

Research on the Construction of Financial Technology "Regulatory Sandbox" Testing Consumer Loss Compensation System

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Abstract

Fintech "regulatory sandbox" refers to a "trial and error" regulatory mode in which financial innovative products or services audited by financial regulators can conduct business tests in a real or simulated environment within a certain time and scope. After passing the test, they can be fully promoted to the financial market and included in the normal regulatory scope. Consumer protection is an important part of the design of the "regulatory sandbox". Perfect and appropriate consumer protection measures are conducive to enhancing the confidence of financial consumers, promoting the maximization of the effectiveness of the "regulatory sandbox", helping regulators collect fintech data and improve fintech regulation. Financial consumer protection should run through the pre event stage, in-process stage and post event stage of the "regulatory sandbox", that is, the compensation and compensation for the damage to consumers' rights and interests. In order to better protect the rights and interests of consumers and ensure financial efficiency and financial security, China should pay special attention to the construction of the "regulatory sandbox" test consumer loss compensation rules and systems in the construction of the "regulatory sandbox" legal system, and combine it with China's legislative practice, through the provisions of the obligation to inform consumers of their rights and risks in the test, the establishment of the sandbox test financial consumer protection special fund The establishment of financial consumer compensation insurance system and the establishment of a complete relief mechanism to effectively protect the right to test consumers' property security and the right to claim compensation according to law.

Keywords

Financial Supervision; Supervision Sandbox; Consumer Compensation for Losses.

1. Introduction

The vigorous development of financial technology makes the contradiction between encouraging financial innovation and preventing financial risks increasingly prominent in practice. In order to effectively deal with this contradiction, promote the integrity and innovation of fintech, and protect the rights and interests of financial consumers, the UK Financial Conduct Authority (FCA) took the lead in developing a flexible and supervised supervision method in 2016, namely the fintech "regulatory sandbox" (hereinafter referred to as the "Sandbox"). Subsequently, countries and regions such as Australia, Singapore and Hong Kong, China have also started to launch the "sandbox" supervision model. The "sandbox" supervision model has become a relatively mature and effective solution in the field of financial technology supervision. However, the diversity and uncertainty of financial technology determine that the operation of the test project may damage the legitimate rights and interests of test consumers, which is not conducive to preventing financial risks and stabilizing the financial order to a certain extent. By building a protection mechanism that runs through the

whole process of testing, the consumer compensation system protects the realization of consumers' rights to know, privacy, and the right to claim compensation according to law, which is conducive to preventing financial risks and promoting the innovation and development of financial technology. The system that needs to be established in the "box" specification. In December 2019, the People's Bank of China took the lead in conducting a "sandbox" pilot program in Beijing. Subsequently, the scope of the pilot program was expanded to nine regions including Beijing, Shanghai, Chongqing, Shenzhen, Xiong'an New Area, Hangzhou, Suzhou, Chengdu, and Guangzhou. Corresponding normative documents have been formulated, such as the " Announcement on the Collection of Shanghai Municipal Financial Technology Innovation Supervision Pilot Innovation Application Projects " and " Hangzhou International Financial Technology Center Construction Special Plan ", etc. However, my country's "sandbox" pilot is still in the exploratory stage, and there is no unified regulatory "sandbox" laws and regulations, and there are fewer laws and regulations on consumer rights protection. The establishment of a compensation system for test consumers' losses is conducive to protecting the rights and interests of test consumers and promoting my country's "sandbox" related legislation.

2. Analysis of the Necessity of Constructing and Testing the Consumer Loss Compensation System

2.1. Ensure that Injured Consumers Receive Effective Remedies

On the one hand, financial technology has the characteristics of professionalism, technology, complexity, etc., which makes test consumers face various predictable and unpredictable, controllable and uncontrollable risks in the "sandbox"; on the other hand, compared with the disadvantaged position of ordinary financial consumers in the financial market, the legitimate rights and interests of test consumers in the "sandbox" are more vulnerable to damage. For ordinary financial consumers, China has established a relatively complete consumer damage compensation system, which can timely and effectively protect the realization of the rights and interests of financial consumers. 2020] No. 5 (Implementation Measures of the People's Bank of China for the Protection of the Rights and Interests of Financial Consumers) " and other relevant laws and regulations . In terms of "sandbox" supervision, the basic model is that "fintech products or services that are innovative but do not comply with current regulatory rules are placed in a fault-tolerant, trial-and-error sandbox for pre-promotion testing" . Based on this, the consumer damage compensation system in the box cannot blindly follow the existing legal system, but should formulate relatively "relaxed" regulatory rules. Therefore, in order to achieve effective relief for test consumers, it is the top priority to institutionalize rules including compensation for test consumers' losses.

2.2. As an Important Access and Assessment Standard for Enterprises

Fintech has the dual attributes of finance and technology, and the superposition of the two will lead to more severe risk trends. As fintech changes how, when and where financial products or services are provided, risks have evolved to become more diverse and complex. Fintech innovation has led to the generalization of financial risks, making the transmission of risks between and outside the financial system more frequent and faster, and making the same financial risks more frequent and serious. The "regulatory sandbox" of financial technology is not an omnipotent financial innovation regulatory framework, and the "sandbox" concept also has potential risks in the context of financial innovation. Although financial technology innovation is placed in a closed and safe sandbox, the defects and deficiencies of these innovations themselves are the root of all risks and losses. accurately estimated. After all, the regulatory sandbox is a "mini" trading market. It not only implements cross-regional, cross-

industry, and cross-market tests, but also has a limited number of participating test companies and test consumers, which also imposes certain restrictions on the test period. It can be seen that the risks of sandbox testing will be more concentrated and hidden. Once the risk is exposed, the rights and interests of other relevant entities will be damaged. In fact, in the process of promoting fintech innovation, the "regulatory sandbox" does not ignore the rights and interests of other subjects, but tries to find out more suitable regulation for fintech innovation in a more efficient and direct way than before. In order to better safeguard the rights and interests of other relevant entities and maintain the normal order of the financial market.

2.3. Maintain the Authenticity of Test Results

In the context of the rapid development of financial technology, the existing regulatory methods are no longer suitable for financial technology innovation. Most fintech innovations operate across regions, industries, and markets, which greatly increases the difficulty of regulation. The emergence of the financial technology "regulatory sandbox" provides new ideas for the regulation of financial technology innovation. Within the fintech "regulatory sandbox", new regulatory rules can be created under certain circumstances, and existing regulatory rules can be relaxed and adjusted. The "relaxed" regulatory rules in the sandbox undoubtedly provide an important guarantee for the testing of fintech innovation, which is conducive to the development of fintech innovation. In the sandbox, test companies can conduct phased tests on those fintech innovations that have begun to take effect, and make targeted adjustments to risks and other deficiencies or defects based on the test results. If losses and hazards occur during the testing process, the testing companies will not face the regulatory consequences under normal circumstances due to engaging in questionable activities, and enjoy the relaxation and convenience provided by regulatory agencies in terms of regulations and policies. However, to a certain extent, this loose regulatory environment will lead to testing companies ignoring the core "safety" value in financial operations in pursuit of efficiency, which is more likely to damage the rights and interests of other subjects.

Regulators play an important guiding role in the fintech "regulatory sandbox" environment. The regulatory agency needs to conduct an effective and reasonable professional analysis of the risks of financial technology innovation according to the test results of the test enterprise 162 Journal of Shenyang University of Technology (Social Science Edition) Volume 13, and timely revise and improve the regulatory rules according to the specific test data and feedback, to recognize financial technology innovations that meet risk controllable conditions and can be widely promoted and used. Regulators are also required to provide test companies with scientific and reasonable suggestions on the research and development of fintech innovation, program improvement, and other subject protection mechanisms based on the nature of fintech innovation and test data. Therefore, sandbox testing requires a combination of supervisors with financial knowledge and technical knowledge. However, the concept of fintech in my country has only been formally established, and fintech supervision is still in the stage of transformation and exploration. At present, my country still lacks compound supervisory talents who can fully grasp the above knowledge systems. Regulators and other relevant entities have not yet reached a clear and clear understanding of fintech innovation, so it is necessary to test companies for comprehensive and accurate information disclosure.

3. Comparative Analysis of Consumer Loss Compensation System Tested by the “Supervisory Sandbox” of Financial Technology Outside the Territory

3.1. UK

The United Kingdom is the country of origin of the financial technology "regulatory sandbox". The relevant rules and regulations and supporting measures are very complete, and most technology companies can apply to enter the sandbox test. FCA gives a suitable test period according to the actual needs of different financial technology innovations, generally 3 to 6 months. FCA will conduct in-depth consultations and exchanges with test companies to determine the relevant policies that need to be applied. According to the exchange results and actual needs, it will also formulate detailed and careful sandbox testing information disclosure system, protection of rights and interests of other subjects, loss compensation plans, etc. s plan. According to the regulations of FCA: before the test, the test company must clearly inform the test consumer that the financial technology innovation that will participate in the test is in the sandbox environment, and inform it of the potential risks and loss compensation mechanism; during the test process, the test company must also Prompt disclosure of tests and other important information. In addition, the FCA hopes that test companies can maintain close cooperation with it, especially test companies must report on a case-by-case basis. FCA expects testing companies to report key events on a weekly basis to discover and manage risks. After testing is completed, testing companies are required to submit a final written report to FCA.

3.2. Australia

After FCA launched the fintech "regulatory sandbox" program, Australia immediately began to implement the fintech "regulatory sandbox" program in its own country, and signed a cooperation agreement with the FCA. The test period stipulated by the Australian Securities and Investments Commission (ASIC) is generally 12 months, but for some special financial technology innovations, test companies are allowed to apply for an extension, and the extension period cannot exceed 12 months. ASIC requires "all testing companies to disclose all information related to the products and services being tested" and that "testing companies assist test consumers in understanding the products and services being tested and limit the risk of impacting a large number of adverse actions or results." In addition, ASIC also requires disclosure of different service guidelines for different test companies, for example: test companies that require financial services must inform customers of the relevant information in the Financial Services Guidelines; test companies that provide credit assistance must inform customers of the credit guidelines. related information. For each test item, a comprehensive test report covering the number and age of test consumers should be produced within the last two months.

3.3. Singapore

In November 2016, the Singapore government established its own fintech “regulatory sandbox” program. In this plan, adequate protection of the rights and interests of test consumers is a basic requirement of the "regulatory sandbox". But Singapore’s “regulatory sandbox” only applies to fintech companies. The Monetary Authority of Singapore (MAS) also regulates the sandbox testing period. The duration of the MAS sandbox test is 6 to 9 months, and like Australia, you can apply for an extension of the test period. MAS requires test companies to disclose information such as the test products and services in the sandbox environment and the duration of the test project before testing. Test companies should notify test consumers of innovation projects operating in the sandbox and disclose the main risks associated with innovation. Test businesses also need confirmation from customers that they have read and

understood the risks. The communication plan to inform clients includes: duration, boundary conditions and risk disclosures related to participating in the sandbox; termination or advance notice of extension of the sandbox, etc. If the test enterprise wants to make major changes to the innovation project, it should apply to MAS at least one month in advance, and provide the details of the change and the reasons; and for other changes, the test enterprise should notify MAS before making changes, and the sandbox Test consumers should also be notified of changes when necessary. In addition, MAS is more inclined to customize the sandbox suitable for itself by the testing company, but it needs to meet the final target requirements.

3.4. Comparative Analysis

Comparing the above-mentioned financial technology "regulatory sandboxes" in the three countries of the United Kingdom, Australia, and Singapore with regard to the information disclosure systems of test companies, the following two points can be drawn: First, Australia's regulations on information disclosure of test companies are more detailed and strict, requiring all of testing companies must disclose all relevant information obtained in connection with sandbox testing. This strict testing enterprise information disclosure system is undoubtedly a huge umbrella for the rights and interests of other relevant subjects. In addition, Australia will test the company's information disclosure as a criterion for whether to suspend the test. The UK and Singapore have softer requirements for testing corporate disclosures. FCA and MSA have not formulated overly strict regulations for testing corporate information disclosure, as long as the general disclosure matters are satisfied. For example, informing test consumers about risks in advance, disclosing the corresponding compensation mechanism, etc. MAS also expects test companies to design their own sandboxes as needed. Second, non-territorial countries have relevant regulations on the duration of sandbox testing, and the duration of sandbox testing is generally shorter. On the one hand, sandbox testing provides solutions for encouraging fintech innovation and preventing financial risks, and on the other hand, it reduces investment costs and promotion time for the fintech innovation of test companies. In today's era of such rapid development of information technology, timing is a critical factor for the success of a fintech innovation. The shorter the sandbox test period, the more beneficial it may be for the development of fintech innovation, but the shorter the test period, the more stringent the information disclosure system needs to be implemented by test companies.

Although the capital market environment, the level of financial technology innovation and the regulatory environment of the above three countries are different from those of my country, the "regulatory sandbox is an active and adaptive regulatory mechanism", which is carried out in a controlled environment in an experimental way. a test. Whether it is the UK's "quasi-twin-peak" regulatory model, Australia's "twin -peak " regulatory model, or the regulatory sandbox under Singapore's unified regulatory model, all tests are conducted according to the country's national conditions and based on the flexibility and initiative of sandbox testing. The result of reasonable debugging, "don't worry about the regulatory obstacles that may be encountered when innovation conflicts with regulatory rules." "China's reference to the implementation of the regulatory sandbox is a supplement to the existing regulatory system, which will make the regulation more flexible, and it is an innovative regulatory method that fits the risk characteristics of financial technology." With great investment, more fintech innovation companies have emerged. The participation of such start-up companies, the hidden dangers of uncertain risks and the lack of compound supervisory talents mentioned above have made the implementation of my country's supervisory sandbox more difficult. In order to debug the fintech regulatory sandbox suitable for my country, it is necessary to implement a strict information disclosure system for test companies.

4. Design Principles of My Country's Consumer Loss Compensation System

The information disclosure of test companies must not only be true and complete, but also conform to the basic principles of timeliness, effectiveness, ease of understanding, accuracy, and fairness, so as to ensure the overall quality of information disclosure by test companies.

4.1. Timeliness

First, speed up testing the frequency of corporate information disclosure. Sandbox testing itself is only a few months old, and internal changes are difficult to predict, so the frequency of testing corporate information disclosure is crucial. In addition, whether it is a periodic report or an ad hoc report, a very strict preliminary inspection is required for the preparer of the report. The completion time of the report preparation determines the information disclosure time of the test enterprise. The longer the disclosure time is delayed, the greater the possibility of information leakage, and the risk loss will also increase. Second, test the civil liability of enterprises for breaching the timeliness. The timeliness of information disclosure is very important for sandbox testing. The regulatory agency should formulate a corresponding civil compensation mechanism for the behavior of the test company's delayed disclosure, and set corresponding civil compensation liability for the company and its main person in charge, so as to effectively urge them. Fulfill relevant information disclosure obligations as soon as possible and with high quality.

Fourth, the procedural design of the damage compensation system.

4.2. Validity

The information disclosure of the test enterprise should be concise and comprehensive, and should not be verbose. Test companies should disclose the information that is actually available according to the specific needs of test consumers and other relevant subjects. Information that is irrelevant to the rights and interests of relevant subjects, sandbox testing, or really unnecessary may be omitted and not disclosed, and lengthy and cumbersome information may be omitted. Information. It should be ensured that each information disclosure is concise and clear, with clear priorities, and can have an effective impact on the investment decisions of relevant entities.

4.3. Easy to Understand

The information disclosed by the testing company should be easy to understand, easy to understand by the public, and not obscure. Test consumers and other relevant subjects are not necessarily financial or financial technology professionals, and they will appear quite confused in front of some technical and professional vocabulary. If the information disclosure requirement of "easy-to-understand" is not added, the information disclosed by the test company will not only avoid the phenomenon of information asymmetry between the two parties, but will increase the difficulty of information understanding for the relevant subjects due to the obscure Fintech vocabulary. Thereby strengthening the phenomenon of information asymmetry.

4.4. Accuracy

Accuracy According to the information disclosure measures of foreign test companies, although the sandbox test has played a good role in reconciling the conflict between financial innovation and security maintenance, the reason for the sandbox test is that there are risks at any time. May happen and may change at any time. It is impossible to accurately estimate the specific occurrence time of many risks in new economic models such as financial technology through data calculation and processing. Test companies need to adjust their plans at any time according to the specific conditions of sandbox testing. It can be seen that the "accuracy" here

does not refer to complete accuracy, but refers to the fact that the information disclosure of test companies should reflect the true and objective performance of sandbox testing as much as possible, and test companies should be allowed to make relatively accurate predictive risk disclosures, such as disclosing forecast risks and their causes, forecasting risk solutions, etc. In addition, test companies should avoid using obscure and difficult fintech terms when disclosing information, and should also avoid using vague and abstract qualitative or modified words to ensure the objectivity of the information as much as possible.

5. The Procedural Construction of the Compensation System for Losses

5.1. Before the Test

In the test application stage, the information content that the test company needs to disclose mainly includes the following aspects: First, the test company should make a detailed test report during the application stage, in which it should actively disclose the company's basic information, business operations to test consumers and other relevant subjects. Scope, financial status, shareholder shareholding, liabilities, future plans and prospects, as well as the resumes of the company or its principals and other valid information. Second, we can learn from relevant foreign experience and require testing companies to inform relevant subjects about the corresponding protection mechanism and damage compensation mechanism of financial technology innovation in the sandbox environment before testing. In addition, the testing company should also disclose the basic information on the design concept, application field, technical means and other basic information of financial technology innovation. Third, one of the keys to the "regulatory sandbox" of fintech is "financial risk prevention and control". The information asymmetry will cause the adverse selection of the information disadvantaged, making it bear all the risks of the transaction between the two parties. Therefore, test companies should disclose the identifiable risks, potential unidentified risks and predicted risk solutions of the fintech innovation to test consumers and other relevant entities before testing.

5.2. In Testing

Although the duration of sandbox testing is short, it is a period of frequent potential risks, and the frequency of information disclosure by testing companies should also be accelerated. In order to prevent financial risks and reduce the information asymmetry between the two parties, test companies should keep close contact with regulatory agencies. In addition to establishing a good information exchange mechanism with regulatory agencies, it is also necessary to conduct temporary information on some major events with significant impact or emergency disclosure. At the same time, the test enterprise is required to disclose information on important events such as the business performance, financial situation, the specific situation of the sandbox test and the possible risk forecast during the test period of the enterprise every week.

5.3. After the Test

When the sandbox testing period expires, the testing company needs to make a summary report on the company's business performance, financial details and other important information during the sandbox testing period and submit it to the regulator, who will review the company based on the test results and the summary report. Whether the fintech innovation can be brought to the real market. After the review, companies that have passed the sandbox test review are required to pay compensation for the company's operating finances, shareholders' shareholdings, liabilities, future prospects, etc., as well as the revised and improved financial consumer compensation, before launching fintech innovations into the real market. Mechanisms and risk prediction schemes and other supporting schemes have been reproduced and disclosed to the public. At the same time, it is also necessary to deploy special

staff to provide detailed professional answers to financial consumers or investors who inquire about the company's financial technology innovation-related issues, and make preparations for all information disclosure before entering the real market. Test companies that fail to pass the audit need to disclose the reasons for the failure of the test and the implementation plan of compensation and compensation for the test consumers after the test fails. Reasonable Remedy.

6. The Substantive Construction of the Loss Compensation System

6.1. Compensation Standard

6.1.1. Technical Standards

The exempted technical standards include four indicators: scientific research personnel, scientific research equipment, project patents, and research and development funds. For the enterprises affiliated with the test project, the exempted technical standards should meet the following requirements: in terms of scientific research personnel, by strengthening team building, formulating talent incentive and guarantee systems, and broadening talent introduction channels, etc., reasonably increase the proportion of financial technology personnel, and widely absorb high Educational and Experienced Section No. 6 Jiang Huiyu, Ling Bingcui: Research 563 research talents in the exemption system of the financial technology "supervision sandbox" test project; in terms of scientific research equipment, equipped with advanced computers capable of big data, cloud computing and other operations, special In research and development laboratories, etc., strengthen the research and development of emerging technologies such as artificial intelligence and distributed databases, and the application of big data, cloud computing, etc.; in terms of project patents, there are a certain number of patented technologies, and except for the patent rights belonging to the affiliated enterprises. In addition to the technology, all should obtain the patent implementation license; in terms of research and development funds, increase the investment in research and development funds to ensure that the research and development funds invested in the test project account for at least 45 % to 50% of the overall investment.

6.1.2. Safety Standards

Most of the test projects applying for exemption have a short development time, both in terms of technical level and business model, they are still in the exploratory stage, there may be certain technical defects, and there are risks such as hacking and information leakage. Therefore, certain security standards should be met when applying for exemption. . The security standards for exemption mainly include financial security, data security, transaction security, algorithm security, legal risks, etc. The company that applies for the exemption of the test project must have certain financial guarantees. When applying for the exemption, it should provide financial statements or annual statements and other materials to prove that it is sufficient to pay the test fee and the compensation fee after the test fails. According to the relevant regulations of the "FinTech Development Plan (2019-2021)" issued by the People's Bank of China, the enterprises affiliated to the test projects should also improve the risk monitoring, early warning and early intervention mechanism, improve the financial business risk prevention and control system, and ensure the test The data security, transaction security and algorithm security of the project. In addition, when applying for exemption, the companies that belong to the test project should also consider the legal risks of the test project itself, such as money laundering risks.

6.2. Take Responsibility

The protection of the rights and interests of the exemption focuses on the protection of the rights and interests of test consumers, including but not limited to the protection of test consumers' right to know, the right to make their own choices, and the right to obtain

compensation after their rights are damaged. In recent years, while fintech is pursuing innovation and technology, the financial risks of its products and services have become more and more hidden and difficult to determine. Due to the lagging nature of the law, test consumers take on more and greater risks of uncertainty during the testing phase of financial products or services. Therefore, enterprises applying for exemptions from the test projects should establish and improve various internal controls for testing consumer protection with reference to the provisions of the "People's Bank of China's Implementation Measures for the Protection of Financial Consumer Rights and Interests" issued by the People's Bank of China and implemented on November 1, 2020. The system includes: (1) testing the consumer personal financial information protection mechanism; (2) testing the product and service information disclosure mechanism; (3) testing the product and service information inquiry mechanism; (4) testing the consumer complaint acceptance and handling mechanism; (5) Test the consumer compensation mechanism for losses; (6) Test the internal supervision and accountability mechanism for the protection of consumer rights and interests. Through such a system, the rights and interests of test consumers can be fully protected, and consumer disputes of test consumers can be resolved in a timely manner.

6.3. Emergency Plan

The exempted contingency plan refers to the emergency countermeasures that the financial regulatory authority and the enterprise to which the test project belongs when the project that is exempted from the box test violates the regulatory requirements, exemption conditions or sudden financial risk during the test period. The exempted contingency plan consists of two parts, namely, the contingency plan of the financial regulator and the enterprise to which the test project belongs.

6.3.1. Emergency Plans of Financial Regulators

The supervision during the "sandbox" test in my country should be carried out by the local financial supervision bureaus. Therefore, the local financial supervision bureaus should formulate contingency plans for the sudden financial risks of the test projects. For test items that violate regulatory requirements during the test period, local financial supervision bureaus shall immediately notify the enterprises under the test items to suspend the test and limit them to make rectifications within a reasonable period of time. If the rectification meets the regulatory requirements, the test shall be resumed; if the rectification is not made within the time limit or the rectification still fails to meet the requirements, a report shall be made to the People's Bank of China, the China Banking and Insurance Regulatory Commission and the China Securities Regulatory Commission, and a request to revoke the exemption and exit the sandbox. For the test items with sudden major financial risks during the test period, all local financial supervision bureaus shall immediately terminate the test, report to the People's Bank of China, the China Banking and Insurance Regulatory Commission and the China Securities Regulatory Commission, and request to revoke the exemption. If the relevant test items cause losses to the test consumers during the test period, the local financial supervision bureaus shall promptly count the losses caused by the test consumers due to financial risks, and inform the test consumers and the enterprises to which the test items belong, and order the latter to immediately initiate loss compensation. Mechanisms to compensate test consumers for their losses.

6.3.2. The Emergency Plan of the Enterprise Affiliated to the Test Project

The contingency plan of the enterprise to which the test project belongs is mainly applicable to situations in which the exempted test project has financial risks during the test period. When an exempted test item has financial risk during the test period, its affiliated enterprise shall immediately set up a financial risk contingency plan team, suspend relevant transactions, report to local financial supervision bureaus, and disclose relevant information to test

consumers in a timely manner. The financial risk contingency plan team shall, under the supervision of the local financial supervision bureau, count and test the losses of consumers due to financial risks, and activate the loss compensation mechanism to compensate such losses in a timely manner.

6.4. Scope of Compensation

The "sandbox" test items are mainly divided into two types: financial products and financial services. Due to different types, the scope of exemption varies. Financial products mainly include securities, insurance products and payment products. Generally speaking, taking into account risk control and testing consumer protection, the scope of the securities exemption covers only all listed and quotable securities and all government-issued bonds. Exemptions for insurance products are limited to property insurance, and such property does not include products that require long-term attention. Personal insurance (such as life insurance, accident insurance, health insurance, etc.) cannot be exempted, because such insurance takes human life or body as the insurance object and should be strictly regulated by law to avoid insurance fraud. The exemption of payment products depends on the third-party payment institution of the 564th Journal of Shenyang University of Technology (Social Science Edition), Volume 14. The third party of payment products that can apply for exemption must be an institution with certain strength and reputation, and the payment process must be Connect with UnionPay or Netlink. In addition, my country has clear regulations on financial technology products. According to the "Financial Technology Product Certification Catalog (First Batch)" jointly issued by the State Administration for Market Regulation and the People's Bank of China on October 25, 2019, financial technology products include client software, security chip, security carrier, embedded application software, bank card automatic teller machine (ATM) terminal, payment point of sale (POS) terminal, mobile terminal trusted execution environment (TEE), trusted application (TA), barcode payment acceptance Terminal (including code display equipment and code scanning equipment), voiceprint recognition system and cloud computing platform. Therefore, in addition to meeting the above general conditions, the fintech products that can be exempted in my country should also fall within the scope of the above 11 types of fintech products. The exemption of financial services in my country should be determined by the content of financial services. Generally, financial services that provide general and personal opinions and operating financial products can be exempted, but services such as issuing financial products or providing complex financial derivatives cannot be exempted because the latter service content is relatively It is complex and requires long-term testing, which is not conducive to the institutional advantages of the "sandbox".

6.5. Form of Compensation

My country's financial supervision is mainly based on financial license market access supervision, and supervision is implemented through the way the People's Bank of China, the China Securities Regulatory Commission and the China Banking and Insurance Regulatory Commission grant financial licenses to relevant enterprises. At present, the financial licenses that need to be approved in my country mainly include 12 types of banking, insurance, trust, brokerage, financial leasing, futures, funds, fund subsidiaries, fund sales, third-party payment licenses, small loans and pawns. Due to the long application cycle, complex process and strict conditions for financial licenses, many companies cannot carry out related businesses because it is difficult to obtain financial licenses in a timely manner, which is not conducive to financial innovation. Therefore, the exemption system can take the form of financial license exemption, allowing the companies affiliated to the test projects to carry out relevant projects and merge-in-box tests without obtaining the relevant licenses. The ways in which financial regulators implement financial license exemptions can be divided into two categories: one is to grant short-term financial license exemptions, allowing relevant projects to be carried out during the

test period; the other is to grant restrictive financial licenses, allowing the license to engage in specific tasks stipulated in the license during the test period. business. In addition, for new test items, in addition to the exemption of financial licenses, my country can also implement exemptions by learning from the new British regulatory rules. Affiliated companies can apply to financial regulators to individually modify authorization requirements and regulatory rules according to the type of new test items. After receiving the application, regulators can revise regulatory rules in a targeted manner without violating the mandatory rules in the higher law., so that new test items can be put into the box test in time.

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