early termination shall be provided, pursuant to G.S. 169-7(e), to the applicable State agency and the Executive Director, at least 30 business days prior to the planned termination of the Sandbox product or service and shall include:

(1) An updated monitoring and evaluation report;

(2) A description of why the product or service failed;

(3) A description of the proposed steps the Sandbox participant will need to terminate the innovative product or service to ensure that consumers have not been harmed;

(4) A copy of the consumer notice of termination of the product or service; and

(5) The proposed date for termination.

(b) The proposed termination steps must be approved by the applicable State agency before the Sandbox participant may notify consumers and begin winding down operations. The applicable State agency and the Sandbox participant will collaborate to determine a termination date that will ensure consumers are informed and rights are protected during this process.

History Note: Authority G.S. 169-4; 169-7;

Eff. March 1, 2025.

Burgos, Alexander N

Subject: FW: February 2025 RRC Meeting-Request for Changes-Innovation Council

From: Wiggs, Travis C <travis.wiggs@oah.nc.gov>
Sent: Thursday, January 30, 2025 2:13 PM
To: Avramovic, Victoria <victoria.avramovic@nc.gov>
Cc: Burgos, Alexander N <alexander.burgos@oah.nc.gov>
Subject: RE: February 2025 RRC Meeting-Request for Changes-Innovation Council

Good afternoon,

Thank you for the inquiry. Yes, the removal of (e) in 04 NCAC 25 .0108 would NOT constitute a substantial change under 150B-21.2(g).

Please let me know if you have any other questions.

Travis C. Wiggs
Rules Review Commission Counsel
Office of Administrative Hearings
Telephone: 984-236-1929
Email: travis.wiggs@oah.nc.gov

Burgos, Alexander N

Subject: FW: February 2025 RRC Meeting-Request for Changes-Innovation Council
Attachments: 2_2025_NC Innovation Council-Request for Technical Changes (003).docx

From: Avramovic, Victoria <victoria.avramovic@nc.gov>
Sent: Thursday, January 30, 2025 9:29 AM
To: Wiggs, Travis C <travis.wiggs@oah.nc.gov>
Cc: Burgos, Alexander N <alexander.burgos@oah.nc.gov>
Subject: RE: February 2025 RRC Meeting-Request for Changes-Innovation Council

Good morning,

I met with my rules committee yesterday and upon additional discussion they want to consider removing entirely line (e) from Rule 0.0108. Would this be possible without triggering a substantial change?

As it currently stands the text reads exactly as G.S. 169-7 (c). The Council members feel we cannot yet determine what an expedited process would be since we have yet to experience even a standard process.

However, if we are not able to remove item (e), the text below is the suggested revision.

In (e), lines 22-23, are there guidelines for how to conduct “an expedited process”? If so, please include them in the Rule. Also, is there a definition for “substantially similar”? How will this be determined?

Proposed technical changes:

The Council and the applicable State agency shall provide for an expedited process, where the Council Chair may recommend immediate approval by the applicable State agency, for an innovative product or service that is substantially similar to a product or service for which a waiver has previously been granted. In determining whether a sandbox participant offers a product or service that is substantially similar to an innovative product or service for which a waiver has previously been granted, the Council and applicable State agency shall consider whether the two products or services share core elements of, and resemble each other, considering factors such as target market, revenue streams, value proposition, operational structure, marketing strategies, technologies, and platforms used.

Thank you,
Victoria

REQUEST FOR TECHNICAL CHANGES

AGENCY: NC Innovation Council

RULE CITATION: 04 NCAC 25 .0101

DEADLINE FOR RECEIPT: February 5, 2025

PLEASE NOTE: *This request may extend to several pages. Please be sure you have reached the end of the document.*

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may call our office to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following technical changes be made:

In the introductory paragraph (lines 4-6), the OAH Rule Style Guide recommends not incorporating General Statutes by reference. Consider rephrasing the paragraph to say, "For the purposes of the rule in this Chapter, the definitions found in G.S. 169-1 shall apply, and the following definitions shall apply to this Section."

In (4), line 15, add "G.S." before "55A".

In (6), line 19, delete "is". On line 20, consider adding ", Inc." before "(D&B)".

In the History Note, line 24, add "G.S. 169-4" as authority.

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609.

REQUEST FOR TECHNICAL CHANGES

AGENCY: NC Innovation Council

RULE CITATION: 04 NCAC 25 .0102

DEADLINE FOR RECEIPT: February 5, 2025

PLEASE NOTE: This request may extend to several pages. Please be sure you have reached the end of the document.

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may call our office to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following technical changes be made:

In (e), line 32, consider deleting "appropriate" as it is vague.

On line 33, should "may" be replaced with "shall" based on the language in G.S. 143-318.11? Also, delete "and/" to say "or G.S."

In the History Note, line 6, please add "G.S. 169-4" as authority.

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609

REQUEST FOR TECHNICAL CHANGES

AGENCY: NC Innovation Council

RULE CITATION: 04 NCAC 25 .0103

DEADLINE FOR RECEIPT: February 5, 2025

PLEASE NOTE: *This request may extend to several pages. Please be sure you have reached the end of the document.*

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may call our office to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following technical changes be made:

In (6), line 11, consider adding “,as determined by the Council,” after “illustrate”.

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609

REQUEST FOR TECHNICAL CHANGES

AGENCY: NC Innovation Council

RULE CITATION: 04 NCAC 25 .0104

DEADLINE FOR RECEIPT: February 5, 2025

PLEASE NOTE: *This request may extend to several pages. Please be sure you have reached the end of the document.*

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may call our office to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following technical changes be made:

In (a), lines 6-7, will the Council automatically approve a request to present at a meeting if the "applicant intends to propose a FinTech, InsurTech, blockchain, or other new or emerging technology..."? If yes, replace "will be" with "shall be" on line 6.

In the History Note, line 19, add "G.S. 169-4".

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609

REQUEST FOR TECHNICAL CHANGES

AGENCY: NC Innovation Council

RULE CITATION: February 5, 2025 .0105

DEADLINE FOR RECEIPT: February 5, 2025

PLEASE NOTE: *This request may extend to several pages. Please be sure you have reached the end of the document.*

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may call our office to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following technical changes be made:

In (b)(4), line 27, is "currently under investigation" intended to include individuals who currently have pending charges? This may need to be clarified.

On pg. 2, (12)(i), lines 7-8, add a comma after "prohibition" and after "Sandbox".

On pg. 3, (14)(i), line 1, consider replacing "appropriate" with "applicable".

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609

REQUEST FOR TECHNICAL CHANGES

AGENCY: NC Innovation Council

RULE CITATION: 04 NCAC 25 .0106

DEADLINE FOR RECEIPT: February 5, 2025

PLEASE NOTE: *This request may extend to several pages. Please be sure you have reached the end of the document.*

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may call our office to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following technical changes be made:

In (b), lines 12-13, consider deleting "in its review" and "to be required" as they appear unnecessary and redundant.

On pg. 2, line 4, consider replacing "(6)" with "(f)" and moving "(f)" to the left margin. Also, change the current "(f)" and "(g)" with "(g)" and "(h)".

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609

REQUEST FOR TECHNICAL CHANGES

AGENCY: NC Innovation Council

RULE CITATION: 04 NCAC 25 .0107

DEADLINE FOR RECEIPT: February 5, 2025

PLEASE NOTE: *This request may extend to several pages. Please be sure you have reached the end of the document.*

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may call our office to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following technical changes be made:

In (a), line 8, delete "(2)" for consistency. Just an FYI, "(2)" was not published in this Rule.

In (b), line 13, add a comma after "risks".

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609

REQUEST FOR TECHNICAL CHANGES

AGENCY: NC Innovation Council

RULE CITATION: 04 NCAC 25 .0108

DEADLINE FOR RECEIPT: February 5, 2025

PLEASE NOTE: *This request may extend to several pages. Please be sure you have reached the end of the document.*

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may call our office to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following technical changes be made:

In (e), lines 22-23, are there guidelines for how to conduct “an expedited process”? If so, please include them in the Rule. Also, is there a definition for “substantially similar”? How will this be determined?

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609

REQUEST FOR TECHNICAL CHANGES

AGENCY: NC Innovation Council

RULE CITATION: 04 NCAC 25 .0109

DEADLINE FOR RECEIPT: February 5, 2025

PLEASE NOTE: *This request may extend to several pages. Please be sure you have reached the end of the document.*

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may call our office to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following technical changes be made:

In (a), line 10, is there a definition for "substantial changes" or what factors will the Council consider when making this determination?

In (b), line 17, add "G.S." before "169-7(a)".

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609

REQUEST FOR TECHNICAL CHANGES

AGENCY: NC Innovation Council

RULE CITATION: 04 NCAC 25 .0110

DEADLINE FOR RECEIPT: February 5, 2025

PLEASE NOTE: *This request may extend to several pages. Please be sure you have reached the end of the document.*

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may call our office to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following technical changes be made:

In (a), line 1, capitalize "sandbox". Also, in line 5, delete "as soon as reasonably practicable" because it's amorphous and unnecessary since the Rule already prescribes "at least 30 business days".

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609

Burgos, Alexander N

From: Avramovic, Victoria
Sent: Thursday, January 23, 2025 8:42 AM
To: Wiggs, Travis C
Cc: Burgos, Alexander N
Subject: RE: February 2025 RRC Meeting-Request for Changes-Innovation Council

Good morning Mr. Wiggs,

Confirming receipt of the request for technical changes. We will review and update the rules accordingly by the deadline noted.

I will also provide contact information for additional attendees from my agency along with the submission of the revised rules.

Best,
Victoria

Victoria Avramović

Executive Director
NC Innovation Council



**North Carolina
Innovation Council**

Phone: (704) 648-1217

Email: Victoria.Avramovic@nc.gov

www.innovation.nc.gov

From: Wiggs, Travis C <travis.wiggs@oah.nc.gov>
Sent: Wednesday, January 22, 2025 3:12 PM
To: Avramovic, Victoria <victoria.avramovic@nc.gov>
Cc: Burgos, Alexander N <alexander.burgos@oah.nc.gov>
Subject: February 2025 RRC Meeting-Request for Changes-Innovation Council

Good afternoon,

I'm the attorney who reviewed the rules submitted by the NC Innovation Council for the February 2025 RRC meeting. The RRC will formally review these rules at its meeting on Thursday, February 27, 2025, at 10:00 a.m. The meeting will be a hybrid of in-person and WebEx attendance, and an evite should be sent to you as we get close to the meeting. If there are any other representatives from your agency who want to attend virtually, please let me know prior to the meeting, and we will get evites out to them as well.

Attached is the Request for Changes Pursuant to G.S. 150B-21.10. There are very few requests for changes due to the pre-review that was done for these rules. Please submit the revised rules to me via email, no later than 5 p.m. on February 6, 2025. Let me know if you have any questions.

Thank you.

Travis C. Wiggs
Rules Review Commission Counsel
Office of Administrative Hearings
Telephone: 984-236-1929
Email: travis.wiggs@oah.nc.gov

Email correspondence to and from this address may be subject to the North Carolina Public Records Law and may be disclosed to third parties by an authorized state official.