



**DG/COAI/2023/299**  
**August 02, 2023**

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**Subject: COAI Counter Comments to the TRAI Consultation Paper on Encouraging Innovative Technologies, Services, Use Cases, and Business Models through Regulatory Sandbox in Digital Communication Sector**

Dear Sir,

This is with reference to the TRAI Consultation Paper on “Encouraging Innovative Technologies, Services, Use Cases, and Business Models through Regulatory Sandbox in Digital Communication Sector” released on June 19, 2023.

In this regard, please find enclosed COAI Counter Comments to the Consultation Paper.

We hope that our submission will merit your kind consideration and support.

With Regards,

Yours faithfully,

**Lt. Gen Dr. SP Kochhar**  
**Director General**

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**Copy to:**

1. **Shri V. Raghunandan, Secretary, TRAI, Mahanagar Door Sanchar Bhawan, Jawaharlal Nehru Marg, New Delhi – 110002.**



**COAI Counter Comments to the Consultation Paper on Encouraging Innovative Technologies, Services, Use Cases, and Business Models through Regulatory Sandbox in Digital Communication Sector**

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1. At the outset, we thank the Authority for providing us with the opportunity to share the Counter Comments to this Consultation Paper on “Encouraging Innovative Technologies, Services, Use Cases, and Business Models through Regulatory Sandbox in Digital Communication Sector”. We believe that this Consultation Paper has been issued by the competent Authority at the right time when the nation is undergoing several marks of Digitalization and technological advances that have pushed development to a whole new level, catalysing innovation and bringing forward-looking solutions with enormous potential to pave the way for testing new solutions in the market.
2. Regulators are increasingly looking to incorporate new and agile regulatory tools to create a dynamic and evidence-based regulatory environment that will allow them to test new products, services and technologies under the existing regulatory framework across varied sectors. Indeed, from the technological and engineering perspective, the use of innovation testbeds is widely prevalent.
3. However, the usage of Regulatory Sandbox in the telecom sector, a sector widely different from the FinTech sector in terms of scale, technical and regulatory aspects, is not widespread. Only a few countries have established the Regulatory Sandbox framework in their telecom sector for formulating or amending regulations/policies pertaining to spectrum as well as emerging technologies like IoT, AR, VR, Vehicular networks, etc.
4. Limited Regulatory Sandbox adoption in telecom could also be attributed to the fact that telecom connectivity today is widespread, and applications, services and technologies (fixed, terrestrial, and now, space) have continued to innovate and evolve on their own. This is quite unlike the financial sector which for many decades remained mired in archaic banking and lending ways until technology and digitalization (recently) pushed the sector into shifting focus and introducing change.
5. In India, too, more than 95% of the population has access to the telecom network and services. And while the Regulatory Sandbox has generated interest among regulators and policymakers in India, it is just one tool among a whole plethora available to the regulator. Not only that, but there have also been successful alternatives that have helped enable the deployment of advanced technologies such as the trial and experimental licenses that were issued by DoT. TSPs were able to conduct the testing of several 5G use cases using these licenses and the spectrum that was issued before the commercial launch of 5G services.

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6. Therefore, it is fair to say that the framework of Regulatory Sandbox in the telecom sector continues to be nascent. Further there are other established alternatives such as innovative testbeds in the Centres of Excellence (CoE), trial environments, experimentation platforms etc. Institutions such as the Telecom Engineering Centre (TEC) through its working groups work collaboratively with various entities in the technology development and standardization domains. Similarly, the Government's aim of establishing 100 5G testbeds will also turn out to be a more meaningful approach to test and trial technological solutions than a Regulatory Sandbox based one. The Regulatory Sandbox should not be conflated with these entities / trial and test opportunities and hence before prescribing a Regulatory Sandbox, all these entities should be holistically mapped, including the funding they receive – and – only after that any other specific reasons and aspects that only a Regulatory Sandbox approach can fulfil, should be considered, and defined.
7. Additionally, Regulatory Sandbox is a very new concept in the Indian telecom sector. This may bring with it various unforeseen challenges and associated risks including limited technical capacity and expertise for operating the Regulatory Sandbox as well as the creation of market and competitive risk due to the waiver of certain regulations. The risks could also lead to adverse outcomes for the customer. Therefore, it is very important that these risks are constantly monitored right from the initial stages of conceptualization and operationalization to the final stage of exiting the Regulatory Sandbox.
8. Although Regulatory Sandbox in the telecom sector could be useful in some cases, there are opportunities existing in the ecosystem to test such services and products that do not require a Regulatory Sandbox to be created. However, if the Authority still believes that a Regulatory Sandbox is required in the telecom sector, then there should be certain guiding principles and guardrails that must be created to ensure that it functions smoothly and efficiently.
9. Participation in the sandbox should be totally mutual and not at all mandatory on any party. The sharing of data sets in the Regulatory Sandbox should be left to the TSP concerned based on its assessment of risks. The TSP cannot and should not be forced to share such sensitive data sets/APIs. Since setting up a Regulatory Sandbox means involving a commercial network and live data sets/ resources mean the involvement of costs, the principle of cost compensation should be part of the framework.
10. Thus, not only should the processes pertaining to the Regulatory Sandbox be fair, transparent and non-discriminatory. The fundamental objective of the Regulatory Sandbox framework should be guided by less government more governance.
11. Regulatory Sandbox should not become a mechanism to intervene pre or post sandboxing or commercial deployments. TSPs should be duly represented in the Regulatory Sandbox and the latter should be modelled in a modular way in some defined working groups/committees. It should not be created as a regular government / bureaucratic set-up, rather everyone from



the TSP, Regulator and licensor should be part of it and come together based on needs, applications, etc.

Considering the above, our key submissions are as follows:

1. While we welcome the creation of a Regulatory sandbox for encouraging and facilitating innovation and technological development. However, this should be setup by the licensed telecom Service Providers only.
2. The Licensed Access Service Providers are fully capable of providing regulatory sandbox services or partner with an applicant who is interested to test such services in partnership with the Licensed Service Provider such as TSPs/ISPs in the most competitive and economic manner.
3. It is the TSPs who hold the auctioned spectrum, who are aware of the usage of spectrum and are best fit to analyse what and how the spectrum can be used by the stakeholder who wishes to use the spectrum for performing Sandboxing services. Therefore, the framework for Regulatory Sandbox (RS) should be based on following guiding principles:
  - a. **No need for Regulatory Sandbox for TSP own products and services, the current regulations should apply to same.**
  - b. The Regulatory Sandbox set up by TSP should be completely controlled by TSP and it should be responsible for compliance with applicable provisions. **There is no need for prescribing a framework for TSP controlled Regulatory Sandbox, as the TSP is already required to comply only with license conditions.** It should be permitted to set up the Regulatory Sandbox with regulatory exemptions for a few select compliances like Subscriber verification, QoS, RA etc for testing.
  - c. **Any licensed Service Provider under UL license shall be eligible for setting up the regulatory sandbox** subject to fulfilment of laid framework by TRAI or DoT. The Regulatory Sandbox **should be operated only by licensed Service Providers (LSPs) or jointly by licensed Service Providers and other entities.**
  - d. The operation of the Regulatory Sandbox (RS) should **be on a non-protection and non-interference basis.** If the Regulatory Sandbox interferes with or negatively affects the operation of any licensed Service Providers (LSPs), it should be immediately shut down.
  - e. Unified License provides **adequate provisions of privacy and security from the perspectives of both the network and information to protect customer interests and same should be applicable.**
  - f. Creation of Regulatory Sandbox **should not be coercive or mandatory** on a TSP and rather encourage and incentivize participants to test and scale-up a solution. It should only be for purpose of testing/ R&D, and scaling-up / commercialization should be left to mutual commercial negotiations and market forces.



- g. The LSP should be allowed to enter the Regulatory Sandbox **depending on their own business use cases and commercial interests.**
4. We submit that Competition-enhancing reforms in both the manufacturing and service sectors have been essential to the development and diffusion of new technologies and mandating such reforms will cause a barrier to spur innovations. Hence, **it is important to realise that not mandating the concept of Regulatory sandbox be of great help to small entrepreneurs.** It will also pave way for supporting innovation in the digital communication industry which can help in ensuring compliance and identifying potential issues with new products and services before commercial deployment.
5. We would like to submit that there **should not be any regulatory compliance by the Authority or DoT** on the License Service Provider to provide necessary sandboxing services on ground. The License service provider shall intimate to the concerned Regulator/Licensor regarding the Model proposed by itself or the Applicant who wish to partner with a Licensed Service Provider.
6. **With respect to Governance Body, there are divergent views among our members, and they may respond individually on this issue.**
7. As suggested and explained in the **Annexure-1 (COAI), the licensed TSPs will set up and operationalize the Regulatory Sandbox, thus there should not be any need for excessive monitoring or regulatory compliances.**

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## **ANNEXURE-1**

In addition to our principal submissions that the Regulatory Sandbox should be set-up by TSPs with a pre-defined set of regulatory exemptions and without any requirement of extensive framework for the same. However, in case it is deemed necessary to provide a framework for Regulatory Sandbox for any other scenarios, then COAI would like to provide its **additions and deletions in the draft framework laid by the TRAI in this Consultation Paper, as below:** (Remark: Actual text from the Consultation paper is marked in color blue & font is in italics for easy reference, while the COAI Comments are in black)

### **I. THE REGULATORY SANDBOX (RS):**

*1. In view of new technological developments, varieties of complementing technologies, number of probable product/service/application providers and constantly evolving requirements, a test environment needs to be established where new functions and processes can be tested, or existing functions or processes can be refined. This test environment may also provide possibilities to explore new ways and means to meet regulatory requirements or new service offerings. Such test environments in regulatory space are commonly known as “Regulatory Sandboxes”.*

*2. The Regulatory Sandbox (RS) usually refers to live testing of new product/service/application in a controlled/test regulatory/licensing environment for which regulators/licensors may (or may not) permit certain regulatory/licensing relaxations for the limited purpose of the testing. The Regulatory Sandbox allows the regulators/licensor, the innovators, the service providers (as potential deployers of the technology) and the customers (as final users) to conduct field tests to collect evidence on the benefits and risks of new innovations, while carefully monitoring and containing their risks. It can provide a structured avenue for the Licensor/Regulator to engage with the ecosystem and to develop innovation-enabling or innovation responsive framework that facilitate delivery of relevant, low-cost service products. The Regulatory Sandbox is an important tool which enables more dynamic, evidence-based regulatory/licensing environments which learn from, and evolve with, emerging technologies.*

#### **COAI Comment:**

The Regulatory Sandbox (RS) should be based on the following broad principles.

- a. No need for Regulatory Sandbox for TSP own products and services, the current regulations should apply to same.
- b. The Regulatory Sandbox set up by TSP should be completely controlled by TSP and it should be responsible for compliance with applicable provisions. The framework will not be applicable as TS controlled Regulatory Sandbox should be required to comply only with



license conditions to set up the Regulatory Sandbox with regulatory exemptions for a few select compliances like Subscriber verification, QoS, RA etc for testing.

## **II. OBJECTIVES AND SCOPE:**

3. The sandboxing framework for the Digital Communication (DC) sector in India is aimed at promoting innovation, protecting consumer interests, and mitigating potential risks associated with new technology and business models. The objectives of the framework are to encourage innovation, reduce regulatory burden on small and medium-sized enterprises (SMEs), and ensure consumer protection. Under this sandbox framework, entities shall be granted certain facilities and flexibility to experiment with telecom products/services/application in a live environment and on limited set of real customers for a limited time frame. These features shall be fortified with necessary safeguards for customer protection and risk mitigation. Various stakeholders can prototype product/service/ application solutions and evaluate processes and functions in the test environment.

4. The scope of the sandboxing framework includes any new DC service or technology that requires testing in a controlled environment. This framework is applicable to all entities or individuals concerned to test products or services or applications related to DC technology.

### **COAI Comment:**

- a. We agree with the Objectives and Scope of the draft framework in-principle prepared by TRAI in this Consultation Paper.
- b. We would like to further emphasise and add that:

**The Regulatory Sandbox (RS) should only be used for the purpose of testing/ R&D/ Regulatory Impact Analysis (RIA).**

## **III. ELIGIBILITY:**

*5. Any licensed Service Provider, called Principal Applicant, shall be eligible for testing in the regulatory sandbox subject to fulfilment of laid conditions. The other entities, called Applicant, willing to utilize the Sandboxing facilities of any licensed service provider may engage with it as Principal Applicants. ~~In case licensed service providers are applying in their own capacity they need to fulfill conditions meant for Principal Applicant and Applicant both.~~*



## COAI Comments:

- a. Participation in the Regulatory Sandbox should not be coercive or mandatory. Provide awareness and incentives to the industry stakeholders for taking part in the Regulatory Sandbox.
- b. The Regulatory Sandbox should be set up and operationalised only by Indian Licence Service Providers (LSPs) for their business models and use cases. If any other entity wants to participate in Regulatory Sandbox for testing their products or solutions, they should be mandated to partner with an Indian LSP
- c. Commercialisation of a product or service should be left to mutual commercial negotiations between LSPs and other entities (product/service/application owners). If only an LSP or LSPs are participating in the Regulatory Sandbox, the commercialisation should be left to the business use-cases of the LSP or LSPs. Commercialisation post successful demonstration in Regulatory Sandbox should not be linked to the Regulatory Sandbox.

~~6. In cases where the Applicants find difficulty in associating with a Principal Applicant OR the product/service/application does not necessitate associating with a Principal Applicant, the Applicant can apply directly. However, in such cases they will have to give sufficient justifications for applying directly. The Applicant will also be required to provide documents indicating the efforts made by them to tie up with a Principal Applicant.~~

## IV. ESSENTIAL CONDITIONS TO BE FULFILLED BY PRINCIPAL APPLICANT AND APPLICANT:

7. The essential conditions required for testing under Sandbox regulations and details to be provided in applications are as follows:

i. Only Indian entities eligible: Principal Applicant/ Applicant should be a company incorporated and registered in India.

ii. Required financial and technological capability: Applicant shall have a minimum net worth of Rs. 25 lakhs as per its latest audited balance sheet. In addition, Applicant/Principal Applicant should demonstrate in the application that they possess the required financial and technological resources to take part in the sandboxing process.

iii. Genuineness of innovation: The product/service/application should be innovative enough to add significant direct or indirect value to the existing offering in the market. The same should be explicitly brought out in the application by the Applicant/Principal Applicant

iv. Genuine need to test: The Applicant/Principal Applicant should have a genuine need for live testing the product/service/application on real customers. Further, the Applicant/Principal



Applicant should demonstrate that the product/service/application cannot be developed without relaxing certain regulations, if any, being sought.

**COAI Comment:**

- a. The licensing and regulatory norms apply only to LSPs. If a new product is to be tested and is believed to be restricted due to licensing and regulatory norms, the Regulatory Sandbox cannot provide permission to a non-licensed entity to be an applicant for RS.
- b. Thus, the Applicant for Regulatory Sandbox should be LSP only and as such, there should not be any term “Principal Applicant”. The product owner should be mentioned as “Product owner” and mentioned accordingly in the application by LSP. Same should apply for service/application.
- v. *Limited prior testing: Before applying for testing in sandbox, limited offline testing of the product/service/application should have been carried out by the applicant. The details of the same should be provided in the application by the Applicant/Principal Applicant.*
- vi. *Direct benefits to users: The product/service/application should offer identifiable benefits (direct or indirect) to the retail or enterprise customers. The same should be explicitly brought out in the application by the Applicant/Principal Applicant.*
- vii. *Risk Mitigation: The product/service/application should have proper risk management strategy to incorporate appropriate safeguards to mitigate and control potential risks to any market participants/users/customers/government that may arise from the testing of the product/service/application and shall propose appropriate safeguards to manage the risks and contain the consequences of failure. In case any deviation in the behaviour of the product/service/application is observed during trial, compared to the expected behaviour, the Applicant/Principal Applicant must clearly specify the measures that may be required to be undertaken to contain the impact within the live system.*
- viii. *Scope of testing: To prevent any negative impact on the wider telecom market or the customers, the Sandbox environment should have a finite scope which is appropriate enough for testing the application/product/service.*
- ix. *Realistic scenarios: The Sandbox testing environment should simulate realistic scenarios and conditions that the product/service/technology is likely to face in the real world. The same should be explicitly brought out in the application by the Applicant/Principal Applicant.*
- x. *Transparency: The application for regulatory sandbox for a product/service/application should provide transparency to all stakeholders, including customers, about the nature and scope of the testing. Since there may be uncertainties involved in testing these new*



*products/services/technologies, the transparency requirements, if any, should be clearly spelt out in the application by Applicant/Principal Applicant.*

*xi. Regulatory compliance & exemptions sought: The Applicant / Principal Applicant should expressly spell out what regulatory requirements are being complied with and what exemptions from the existing regulatory regime pertaining to the product/service/application are sought under Sandbox testing. ~~It should also mention the authority which is responsible for permitting the required exemptions.~~ Any other facilitation or resource sought, including spectrum, for the sandbox testing ~~must also be~~ shall be specified by the Licensed Operator.*

*xii. Consumer protection: Applicant/Principal Applicant should demonstrate in application as to how the Sandbox testing would prioritize the protection of consumer interests and prevent any harm to consumers. If the case so requires, only such customers will be allowed to be on boarded who have given specific consent voluntarily. The Principal Applicant/Applicant shall be required to undertake indemnity insurance of an adequate amount and period, to safeguard the interest of the consumers. The adequacy of insurance cover shall depend on determination of the maximum liability based on, among others, the following factors – (A) maximum exposure to a single consumer (B) the number of claims that could arise from a single event (C) number of claims that may be expected during the policy coverage period. The policy cover shall extend to the period beginning from the start of testing stage and end two months after exit from the regulatory sandbox.*

*xiii. Demonstrate additional protections needed: The Applicant/Principal Applicant should sufficiently describe the various protections that will be required to put in place in addition to those prescribed herein.*

*xiv. Monitoring and evaluation: The Applicant/Principal Applicant should precisely define the test parameters, control boundaries, testing site, significant milestones, and anticipated outcomes for the technological proposal. The Sandbox testing should include a mechanism for monitoring and evaluating the testing process to ensure that the objectives of the testing are met and to identify any areas for improvement. ~~The Applicant/Principal Applicant should provide an acceptable reporting schedule to report to the Licensor/Regulator on the status and progress of development and testing of its technological proposal.~~*

**COAI Comment: Regulatory Sandbox should not become a tool for any intervention, compliance or reporting purpose, rather it should be strictly limited to the purpose of trialling a unique concept.** It should close as soon as it is tested, and the report submitted. Any subsequent follow-ups on reports, learnings, queries, etc. should be on a voluntary and non-compliance basis. **The results of RS should not become a deciding factor for change in licensing and regulatory norms which should be done through a separate and proper regulatory impact analysis with due public consultation.**



xv. *Testing readiness of the product/service/application: For conducting tests scientifically, test protocols and outcome indicators must be designed and set in advance. The interoperability of networks and services with envisaged functions and changes required, if any, needs to be identified for the testing. The Applicant/Principal Applicant should have the necessary resources to support testing in the sandbox and must demonstrate well developed testing plans with clear objectives, parameters, and success criteria. During the testing phase, additional steps which may be required to be taken to address regulatory concerns (when the system goes live) may also be identified and spelt out in advance.*

xvi. *Exit strategy: The Sandbox regulations should include a clear exit strategy that outlines the process for exiting the testing phase and launching the product/service/technology in the wider market. The impact of exit on on-boarded customers should be clearly defined in application and also be informed to such customers. Documented proof of the same will be required.*

xvii. *Deployment post-testing: Applicant/Principal Applicant should demonstrate the intention and ability to deploy the product/service/application on a broader scale. To this effect the Applicant/Principal Applicant should share a proposed transition strategy along with sandbox exit strategy.* xviii. *Statutory and Legal Issues: DoT/TRAI is not and shall not be liable for any acts of omissions, commissions, breaches, or any kind of culpability arising out of or in relation to the sandbox process and any liability arising as such will be borne by the Principal Applicant/Applicant. The Principal Applicant/Applicant will be required to submit an undertaking to this effect.*

xviii. *Publication of information: The Regulator/Licensor shall reserve the right to publish any relevant and generic information about the Regulatory Sandbox applicants on its website, for the purposes it deems fit, which may include, but are not limited to, knowledge transfer, collaboration with other national and international regulatory agencies, etc., without revealing any proprietary/intellectual property rights related information. Principle Applicant/Applicant would be required to submit an undertaking to this effect and/or should submit details of such information which can't be put under public domain.*

8. *Applicant must provide necessary supporting documents and undertaking to substantiate its claim of fulfillment of above Essential Conditions. However mere fulfillment of Essential Conditions doesn't automatically qualify Principal Applicant/Applicant for Sandbox testing. An application fulfilling all essential conditions can be rejected even later at Evaluation Stage post assessment of various aspects including potential risks, exemptions sought, direct/indirect benefits etc.*

## **V. SUPPORTING DOCUMENTS REQUIRED TO BE SUBMITTED WITH APPLICATION**

i. *Certificate of Incorporation and Registration with the Registrar of Companies of Principle Applicant/Applicant.*



- ii. *The latest audited Balance Sheet showing a net worth of at least Rs. 25 lakhs of Principle Applicant/Applicant.*
- iii. *Document explicitly bringing out the innovation and identifiable benefits (direct or indirect) of the product/service/application offered to retail or enterprise customers.*
- iv. *Explanation of the need for live testing and how certain licensing/ regulations need to be relaxed for testing purposes.*
- v. *Provide the complete list of regulatory and/or licensing exemptions required and the extent of such exemptions.*
- vi. *Report on prior lab/field testing carried out on the product/service/application.*
- vii. *Explanation as to how the product/service/application offers identifiable benefits to retail or enterprise customers.*
- viii. *Details of the potential risks to market participants/users/customers/government due to any exemption granted or otherwise and Risk management strategy and proposed safeguards to mitigate such potential risks.*
- ix. *Details of Scope of the Sandbox environment and its limitations.*
- x. *Details of realistic scenarios and conditions that the product/service/technology is likely to face in the real world and how these conditions are to be simulated during Sandbox testing.*
- xi. *Details of the process for taking customer and other participants consent and conditions to be communicated to such customer and other participants before taking consent.*
- xii. *Details of safeguards planned for protection of consumer interests and prevents any harm to consumers.*
- xiii. *Testing plan, test parameters, control boundaries, testing site, significant milestones, and anticipated outcomes for the technological proposal* xiv. *Exit strategy and proposed transition plan after Sandbox testing.*
- xiv. *Details of the impact of Sandbox exit on on-boarded customers.*
- xv. *Details of proposed transition strategy and ability to deploy the product/service/application on a broader scale.*



*xvi. Undertaking indemnifying DoT/TRAI about any risk or damage caused to any stakeholder due to any direct or indirect action taken by principal applicant/applicant during sandbox testing.*

## **VI.APPLICATION EVALUATION CRITERIA**

*9.The applicant may be evaluated based on the parameters given below:*

- i. Complete Application form along with all supporting documents*
- ii. Profile of the applicant*
- iii. Arrangement between Principal Applicant and Applicant, if any.*
- iv. Required financial and technological capability to take part in the sandboxing process.*
- v. How the innovative product/service/application adds significant direct or indirect value to the existing offering in the market.*
- vi. Identifiable benefits (direct or indirect) to the retail or enterprise customers.*
- vii. Potential benefits of the product/service/application to the disadvantaged sections of the society, such as women and tribal populace, role of the said product/service/application in empowerment of the masses, and the impact of product/service/application in furthering digital inclusion.*
- viii. Offline testing of the product/service/application and results thereof prior to requesting sandbox.*
- ix. Defined mechanism for monitoring and evaluating the testing process including the test parameters, control boundaries, testing site, significant milestones, and anticipated outcomes.*
- x. Proposed strategy for exiting the testing phase and launching the product/service/technology in the wider market.*
- xi. Ability to deploy the product/service/application on a broader scale and proposed transition strategy for same.*
- xii. Defined grievance redressal mechanism and user rights.*
- xiii. Mechanisms suggested for disclosure of the potential risks to participating users and process suggested to take explicit consent from participants.*



xiv. *Any other factors considered relevant by DoT/TRAI.*

*Provided that failure to fulfill one, or more than one, of the essential eligibility conditions as outlined in Part IV above, may entail outright rejection of the sandbox application. ~~Provided further that DoT/TRAI or its designated agency, may waive off any essential condition(s) on need basis if it finds that the product/service/application may have substantial positive impact on society/economy, if deployed on wider scale after successful sandbox testing.~~*

### **VII.APPLICATION AND APPROVAL PROCESS:**

*10.The application and approval process will be as follows:*

*i. Applicant or Principal Applicant, as the case may be, desiring to test under Regulatory Sandbox in India shall make an application to the DoT/TRAI electronically in the specified form.*

*ii. The application shall be accompanied by a non-refundable processing fee of ~~10~~ **fifty** thousand rupees.*

*iii. The Principal Applicant/ Applicant shall ensure that the specified eligibility criteria are satisfied while submitting the application to DoT/TRAI. The necessary supporting documents and undertaking to substantiate its claim of fulfillment of Essential Conditions as detailed above should be provided with the application. The application form shall be signed by the officer duly authorized by the company board. The complete application must be submitted to: XXXXXX or by email at XXXXXX.*

### **COAI Comment:**

- a. The applications for Regulatory Sandbox should only be made by an LSP and may carry details of product/service/application owner as applicable. An individual LSP or a group of LSPs can apply independently.
- b. The DoT/TRAI/ Regulatory Sandbox Advisory Committee must undertake Regulatory Impact Analysis (RIA), with the view to ensure that the regulations have a positive economic and social impact with the understanding of the telecom sector in terms of economic verticals and address digitisation from a transversal and transformational standpoint.
- c. The applying entity(ies) may need to show that:
  - i. There exists a regulatory barrier which prevents deployment of the service/product to scale up or deployment of a genuinely innovative solution.
  - ii. A significantly important solution/ product/ service is proposed for which relevant regulation is required but absent.
  - iii. Either a different technology is gainfully applied, or the same technology is being applied in a more effective and efficient manner.



- iv. The test and boundary conditions for the Regulatory Sandbox can be meaningfully executed while protecting consumers' privacy at the same time.

~~iv. DoT/TRAI will transparently communicate with the applicant during evaluation phase of the sandbox application, and during the testing phase.~~

~~v. At the "Application Stage", DoT/TRAI shall review the application and inform of its potential suitability for a sandbox within 30 working days from the submission of the complete application. DoT/TRAI may issue appropriate instructions to the Principal Applicant/ Applicant according to the specific characteristics and risks associated with the proposed product/service/application. DoT/TRAI, if necessary, may also consult Service Providers, domain experts, etc. to evaluate the application. If the product/service/application has significant impact on any sector, then consultations may be held with the concerned ministries and sectoral regulators also.~~

~~vi. At the "Evaluation Stage", DoT/TRAI shall work with the Principal Applicant/ Applicant to determine the specific regulatory requirements and conditions (including test parameters and control boundaries) to be applied to the proposed product/service/application in question. The Principal Applicant/ Applicant shall then assess if it is able to meet these requirements. If the Principal Applicant/ Applicant is able and willing to meet the proposed regulatory requirements and conditions, the applicant shall be granted permission to develop and test the proposed innovation(s) in the sandbox. However, in case there are certain conditions licensing or regulatory which may not be fulfilled due to design aspect of that product/service/application, DoT/TRAI shall evaluate the possibility of granting exceptions for limited period so that to fulfill testing requirements. DoT/TRAI will establish a mechanism to grant such exemptions expeditiously, if feasible, within 45 days or communicate the reasons of rejection. The exemptions are to be granted considering potential of product/service/application, risk of causing potential harm to consumer or government interests, risk of misusing the exemption etc. In certain cases, exemptions may be required from other ministries or sectoral regulators or other entities, in such cases DoT/TRAI shall establish mechanism to approach such entities and coordinate for grant of exemptions to Principal Applicant/Applicant in time bound manner preferably 60 days. However, Applicant or Principal Applicant may not claim any right on an exemption granted by any entity on pretext that it has been granted in a previous case. DoT/TRAI decision on granting exemptions by itself or by other entities and duration for granting such exemptions, shall be final.~~

~~vii. Upon approval, the application shall proceed towards the "Testing Stage". The participant shall disclose to its users that the product/service/application shall operate in a sandbox and the potential key risks associated with the product/service/application. The Principal Applicant is also required to obtain the user's acknowledgement that they have read and understood the risks. The Principal Applicant shall define a clear mechanism to take explicit consent of participating users, if required. Documentary proofs of such communications/consents may be submitted to Licensor/Regulator.~~



~~viii. During the testing stage, the applicant shall take prior approval from DoT/TRAI to affect material changes, if any, to the product/service/application.~~

~~ix. DoT/TRAI will designate one officer who will have primary responsibility of coordinating the sandbox testing. Each applicant shall assign a contact person to coordinate with a designated officer of DoT/TRAI.~~

x. The duration of the sandbox testing stage shall be a maximum of **Six** months. In exceptional cases which demonstrate requirement for longer durations in their application, the duration of more than twelve months may be allowed. On request of the applicant, ~~DoT/TRAI~~ the Licensed Service Provider can extend the duration on case-to case basis after detailed examination.

xi. In case an application is rejected at any stage, the applicant shall be informed accordingly. The reasons for rejection could include failure to meet the objective of the sandbox or any of the eligibility criteria. The applicant may re-apply for the sandbox when it is ready to meet the objective and eligibility criteria of the sandbox, subject to an appropriate cooling off period, if any, as decided by ~~DoT/TRAI~~ the Licensed Service Provider.

xii. Principal Applicant/ Applicant must undertake to keep record of all testing steps/consent records for the period not less than one year after exit from Sandbox environment.

### **VIII. WAIVERS OR MODIFICATIONS TO RULES**

11.~~DoT/TRAI~~ The License Service Provider with an intimation to the Licensor/Regulator shall have the right to waive or modify conditions for the purpose of the test on a case-to-case basis.

**COAI Comments:** However, there should be no relaxation of the licensing conditions, regulations, guidelines, etc. except the exemptions provided for Regulatory Sandbox testing .

### **IX. VALIDITY PERIOD**

12. The permission granted under the regulatory sandbox will have a validity period of up to ~~12~~ **6** months for the applicant to test its product/service/application. At the end of the validity period, the applicant will stop testing his product/service/application. The approval of product/service/application for testing under regulatory sandbox does not mean (or guarantee) approval from ~~DoT/TRAI~~ the Licensed Service Provider to use this product/service/application after the testing period.

13. An extension of validity period can be granted by competent authority based on prevalent conditions of tests, potential benefits, cost involved, complexity of test etc.



**COAI Comments:** As the Regulatory Sandbox will be operated on a restricted basis for trials involving the current regulatory frameworks, a maximum validity period of 6 months should be sufficient.

## **X. REVOCATION OF PERMISSION**

*14. ~~DoT/TRAI~~ The Licensed Service Provider may revoke the permission so granted at any time if it is of the view that: -*

*i. The permitted applicant is failing, or is likely to fail, to satisfy the conditions established above; that guarantee qualification to the Regulatory Sandbox.*

*ii. The permitted applicant has committed a contravention of the regulations, or any rules, guidelines, or standards or exemptions allowed if any.*

*iii. The conducted test conflicts with the exigencies of the public interest.*

*iv. The activities carried out do not meet the conditions given in the permission letter or are in violation of the provisions of the applicable laws.*

*v. The Applicant/Principal Applicant has submitted forged undertakings/records/documents.*

*vi. Provided that before revoking the permission, the applicant shall be given an opportunity of being heard.*

*15. An applicant may also file for early termination of the proposal ~~in DoT/TRAI~~ with the Licensed Service Provider if it is felt that the proposal shall not be able to meet the desired objective. ~~DoT/TRAI~~ The Licensed Service Provider shall consider the request on merits and advise the applicant accordingly subject to such conditions as it deems fit.*

**COAI Comments:** We would like to once again reiterate that the systems set up for the purposes of the Regulatory Sandbox should not affect or interfere with the live operations of LSPs. If any such event occurs, the project should be immediately shut down by DoT/TRAI and the permission will be revoked. The Regulatory Sandbox should be operated solely on a non-interference and non-protection basis, along the lines of the 5G trial licenses.

## **XI. COMPLETION OF THE REGULATORY SANDBOX TESTING AND REPORTING**

*16. On completion of the allocated time or size of the proposal specified, the applicant the Licensed Service Provider shall ~~submit a report~~ intimate to the DoT/TRAI within 60 days on how the proposal met the objectives along with feedback from the stakeholders and such other information*



or details as specified. The applicant shall also submit a plan of action as to what amendments in the extant licensing/regulatory framework are required, along with a time frame for proposed commercial launch of the product/service/application.

**COAI Comments:**

- a. An acceptable exit and transition strategy should be properly defined in case the proposed telecom product/solution has completed all requisite tests required for the planned Regulatory Sandbox and has to be discontinued. Any continuation of deployment on a bigger scale should only be allowed after exiting the Regulatory Sandbox. **The results of RS should not become a deciding factor for change in licensing and regulatory norms.**
- b. This should be an automatic process once the maximum duration within the Regulatory Sandbox lifecycle is achieved and is probably the ideal scenario for most participants. Further criteria can be attributed to the fulfilment of any outstanding obligations to customers/ regulator.
- c. At this stage, the participant should be required to submit the final report to the Advisory committee consisting of the Regulator, TSPs and licensor.
- d. However, launching the product or solution commercially should be left to the discretion of the LSP or group of LSPs and this should have no linkage with the Regulatory Sandbox or its process/approval success/failure of a product/service.
- e. Presence of an agreed upon exit plan (between the participants and the advisory committee consisting of TSPs, DoT and TRAI) test will produce:
  - Main outcomes of the test, KPIs, comparative outcome analysis.
  - Customer feedback, complaints, concerns, and challenges during the testing period.
  - Measures taken to overcome the challenges.
  - A detailed description of the technology and network limitations, consumer protection and risk management frameworks.
  - A summary of recommendations and findings for the regulator about the testing experience.

**XII. OVERSIGHT AND GOVERNANCE BODY**

**With respect to Governance Body, there are divergent views among our members, and they may respond individually on this issue.**



~~**XIV. FUNDING OF INNOVATION FOR INCLUSIVE SOCIETAL ADVANCEMENT AND GROWTH OF ECONOMY**~~

~~The government can play a crucial role in promoting innovations in Digital Communication sector for the advancement of society. Some innovations, which might be very promising, may lack adequate funding support. Financial incentives and operational support needs to be provided to Innovative products/services/applications having potential to bridge the digital divide and bring socio-economic advancement to underprivileged sections of society, if deployed on a wider scale. Therefore, DoT/TRAI are open to proposals for providing funding support to deserving products/services/applications during Sandbox Testing. The Applicants who desire to avail such funding may indicate so along with the details of funding sought. Such proposals will be evaluated by a panel of experts appointed by DoT/TRAI. The Applicants may note that proposals that do not seek Government funding will have higher chances of acceptance and therefore Applicants should make their own arrangements for funding the proposal. Proposals not found deserving enough for funding support, will be summarily rejected.~~

**COAI Comments:** COAI submits that there is no need for any compensation to any member of the Regulatory Sandbox advisory committee, as it is suggested to be a non-government entity.

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