

**NOTICE OF WORKSHOP
TO SOLICIT COMMENTS ON PROPOSED REGULATION
AND POLICY AND PROCEDURE
AND
WORKSHOP AGENDA**

The State of Nevada, Department of Business and Industry, Director's Office ("Department") is proposing the adoption, amendment or repeal of a regulation and a policy and procedure pertaining to **chapter 597** of the Nevada Administrative Code ("NAC") and a regulatory sandbox program for Nevada. A workshop has been set for **1:00 p.m. on November 21, 2019**, at the following location:

**Nevada Room
Nevada State Business Center
Nevada Department of Business and Industry
3300 W. Sahara Avenue, Suite 400
Las Vegas, Nevada 89102**

Interested persons may also participate through a simultaneous videoconference conducted at:

**1st Floor Hearing Room
Nevada Division of Insurance
Nevada Department of Business and Industry
1818 E. College Parkway
Carson City, Nevada 89706**

The purpose of the workshop is to solicit comments from interested persons on the following general topic(s) that may be addressed in the proposed regulation(s) and policy and procedure; and to assist in determining whether the proposed item(s) are likely to impose a direct and significant burden upon a small business or directly restricts the formation, operation or expansion of a small business. Please submit any written comments no later than **November 15, 2019**.

LCB File No. R089-19.

Regulatory Experimentation Program for Product Innovation

A regulation relating to certain financial businesses, products and services; establishing the Regulatory Experimentation Program for Product Innovation and setting forth certain requirements for the operation of the Program; and providing other matters properly relating thereto.

Department of Business and Industry, Policy and Procedure X.0.0.

Regulatory Experimentation Program for Product Innovation

A policy and procedure to establish guidelines for the Nevada Regulatory Experimentation Program for Product Innovation for use and reference by Department employees as well as applicants or participants of the Program.

A copy of all materials relating to the proposal(s) may be obtained at the workshop or by visiting the Department's Internet Web site at <http://business.nv.gov/> or by contacting the Department, 3300 W. Sahara Avenue, Suite 425, Las Vegas, Nevada 89102, (702) 486-2750. A reasonable fee for copying may be charged. Members of the public who would like additional information about a proposed regulation may contact Chris Weiss, Management Analyst, at (702) 486-5320, or via e-mail to cweiss@business.nv.gov.

Notice of the workshop was provided via electronic means to all persons on the e-mail lists for noticing of administrative regulations maintained by the Department's Financial Institutions Division and Mortgage Lending Division. This *Notice of Workshop to Solicit Comments on Proposed Regulation and Policy and Procedure* was posted to the agency's Internet Web site at <http://business.nv.gov/>, the Nevada Legislature's Internet Web site at <http://www.leg.state.nv.us>, and at the following locations:

Nevada Financial Institutions Division
3300 W. Sahara Ave., Suite 250
Las Vegas, Nevada 89102

Nevada Division of Mortgage Lending
3300 W. Sahara Avenue, Suite 285
Las Vegas, Nevada 89102

Nevada Dept. of Business & Industry
1830 College Parkway, Suite 100
Carson City, Nevada 89706

Nevada State Business Center
3300 W. Sahara Avenue
Las Vegas, Nevada 89102

Legislative Building
401 South Carson Street
Carson City, Nevada 89701

Grant Sawyer Building
555 E. Washington Avenue
Las Vegas, Nevada 89101

Blasdel Building
209 East Musser Street
Carson City, Nevada 89701

Nevada DETR
2800 E. Saint Louis Avenue
Las Vegas, Nevada 89104

Capitol Building, Main Floor
101 North Carson Street
Carson City, Nevada 89701

Carson City Library
900 North Roop Street
Carson City, Nevada 89701

Nevada State Library & Archives
100 North Stewart Street
Carson City, Nevada 89701

Douglas County Public Library
1625 Library Lane, P.O. Box 337
Minden, Nevada 89423-0337

Churchill County Library
553 South Main Street
Fallon, Nevada 89406

Goldfield Public Library/Esmeralda County
Corner of Crook Ave. & Fourth St.,
P.O. Box 430
Goldfield, Nevada 89013

Elko County Library
720 Court Street
Elko, Nevada 89801

Humboldt County Library
85 East 5th Street
Winnemucca, Nevada 89445

Eureka Branch Library
80 S. Monroe Street
P.O. Box 293
Eureka, Nevada 89316-0293

Las Vegas-Clark County Library District
7060 W. Windmill Lane
Las Vegas, NV 89113

Lander County Library
625 S. Broad Street
P.O. Box 141
Battle Mountain, Nevada 89820

Lincoln County Library
63 Main Street
P.O. Box 330
Pioche, Nevada 89043-0330

Lyon County Library
20 Nevin Way
Yerington, Nevada 89447

Mineral County Public Library
110 1st Street
P.O. Box 1390
Hawthorne, Nevada 89415

Pershing County Library
1125 Central Avenue
P.O. Box 781
Lovelock, Nevada 89419

Storey County Clerk
26 S. B Street, Drawer D
Virginia City, Nevada 89440

Tonopah Public Library
167 S. Central Street
P.O. Box 449
Tonopah, Nevada 89049

Downtown Reno Library/Washoe County
301 S. Center Street
P.O. Box 2151
Reno, Nevada 89505-2151

White Pine County Library
950 Campton Street
Ely, Nevada 89301

Members of the public who are disabled and require special accommodations or assistance at the workshop are requested to notify the Director's Office, in writing, no later than five (5) working days before the workshop: 1830 E. College Parkway, Suite 100, Carson City, Nevada 89706, or leslie.olson@business.nv.gov.

DATED this 30th day of October, 2019.



MARCEL F. SCHAERER
Deputy Director

WORKSHOP AGENDA

The State of Nevada, Department of Business and Industry, Director's Office

November 21, 2019 • 1:00 p.m.

Location of Workshop:

Nevada Room
Nevada Dept. of Business & Industry
3300 W. Sahara Avenue, Suite 400
Las Vegas, Nevada 89102

Available via Videoconference at:

1st Floor Hearing Room
Nevada Division of Insurance
1818 E. College Parkway
Carson City, Nevada 89706

1. Open Workshop: R089-19 and B&I Policy and Procedure X.0.0.
2. Public comment.
3. Presentation and Discussion of Proposed Regulation. (For Possible Action)

LCB File No. R089-19

Regulatory Experimentation Program for Product Innovation

A regulation relating to certain financial businesses, products and services; establishing the Regulatory Experimentation Program for Product Innovation and setting forth certain requirements for the operation of the Program; and providing other matters properly relating thereto.

4. Presentation and Discussion of Proposed Policy and Procedure. (For Possible Action)

Department of Business and Industry, Policy and Procedure X.0.0
Regulatory Experimentation Program for Product Innovation

A policy and procedure to establish guidelines for the Nevada Regulatory Experimentation Program for Product Innovation for use and reference by Department employees as well as applicants or participants of the subject program.

5. Public Comment.

6. Close Workshop: R089-19 and B&I Policy and Procedure X.0.0.

Supporting public material for this workshop may be requested from Chris Weiss, Management Analyst, Director's Office, Nevada Department of Business and Industry, 3300 W. Sahara Avenue, Suite 425, Las Vegas, Nevada 89102, (702) 486-5320, or cweiss@business.nv.gov.

Note: Any agenda item may be taken out of order; items may be combined for consideration by the public body; items may be pulled or removed from the agenda at any time; and, discussion relating to an item may be delayed or continued at any time. The Hearing Officer, within his/her discretion, may allow for public comment on individual agenda items. Public comment may be limited to three minutes per speaker.

Members of the public are encouraged to submit written comments for the record.

We are pleased to make reasonable accommodations for attendees with disabilities. Please notify the Director's secretary, in writing, no later than five (5) working days before the workshop: 1830 E. College Parkway, Suite 100, Carson City, Nevada 89706, or leslie.olson@business.nv.gov.

NOTICES FOR THIS WORKSHOP HAVE BEEN POSTED IN ACCORDANCE WITH NRS 241 AT THE FOLLOWING LOCATIONS:

Nevada Department of Business & Industry, Director's Office, 1818 E. College Parkway, Suite 100, Carson City, Nevada 89706

Nevada Department of Business & Industry, Director's Office, 3300 W. Sahara Avenue, Suite 425, Las Vegas, Nevada 89102

Nevada State Business Center, 3300 W. Sahara Avenue, Las Vegas, Nevada 89102

Nevada State Legislative Building, 401 S. Carson Street, Carson City, Nevada 89701

Grant Sawyer State Office Building, 555 E. Washington Avenue, Las Vegas, Nevada 89101

Blasdel State Office Building, 209 E. Musser Street, Carson City, Nevada 89701

Nevada State Capitol, 101 N. Carson Street, Carson City, Nevada 89701

Nevada Dept. of Employment, Training and Rehabilitation, 2800 E. Saint Louis Avenue, Las Vegas, Nevada 89104

The State of Nevada Website (www.nv.gov)

The Nevada State Legislature Website (www.leg.state.nv.us)

The Nevada Department of Business and Industry Website (www.business.nv.gov)

**PROPOSED REGULATION OF THE
DIRECTOR OF THE DEPARTMENT OF BUSINESS AND INDUSTRY**

LCB FILE NO. R089-19I

**The following document is the initial draft regulation proposed
by the agency submitted on 10/15/2019**

**DRAFT PROPOSED REGULATION OF THE DIRECTOR OF THE
DEPARTMENT OF BUSINESS AND INDUSTRY**

LCB File No. R089-19.

[Date]

Explanation: Material in *bold italics* is new material; material lined out within ~~bold-brackets~~ is material to be omitted.

Purpose: To adopt regulations under the Nevada Administrative Code, as provided by S.B. 161 (2019), relating to a “Regulatory Experimentation Program for Product Innovation” which allows individuals or companies to apply to the Director of the Department of Business and Industry for a temporary waiver of licensing and regulatory requirements under NRS chapters 645A, 645B, 645F or 645G; NRS titles 55 or 56; or any regulation adopted pursuant thereto, to test innovative products or services within the Nevada marketplace; providing for certain definitions and policies; and providing other matters properly relating thereto.

Authority: Senate Bill No. 161, Chapter 611, Statutes of Nevada 2019, sections 2 through 31.

**DRAFT PROPOSED REGULATION OF THE DIRECTOR
OF THE DEPARTMENT OF BUSINESS AND INDUSTRY**

(Regulatory Experimentation Program for Product Innovation)

LCB File No. R089-19

EXPLANATION – Material in *italics* is new; material in ~~bold-brackets~~ is to be omitted.

AUTHORITY: Sections 2 to 31 of Senate Bill No. 161, chapter 611, Statutes of Nevada 2019.

Section 1. Chapter 597 of the NAC is hereby created by adding thereto the provisions set forth as sections 2 through 13, inclusive, of this regulation.

Sec. 2. *Unless the context otherwise requires, the words and terms used in this chapter have the meanings ascribed to them in sections 3 through 10 of Senate Bill No. 161 and sections 3 through 5 of this chapter.*

Sec. 3. *“Change request” means a request submitted by the participant to the Director pursuant to sections 19 and 26 of Senate Bill No. 161 or subsections 3 and 4 of section 7 of this chapter.*

Sec. 4. *“Document” means and includes, but is not limited to, any and all records, documents, data, and information inscribed on a tangible medium or that is stored in an electronic or other format and is retrievable in perceivable form including any and all original and non-identical copies of any information or communication (whether different from the original because of notes, underlining, attachments, or otherwise), audio and/or video recordings of any kind, or any electronic or written, printed, recorded material of every kind in the possession, custody, or control of the participant.*

Sec. 5. *“Program” or “Nevada Sandbox Program” means the Regulatory Experimentation Program for Product Innovation established pursuant to Senate Bill No. 161.*

Sec. 6. 1. *Any authority granted to the Director and any duty or responsibility assigned to the Director by any provision of this chapter or Senate Bill No. 161, including, without limitation, pursuant to subsection 2, may be exercised or performed by any employee of the Department who is designated by the Director for that purpose.*

2. *Any authority granted to the Department and any duty or responsibility assigned to the Department by any provision of this chapter or Senate Bill No. 161 may be exercised or performed by the Director.*

Sec. 7. 1. *The physical or virtual location required pursuant to subsection 2(b) of section 12 of Senate Bill No. 161 must:*

- (a) Be a commercial place of business and not residential;*
- (b) Have a physical presence in this state; and*
- (c) Comply with the provisions of all applicable planning and zoning ordinances.*

2. *Except as otherwise provided for by sections 2 through 31 of Senate Bill No. 161, a participant must possess each license, registration and permit required by this state or by a local governmental entity as a condition to conducting business.*

3. *A participant shall not engage in its product or service testing within any office, suite, room or business location in which any other business is solicited or engaged, or in association or conjunction with any other business, unless the participant receives prior written approval from the Director.*

4. *A participant shall not move the place of business without first obtaining the written approval of the Director.*

Sec. 8. *Before the Director will consider a product or service for admission into the program, the applicant must consent in writing as part of the application to:*

1. *The applicability of Nevada law and the exercise of personal jurisdiction by the courts of Nevada over all matters associated with the program and the product or service test, if approved;*

2. The review or investigation, at the Director's discretion and applicant's expense, of the credit history, criminal history and background of the applicant and, if the applicant is not a natural person, each officer, director or other principal of the applicant; and

3. Comply with all program requirements and regulations, including any requirements imposed by the Director as a condition to the product or service test at the time of approval or in response to actions taken pursuant to authorities described in sections 26.3 and 27 of Senate Bill No. 161.

Sec. 9. *1. A complaint that relates to a product or service test under the program and is submitted to the Director pursuant to subsection 1(g) of section 20 or section 21 of Senate Bill No. 161 may be managed by the Department:*

(a) Through facilitation of informal discussion and resolution between the consumer and the program participant conducting the product or service test;

(b) Pursuant to NAC 598.100-174;

(c) Pursuant to provisions or regulations of the applicable regulator then in effect; or

(d) Through involvement of the Office of the Attorney General as provided for by NRS 598 and Senate Bill No. 161; or

(e) Any combination of subsections (a) through (d) above;

→ as the Director, in consultation with the applicable regulator, deems appropriate.

2. Nothing in this provision limits the authority of the Director to terminate a participant's participation in the program or take any other action at any time for any reason deemed appropriate by the Director pursuant to the Director's authority provided in Senate Bill No. 161.

3. The Director shall forward copies of complaints received pursuant to subsection 1(g) of section 20 or section 21 of Senate Bill No. 161 to the Bureau of Consumer Protection.

Sec. 10. *1. Each participant shall submit a regular or periodic reports to the Director on the status of the product or service test as determined by the Director.*

2. The report must be in a format determined by the Director for that product or service and include, with respect to the product or service test for which the report is being submitted, any data and information required by the Director.

3. The frequency and timeline for report submission, including the data and information required by the Director, shall be determined at the Director's discretion and communicated to program participants in any manner deemed appropriate by the Director for that product or service.

Sec. 11. *1. A participant must retain all records and data produced in the ordinary course of business relating to a product or service tested in the program for not less than six (6) years after the end of the period of testing, unless otherwise required by subsection 3.*

2. The records and data must contain specific consumer information and any other records or data deemed appropriate by the Director for that product or service, including but not limited to:

- a. Each consumer's name and contact information;*
- b. Product or service type; and*
- c. Transaction information.*

3. The Director may increase the retention period under subsection 1 at any time and for any reason pursuant to the authority granted the Director in Senate Bill No. 161.

Sec. 12. *In the interest of ensuring the protection of consumers in this state, each participant must, during the period of testing and for not less than six (6) years after the end of the period of testing, allow the Office of Attorney General, upon request and regardless of any other request made by the Director, to examine the documents of the participant related to the product or service tested in the program.*

Sec. 13. *The Director may deviate or impose additional or more restrictive provisions from these regulations at any time and for any reason pursuant to the authority granted the Director in Senate Bill No. 161.*



STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
OFFICE OF THE DIRECTOR

POLICY AND PROCEDURE

Subject:	Policy No. X.0.0	Page 12 of 11
<i>DRAFT</i> Regulatory Experimentation Program for Product Innovation (REMPI), also known as the Nevada Sandbox Program	Issued By: Department Director	Distribution: All Members of the Office of the Director, Financial Institutions Division, and Mortgage Lending Division of the Department of Business and Industry; All Applicants to the Nevada Sandbox Program; and the Consumer Advocate of the Bureau of Consumer Protection.
	Amends/Supersedes:	Not applicable
Reference(s): Chapter 611, Statutes of Nevada 2019 (Senate Bill No. 161 of the 80 th Nevada Legislature); and NAC 597 <i>(proposed)</i> .		Effective Date: January 1, 2020 <i>(proposed)</i>

I. PURPOSE

To establish guidelines for the Nevada Regulatory Experimentation Program for Product Innovation (“Nevada Sandbox Program”) for use and reference by Department employees as well as applicants or participants of the subject program.

The guidelines are implemented by the Director of the Department of Business and Industry pursuant to authorities granted that position by Chapter 611, Statutes of Nevada 2019 (Senate Bill No. 161 of the 80th Nevada Legislature). A copy of the chapter is attached for reference.

II. POLICY

It is the policy of the Department of Business and Industry to conduct the Nevada Sandbox Program in a manner consistent with the direction and intent of the Nevada Legislature as expressed in Chapter 611, Statutes of Nevada 2019.

III. SCOPE

This policy applies to (1) all employees working under the authority of or within the Department of Business and Industry on behalf of the Nevada Sandbox Program, and (2) all applicants and participants of the Nevada Sandbox Program.



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IV. RESPONSIBILITY

A. Employees are responsible for:

1. Complying with the guidelines contained in this policy and, when uncertain, seeking guidance from the Director or his or her designee.

B. Applicants and participants are responsible for:

1. Complying with the guidelines contained in this policy and, when uncertain, seeking guidance from the Office of the Director.

V. PROCEDURES

The Department of Business and Industry is committed to facilitating the introduction and testing of innovative products and services in Nevada in a way that protects consumers and encourages business and economic development in the areas of financial and advanced technology. It is also important for the Department to understand how its current regulatory processes address the consumer and industry challenges presented by innovative financial and advanced technology products and services, in order to make policy recommendations as appropriate.

To that end, the following procedures describe certain administrative requirements for use in the Nevada Sandbox Program by all Department employees, applicants and participants.

A. Program Application

1. An application to the Nevada Sandbox Program must meet the following requirements before the Director will begin to consider the proposed product or service test for possible acceptance into the program:
 - (a) The application must be in writing.
 - (b) It must use a form provided by the Department for that purpose.
 - (c) It must include, with regard to the applicant submitting the application:
 - i. All information required under subsections 2 and 3(c) through 3(e) of Section 12 of Chapter 611, Statutes of Nevada 2019.



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- ii. The applicant's written consent to:
 - a. The applicability of Nevada law and the exercise of personal jurisdiction by the courts of Nevada over all matters associated with the program and the product or service test, if approved; and
 - b. The review or investigation, at the Director's discretion and applicant's expense, of the credit history, criminal history and background of the applicant and, if the applicant is not a natural person, each officer, director or other principal of the applicant.
- iii. The applicant's written agreement to comply with all program requirements and regulations, including any requirements imposed by the Director as a condition to the product or service test at the time of approval or in response to actions taken pursuant to authorities described in sections 26.3 and 27 of Chapter 611, Statutes of Nevada 2019.
- iv. The full legal name, physical address, every telephone number, facsimile number, electronic mail address and Internet address of the applicant and, if the applicant is not a natural person, each officer, director or other principal of the applicant.
- v. Any name under which the applicant does or expects to do business.
- vi. The federal employer identification number of the applicant.
- vii. The state in which the applicant is incorporated or otherwise organized, if applicable.
- viii. The date upon which the applicant was incorporated or otherwise organized, if applicable.
- ix. The county in which the mailing address of the applicant is located.
- x. The name and title of the natural person who is the primary contact for the applicant.



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(d) It must include, with regard to the product or service for which the application is being submitted:

- i. All information required under subsections 3(a) and 3(b) of section 12 of Chapter 611, Statutes of Nevada 2019.
- ii. A nonrefundable application fee of \$500 paid to the Nevada Department of Business and Industry.

2. An applicant must also provide any additional information requested by the Department at the time of application or during the application review process.

B. Change Requests

1. A change request submitted pursuant to sections 19 and 26 of Chapter 611, Statutes of Nevada 2019 or **subsections 3 and 4 of section 7 of NAC 597 (proposed)** must meet all the following requirements:

(a) It must be in writing.

(b) It must use a form provided by the Department for that purpose.

(c) A request for relief from the test limits of subsection 2 of Section 16 or subsection 1 of Section 17 of Chapter 611, Statutes of Nevada 2019, must include:

- i. The specific change requested;
- ii. An explanation by the participant of why the change is being sought, including any benefits or potential risks to consumers;
- iii. Information on the participant's capitalization; and
- iv. Information on the participant's processes and procedures for the oversight and management of risk.



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(d) A request for extension of the testing period must include:

- i. The specific change requested; and
- ii. An explanation by the participant of its plan to apply for license or other authorization required by the state.

(e) A request to co-locate business activity or to move the place of business must include:

- i. The specific change requested, including details and addresses as applicable; and
- ii. An explanation by the participant of the reason for the request, including timeline for co-location or relocation, if approved.

2. A participant must also provide any additional information requested by the Department at the time of the change request or during the request review process.

C. Consumer Disclosures

1. In addition to meeting the consumer disclosure requirements set forth in Section 20 of Chapter 611, Statutes of Nevada 2019, participants in the Nevada Sandbox Program must ensure their disclosures are:

- (a) Posted in a conspicuous place in the participant's physical or virtual location from which testing will occur, for the consumer to see; and
- (b) Provided to the consumer in a printed or electronic disclosure statement prior to the participant providing any product or service.

2. The printed or electronic disclosure statement must be in substantially the following form:

(a) On the top of the disclosure page, in a non-italic font size not smaller than 12-point:

Organization Name
Mailing address of the participant



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Testing address of the participant
Contact person
Telephone number of the participant
Email address of the participant
Website address of the participant
The registration number issued by the Director
The approved testing period

(b) Within the body of the disclosure, in a non-italic font size not smaller than 12-point:

The product or service being offered to you is being tested under the provisions of the Nevada Regulatory Experimentation Program for Product Innovation (Nevada Revised Statutes xxx), also known as the Nevada Sandbox Program.

Products or services being tested under this Program are generally exempt from the provisions of Nevada Revised Statutes (NRS) chapters 645A, 645B, 645F and 645G; titles 55 and 56; and any regulation adopted pursuant thereto, except as otherwise required by the Nevada Department of Business and Industry as part of the applicant's approval to participate in the Program.

The participant is not a holder of a license or other authorization in this State to provide this product or service outside the scope of the Nevada Sandbox Program.

The participant was approved to provide this product or service as part of a test, but the product or service is not endorsed or recommended by the Nevada Department of Business and Industry or any governmental agency.

The product or service being offered may be discontinued at or before the end of the testing period, which is *MM/DD/YYYY*.

(c) Within the body of the disclosure, in 12-point bold type, in all uppercase letters:



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NOTICE OF RIGHT TO CONTACT THE DIRECTOR OF THE DEPARTMENT OF BUSINESS AND INDUSTRY REGARDING CONCERNS OR COMPLAINTS.

YOU MAY CONTACT THE DIRECTOR OF THE DEPARTMENT OF BUSINESS AND INDUSTRY REGARDING CONCERNS OR COMPLAINTS RELATING TO THE PRODUCT OR SERVICE PROVIDED TO YOU UNDER THE NEVADA SANDBOX PROGRAM BY CALLING THE FOLLOWING TOLL-FREE TELEPHONE NUMBER: (844) 594-7275 OR BY VISITING THE FOLLOWING WEBSITE: www.consumeraffairs.nv.gov.

Consumer's acknowledgement

Printed Name

Signature

D. Consumer Complaints

1. A complaint that relates to a product or service test under the Nevada Sandbox Program and is submitted to the Director pursuant to subsection 1(g) of section 20 or section 21 of Chapter 611, Statutes of Nevada 2019, may be managed by the Department in any one or combination of the following ways, as the Director, in consultation with the applicable regulator, deems appropriate:
 - (a) Through facilitation of informal discussion and resolution between the consumer and the program participant conducting the product or service test;
 - (b) Pursuant to Nevada Administrative Code (NAC) 598.100-174;
 - (c) Pursuant to provisions or regulations of the applicable regulator then in effect; or
 - (d) Through involvement of the Office of Attorney General as provided for by Nevada Revised Statutes (NRS) Chapter 598 and Chapter 611, Statutes of Nevada 2019.
2. Unless otherwise required by items (2) through (4), if applicable, a participant must respond to the Director within 10 days of being informed of a complaint. The response must meet all the following requirements:



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- (a) It must be in writing.
- (b) It must use a form provided by the Department for that purpose.
- (c) It must include any information relating to the complaint requested by the Director.
- (d) It must include the participant's response to the complaint, including any corrective action, reimbursement or other steps taken to resolve the issue.

E. Status Reports

1. A participant must submit regular reports to the Director on the status of the product or service test.
2. Unless required otherwise by the Director, the reports must be submitted on a quarterly basis, due as follows:

Reporting period:	January 1 – March 31	Due date: April 15
Reporting period:	April 1 – June 30	Due date: July 15
Reporting period:	July 1 – September 30	Due date: October 15
Reporting period:	October 1 – December 31	Due date: January 15

3. Each report must meet the following requirements:
 - (a) It must be in writing;
 - (b) It must use a form provided by the Department for that purpose; and
 - (c) Unless required otherwise by the Director, it must include, with respect to the product or service test for which the report is being submitted:
 - i. The number of consumers using the product or service, by month and in total since launch of the test;



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- ii. The total number of transactions during the reporting period;
- iii. The total number of transactions from inception to reporting date;
- iv. The consumer name and his or her contact information;
- v. The date (*mm/dd/yyyy*) the product or service was provided;
- vi. Any due dates or deadlines assigned to the consumer, if applicable;
- vii. The value of the product or service;
- viii. The amount of cash, credit, digital assets or other value provided to the consumer;
- ix. The amount of cash, credit, digital assets or other value received from the consumer;
- x. The assigned consumer transaction number;
- xi. Financial statements for the reporting period (income statement, balance sheet, and profit and loss statement);
- xii. List of consumer complaints filed directly with the participant, to include:
 - a. The consumer's contact information;
 - b. Nature of the complaint;
 - c. Description of the outcome; and
 - d. If applicable, the corrective action plan to prevent the issue from occurring again;
- xiii. The number and type of transmittals performed, if applicable, including aggregate dollar amounts and the range of transaction amounts, by month and in total since launch of the test;



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- xiv. Demographic or socioeconomic information on the types of consumers being served, to assist the Director in understanding the community effects of the test and program; and
 - xv. Any other data or information requested by the Department.
4. A participant must also provide any additional information requested by the Department at the time of reporting or during the report review process.

F. Notices to the Director

1. A participant must notify the Director in writing within 24 hours of any of the following:
 - (a) Any failure of the product or service test during the period of testing.
 - (b) Any discovery by the participant of an unauthorized acquisition of computerized data constituting a breach of the security of the system data as that term is defined in NRS 603A.020.
 - (c) Any change to the information required pursuant to subsection 3(c) of section 12 of Chapter 611, Statutes of Nevada 2019, during participation in the Nevada Sandbox Program and for the time period prescribed in subsection 3 of section 22 of Chapter 611, Statutes of Nevada 2019.
2. The notice to the Director must include, at minimum:
 - (a) For events under item 1(a), information on the failure and a description of any action taken by the participant to protect consumers from financial loss or other harm caused by the event.
 - (b) For events under item 1(b), information on the breach, including any potential effects on consumers and the product or service test and a description of any action taken by the participant to address these effects.



STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
OFFICE OF THE DIRECTOR

POLICY AND PROCEDURE

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- (c) For events under item 1(c), details of the change, including but not limited to the full legal name, address, telephone number, electronic mail address and website address of the person or persons involved.

VI. POLICY EXCEPTION

The Director reserves the right to deviate from this policy for any good cause, or to modify the applicability of the policy or procedures to a particular product, service, applicant or participant if, in the Director's opinion, attendant circumstances warrant such modification.

VII. POLICY COMMUNICATION

This policy will be communicated to all Department employees in the Office of the Director, Financial Institutions Division and Mortgage Lending Division.

The Office of Director will provide a copy of this policy to each applicant to the Nevada Sandbox Program, as well as to the Consumer Advocate of the Bureau of Consumer Protection of the Office of Nevada Attorney General for distribution to staff as that agency deems appropriate.

This policy is not a substitute for relevant law or regulation, nor does it establish additional rights beyond those provided in law and regulation. This policy is intended to be used in conjunction with Chapter 611, Statutes of Nevada 2019 (Senate Bill No. 161 of the 80th Nevada Legislature), and NAC 597 (proposed); as well as any existing provisions of NRS chapters 645A, 645B, 645F and 645G; NRS titles 55 and 56; and the various regulations adopted pursuant to those statutes, to the extent those provisions have been conditionally applied to a participant and its product or service as part of an approved test in the Nevada Sandbox Program.

[Name to be added], Director

Issue Date

ATTACHMENT(S)

1. Chapter 611, Statutes of Nevada 2019.
2. NAC 597 (proposed).

SMALL BUSINESS IMPACT STATEMENT

LCB FILE NO. R089-19

B&I Policy and Procedure X.0.0

LCB File No. 089-19 and B&I Policy and Procedure X.0.0 Small Business Impact Statement pursuant to NRS 233B.0608:

(a) A description of the manner in which comment was solicited from affected small business, a summary of their response and an explanation of the manner in which other interested persons may obtain a copy of the summary.

The Department of Business and Industry intends to solicit comments on the proposed regulation and associated draft policy and procedure as part of the public workshop scheduled for November 21, 2019. Comments from the workshop will be incorporated into the small business impact statement and posted with the notice of adoption.

Interested persons may obtain a copy of the small business impact statement or submit statements of impact to:

Chris Weiss, Director's Office
Nevada Department of Business and Industry
3300 West Sahara Avenue, Suite 425
Las Vegas, NV 89102
cweiss@business.nv.gov
702-486-5320

(b) The manner in which the small business analysis was conducted for LCB File No. R089-19 and B&I Policy and Procedure X.0.0.

Pursuant to NRS 233B.0608(1), the Department made a concerted effort to determine whether the proposed regulation and policy and procedure are likely to impose a direct and significant economic burden upon a small business; or directly restrict the formation, operation or expansion of a small business. For this effort, the Department used the definition of a "small business" as provided in NRS 233B.0382: "[A] business conducted for profit which employs fewer than 150 full-time or part-time employees."

Following review and analysis of the authorizing statutory language (Senate Bill No. 161), associated legislative testimony, and similar regulatory sandbox initiatives in other states (particularly Arizona), the Department has preliminarily determined (as further described below) that the regulation and the policy and procedure are unlikely to impose a direct and significant economic burden upon a small business; result in any direct or indirect adverse effects on small businesses; or directly restrict the formation, operation, or expansion of a small business.

The proposed regulation and policy and procedure do not change the established requirements for the business areas at interest (NRS chapters 645A, 645B, 645F, or 645G; NRS titles 55 or 56; or any regulation adopted pursuant thereto) and will apply only to an existing or prospective business that (1) elects to submit a product or service test application to the regulatory sandbox program and (2) receives approval from the Director to participate. Further, the Director is limited by statute to approving no more than six applications in the first calendar year of the program and ten in each of the following two calendar years, for a total of 26. At present, there is no assurance as to how many applications, if any, will be received or approved for the program, or what an approved application might involve in terms of product, service, or economic activity.

In addition to the preceding analysis, the Department will post the proposed regulation and policy and procedure on its website and distribute it to appropriate industry representatives or associations in Nevada as part of the workshop process.

(c) The estimated economic effect of the proposed regulation and policy and procedure on the small businesses which it is to regulate, including, without limitation:

(1) Both adverse and beneficial effects:

(I) Adverse effects:

As described above, the Department has preliminarily determined that there will no adverse effects of the proposed regulation and policy and procedure on small businesses and will solicit further input as part of the workshop scheduled for November 21, 2019.

(II) Beneficial effects:

Beneficial effects of the proposed regulation and policy and procedure on small businesses will be determined by the Department after the workshop scheduled for November 21, 2019. At present there is no assurance as to how many businesses, if any, will apply to or receive approval to participate in the Nevada regulatory sandbox program, or what those businesses will involve in terms of products, services, or economic activities.

(2) Both direct and indirect effects.

(I) Direct effects:

Direct effects of the proposed regulation and policy and procedure on small businesses will be determined by the Department after the workshop scheduled for November 21, 2019.

(II) Indirect effects:

Indirect effects of the proposed regulation and policy and procedure on small businesses will be determined by the Department after the workshop scheduled for November 21, 2019.

(d) A description of the methods that the Department of Business and Industry considered to reduce the impact of LCB File No. R089-19 and B&I Policy and Procedure X.0.0 on small businesses and a statement whether the Department actually used any part of those methods.

The Department has not considered methods to reduce the impact of the proposed regulation and policy and procedure on small businesses. Methods will be considered after the workshop scheduled for November 21, 2019, where the Department will receive comments from members of the public and small businesses on how the proposed regulation and policy and procedure may impact them.

(e) The estimated cost to the agency for enforcement of the proposed regulation and policy and procedure.

The Department anticipates costs to the Director's Office and applicable regulator divisions (Financial Institutions and Mortgage Lending) for enforcement of the proposed regulation and policy and procedure. However, the Department is unable to provide estimates at this time, pending launch and initial execution of the subject regulatory sandbox program. The Department currently expects the costs for enforcement to be met by the program application fee and/or absorbed into the existing workloads of current staffing levels.

(f) If LCB File No. R089-19 or B&I Policy and Procedure X.0.0 provide a new fee or increases an existing fee, the total annual amount the Department of Business and Industry expects to collect and the manner in which the money will be used.

The proposed regulation does not provide for new fees or increase an existing fee. However, the enabling statute (Senate Bill No. 161) authorizes the Department to impose an application fee of up to \$1,000 for each product or service application submitted to the program. This fee has been set by the Department at \$500 in the proposed policy and procedure that will be implemented in concert with the proposed regulation. Under the enabling statute, the program cannot approve more than six applications in its first year, no more than ten in its second year, and no more than ten in its third year, but retention of the application fee isn't contingent upon approval or disapproval of an applicant. This means the total annual amount the Department collects will depend on the number of applications received. Assuming the number of applications per year does not surpass the number of approvals permitted each year, the total amount collected will be \$3,000 in the first year and \$5,000 in each of the two years following that. As referenced in the answer to (e) above, the money will be applied to enforcement costs of the regulations, as required by the authorizing statute.

(g) If LCB File No. R089-19 or B&I Policy and Procedure X.0.0 include provisions which duplicate or are more stringent than federal, state or local standards regulating the same activity, an explanation of why such duplicative or more stringent provisions are necessary.

LCB File No. R089-19 and B&I Policy and Procedure X.0.0 do not duplicate any existing federal, state or local standards regulating the same activity.

(h) The reasons for the conclusions of the Department regarding the impact of LCB File No. R089-19 and B&I Policy and Procedure X.0.0 on small businesses.

The Department's preliminary conclusions are based on the following reasons:

- The proposed regulation and policy and procedure do not change the established requirements for the business areas at interest (NRS chapters 645A, 645B, 645F, or 645G; NRS titles 55 or 56; or any regulation adopted pursuant thereto).
- The proposed regulation and policy and procedure will apply only to an existing or prospective business that (1) elects to submit a product or service test application to the regulatory sandbox program and (2) receives approval from the Director to participate. At present, there is no assurance as to how many applications, if any, will be received or approved, or what an approved application might involve in terms of product, service, or economic activity.
- Regardless of level of interest, the Director is limited by statute to approving no more than six applications in the first calendar year of the program and ten in each of the following two calendar years, for a maximum of 26.

The Department will have a better understanding of the impact to small business after the scheduled workshop.

I certify that, to the best of my knowledge or belief, the information contained in the Small Business Impact Statement for LCB File No. R089-19 and B&I Policy and Procedure X.0.0 was prepared properly and is accurate.



Marcel Schaefer, Deputy Director
Department of Business and Industry

NRS 233B.0608(3) Statement

1. Identify the methods used by the agency in determining the impact of the proposed regulation and policy and procedure on a small business.

The Department reviewed and analyzed the authorizing statutory language (Senate Bill No. 161), associated legislative testimony, and similar regulatory sandbox initiatives in other states (particularly the one in Arizona). The Department has posted the proposed regulation on its website and will solicit comments from the public and small businesses at the workshop scheduled for November 21, 2019.

2. Identify the reasons for the conclusions of the agency concerning the impact of the proposed regulation on a small business.

The Department's preliminary conclusions are based on the following reasons:

- The proposed regulation and policy and procedure do not change the established requirements for the business areas at interest (NRS chapters 645A, 645B, 645F, or 645G; NRS titles 55 or 56; or any regulation adopted pursuant thereto).
- The proposed regulation and policy and procedure will apply only to an existing or prospective business that (1) elects to submit a product or service test application to the regulatory sandbox program and (2) receives approval from the Director to participate. At present, there is no assurance as to how many applications, if any, will be received or approved by the Director, or what an approved application might involve in terms of product, service, or economic activity.
- Regardless of level of interest, the Director is limited by statute to approving no more than six applications in the first calendar year of the program and ten in each of the following two calendar years, for a maximum of 26.

I certify that, to the best of my knowledge or belief, a concerted effort was made to determine the impact of the proposed regulation and policy and procedure on small businesses and that the information contained in this statement is accurate. (NRS 233B.0608(3))



Marcel Schaefer, Deputy Director
Department of Business and Industry

CHAPTER.....

AN ACT relating to financial businesses; requiring the Director of the Department of Business and Industry to establish and administer the Regulatory Experimentation Program for Product Innovation; setting forth the requirements for the operation of the Program; providing for a temporary exemption from certain statutory and regulatory requirements related to financial products and services for a participant in the Program under certain circumstances; requiring the Director to submit to the Legislature an annual report on the Program; revising provisions relating to persons who make loans exclusively via the Internet; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

The existing provisions of chapters 645A, 645B, 645F and 645G of NRS, titles 55 and 56 of NRS and the various regulations adopted pursuant to those statutes impose licensing and other regulatory requirements on the provision of certain financial products and services, ranging from consumer lending to banking and debt counseling. This bill, modeled after similar legislation from Arizona, generally provides for the establishment and administration of a program by the Director of the Department of Business and Industry under which persons offering or providing such a product or service in a technically innovative way may seek a temporary exemption from some or all of the statutory and regulatory provisions that otherwise apply to the product or service. (Ariz. Rev. Stat. Ann. §§ 41-5601 et seq.) At the end of the period of exemption, a participant in the program must cease to provide the product or service or continue operations in accordance with applicable licensing and other requirements.

Section 11 of this bill requires the Director to establish and administer the Regulatory Experimentation Program for Product Innovation. A person who desires to become a participant in the Program is required by **section 12** of this bill to submit an application to the Director. If the Director approves the application, **section 15** of this bill provides that the product or service of the participant is generally exempt from any provision of chapter 645A, 645B, 645F or 645G of NRS, title 55 or 56 of NRS or any regulation adopted pursuant to any of those statutes, except as the Director may otherwise require. **Section 46.3** of this bill imposes certain temporary limitations on the number of persons who may participate in the Program.

Sections 16 and 17 of this bill establish requirements and limitations on the provisions of a product or service under the Program. **Section 16** of this bill limits the number of consumers in this State to whom a product or service may be provided by a participant, while **section 17** of this bill imposes certain specific requirements and limitations applicable to participants who are transmitters of money. **Section 19** of this bill authorizes the Director to grant relief from some of these requirements and limitations under certain circumstances.

Sections 20-24 of this bill govern the operation of the Program. **Section 20** of this bill sets forth certain disclosures that must be made before a product or service is provided to a recipient of the product or service. **Section 21** of this bill requires the Director to establish a system for the submission of complaints. **Sections 22**



and 23 of this bill contain provisions relating to recordkeeping and the confidentiality of records relating to the Program.

Pursuant to **sections 25 and 26** of this bill, the period of participation in the Program is generally limited to 2 years, at which time a participant must cease to offer or provide a product or service under the Program. A participant may seek an extension of this period to apply for any license or other authorization otherwise required for the product or service.

Section 26.3 of this bill authorizes the Director to take certain actions if a participant has engaged in, is engaging in or threatens to engage in any act or omission that the Director determines is inconsistent with the health, safety or welfare of consumers or the public generally. **Section 27** of this bill authorizes the Director to act to enjoin or otherwise prevent any violation of the provisions governing the Program. **Section 30** of this bill: (1) requires the Director, in consultation with the Consumer's Advocate of the Bureau of Consumer Protection in the Office of the Attorney General and the applicable regulator, to adopt certain regulations for the protection of consumers of financial products or services through the Program; and (2) authorizes the Director to adopt any other regulations necessary to carry out the Program. **Section 31** of this bill requires the Director to report annually to the Legislature on the status of the Program. **Sections 35, 37-42, 43 and 44-47** of this bill make conforming changes.

Existing law prohibits a person from engaging in the business of lending in this State without having first obtained a license from the Commissioner of Financial Institutions for each office or other place of business in which the person engages in the business of lending. (NRS 675.060) Under existing law, a person who wishes to obtain a license for an office or place of business located outside of this State is required, among other requirements, to have a license for an office or place of business located inside this State. (NRS 675.090) **Section 43.3** of this bill authorizes persons who make loans exclusively via the Internet, who are designated by **section 42.5** of this bill as "Internet lenders," to apply for a license to engage in the business of lending for an office or place of business located outside of this State without having a license for an office or place of business located inside this State. **Section 43.7** of this bill exempts Internet lenders from provisions of existing law which prohibit persons from conducting the business of making loans in the same office or place of business as any other business. (NRS 675.230)

EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 597 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 31, inclusive, of this act.

Sec. 2. *As used in sections 2 to 31, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 3 to 10, inclusive, of this act have the meanings ascribed to them in those sections.*

Sec. 3. *"Applicable regulator" means the Commissioner of Mortgage Lending, the Division of Mortgage Lending of the*



Department of Business and Industry, the Commissioner of Financial Institutions or the Division of Financial Institutions of the Department of Business and Industry, as applicable, responsible for regulating a financial product or service.

Sec. 4. (Deleted by amendment.)

Sec. 5. *“Consumer” means any person who purchases or otherwise enters into a transaction or agreement to receive a financial product or service.*

Sec. 5.5. *“Director” means the Director of the Department of Business and Industry.*

Sec. 6. *“Financial product or service” or “product or service” means any product, service, activity, business model, mechanism for delivery or element of any of these that:*

1. Includes an innovation; and

2. But for the provisions of sections 2 to 31, inclusive, of this act, is governed by the provisions of chapter 645A, 645B, 645F or 645G of NRS, title 55 or 56 of NRS or any regulation adopted pursuant thereto.

Sec. 7. *“Innovation” means any use of a new or emerging technology, or any novel use of an existing technology, to address a problem, provide a benefit or otherwise offer or provide a financial product or service that is determined by the Director not to be widely available in this State.*

Sec. 8. *“Participant” means a person whose application to participate in the Program has been approved by the Director pursuant to section 14 of this act.*

Sec. 9. *“Program” means the Regulatory Experimentation Program for Product Innovation established and administered by the Director pursuant to sections 2 to 31, inclusive, of this act.*

Sec. 10. *“Test” means to offer or provide a financial product or service through the Program.*

Sec. 11. *In consultation with each applicable regulator, the Director shall establish and administer the Regulatory Experimentation Program for Product Innovation to enable a person to obtain limited access to markets in this State to test a financial product or service without:*

1. Applying for or obtaining any license or other authorization otherwise required by any provision of chapter 645A, 645B, 645F or 645G of NRS, title 55 or 56 of NRS or any regulation adopted pursuant thereto; or

2. Otherwise complying with any provision of chapter 645A, 645B, 645F or 645G of NRS, title 55 or 56 of NRS or any



regulation adopted pursuant thereto, except as otherwise required by the Director pursuant to section 15 or 26.3 of this act.

Sec. 12. *1. A person who desires to participate in the Program to test a financial product or service must submit a written application in accordance with this section, in the form prescribed by the Director. A separate application must be filed for each product or service proposed for testing.*

2. The application must show that the applicant will at all times during the test:

(a) Be subject to the exercise of personal jurisdiction by the courts of this State; and

(b) Establish and maintain a physical or virtual location that is reasonably accessible to the Director, from which testing will occur and at which all records, documents and data required by sections 2 to 31, inclusive, of this act will be maintained.

3. The application must include:

(a) A description of the product or service proposed for testing and an explanation of:

(1) The innovation included in the product or service;

(2) The regulatory scheme otherwise applicable to the product or service outside the Program;

(3) Any benefit of the product or service to consumers;

(4) Any risk of financial loss or other harm to consumers associated with the product or service;

(5) The nature or features of the product or service that distinguish it from any similar product or service available in this State; and

(6) The manner in which participation in the Program will facilitate a successful test of the product or service;

(b) A statement of the proposed plan for testing the product or service, including:

(1) An estimate of the dates or periods of time anticipated for entry into and exit from the relevant market in this State;

(2) Measures to protect consumers from financial loss or other harm caused by a failure of the test; and

(3) The plan to wind up and terminate the test;

(c) The full legal name, address, telephone number, electronic mail address and website address of the applicant and, if the applicant is not a natural person, each officer, director or other principal of the applicant;

(d) A description of any criminal conviction and any final administrative suspension, revocation or termination of a professional or occupational license of the applicant and any



other person described in paragraph (c) if such a conviction or suspension, revocation or termination occurred in this State or another jurisdiction within the 5 years immediately preceding the date of the application;

(e) The consent of the applicant to the provisions for choice of law and provisions for the selection of a forum as prescribed by the Director; and

(f) Any other information deemed necessary by the Director.

4. The application must be submitted to the Director and be accompanied by a nonrefundable fee of not more than \$1,000. The Director shall account separately for the money received from fees collected pursuant to this section and use that money solely to pay the expenses of administering the Program.

Sec. 13. *1. The Director may refuse to consider any application submitted pursuant to section 12 of this act if the application does not include the information required by section 12 of this act or any other information deemed necessary by the Director. The applicant shall provide, within the period directed by the Director, any additional information required in connection with the application. If the required information is not provided, the application may be denied by the Director as incomplete.*

2. Upon receipt of a completed application and payment of the required fee, the Director shall identify and consult with each applicable regulator having an interest in the subject of the application. The consultation is advisory only and not binding on the Director. The consultation may relate to any matter deemed by the Director to be relevant to the application, including, without limitation:

(a) Any license or other authorization previously issued by the applicable regulator, or the corresponding regulator in another jurisdiction, to the applicant or any other person described in paragraph (c) of subsection 3 of section 12 of this act;

(b) Any criminal, civil, administrative or other proceeding previously brought by or on behalf of the applicable regulator, or the corresponding regulator in any other jurisdiction, against the applicant or any other person described in paragraph (c) of subsection 3 of section 12 of this act; and

(c) The ability of the applicant or any other person described in paragraph (c) of subsection 3 of section 12 of this act to qualify for a license or other authorization from the applicable regulator upon the completion of testing.

3. Unless the Director and the applicant mutually agree to extend this period, the Director shall approve or deny an



application within 90 days after the completed application is received.

Sec. 14. *1. Except as otherwise provided in this subsection, the Director may approve or deny any application or request submitted pursuant to sections 2 to 31, inclusive, of this act. The Director may not approve an application or request if provision of the relevant financial product or service to consumers in this State would exceed the applicable limitation provided by subsection 2 or 3 of section 16 of this act.*

2. The Director shall give the applicant or participant written notice of the approval or denial of the application or request within 5 business days after the date of approval or denial.

3. The approval or denial of an application or request is final and not subject to administrative or judicial review.

Sec. 15. *1. If the Director approves an application to participate in the Program:*

(a) The applicant shall be deemed a participant.

(b) The Director shall issue a registration number unique to the approval.

(c) Except as otherwise required by the Director pursuant to subsection 2 or section 26.3 of this act, a product or service offered or provided within the scope of the Program is exempt from any provision of chapter 645A, 645B, 645F or 645G of NRS, title 55 or 56 of NRS or any regulation adopted pursuant thereto.

2. In addition to any other requirements or limitations of section 16 or 17 of this act that apply to a product or service, the Director may condition approval of an application upon compliance by the participant with one or more provisions of chapter 645A, 645B, 645F or 645G of NRS, title 55 or 56 of NRS or any regulation adopted pursuant thereto.

3. A notice of approval of an application given pursuant to section 14 of this act must be accompanied by a copy of the provisions of sections 2 to 31, inclusive, of this act and any applicable regulations of the Director then in effect, and set forth:

(a) The registration number applicable to the approval;

(b) The period of testing prescribed by section 25 of this act;

(c) The general limitations of section 16 of this act, any additional requirements or limitations applicable specifically to the product or service pursuant to section 17 of this act and any conditions imposed pursuant to subsection 2 or section 26.3 of this act; and



(d) Any additional information required by the Director to be disclosed to consumers pursuant to subsection 2 of section 20 of this act.

Sec. 16. *Any financial product or service provided within the scope of the Program is subject to the following requirements and limitations:*

1. Any consumer of the product or service must be a resident of this State on the date that the product or service is first provided to the consumer.

2. Except as otherwise provided in subsection 3, not more than 5,000 consumers may be provided a given product or service by a participant during the period of testing.

3. If the Director approves a request for relief by a participant pursuant to section 19 of this act, not more than 7,500 consumers may be provided a given product or service by the participant during the period of testing.

Sec. 17. *1. Except as otherwise provided in subsection 2, in addition to complying with any other applicable requirements and limitations, a participant who is testing a financial product or service within the scope of the Program for which a license is otherwise required pursuant to chapter 671 of NRS shall not receive for transmission or transmit during the period of testing:*

(a) More than \$2,500 in any single transaction for a consumer.

(b) More than \$25,000 in any series of transactions for a consumer.

2. If the Director approves a request for relief by a participant pursuant to section 19 of this act, the participant shall not receive for transmission or transmit during the period of testing:

(a) More than \$15,000 in any single transaction for a consumer.

(b) More than \$50,000 in any series of transactions for a consumer.

Sec. 18. (Deleted by amendment.)

Sec. 19. *1. At any time during the period of testing a financial product or service, a participant may submit to the Director a written request for relief from the limitations of subsection 2 of section 16 of this act or subsection 1 of section 17 of this act, or both, as they otherwise apply to the participant.*

2. In accordance with any regulations adopted pursuant to section 30 of this act, the Director may:

(a) Approve a request for relief if the Director determines that the participant has adequate capitalization and satisfactory



procedures and processes in place for the oversight of its operations and the management of risk.

(b) Rescind or modify at any time his or her approval of a request for relief.

3. The approval, denial, rescission or modification of approval of a request for relief is final and not subject to administrative or judicial review.

Sec. 20. *1. Before providing any financial product or service to a consumer, a participant shall disclose to the consumer:*

(a) The name and contact information of the participant;

(b) The registration number applicable to the product or service, as issued by the Director pursuant to section 15 of this act;

(c) The fact that the product or service is generally exempt from any provisions of chapter 645A, 645B, 645F or 645G of NRS, title 55 or 56 of NRS or any regulation adopted pursuant thereto, except as otherwise required by the Director pursuant to section 15 or 26.3 of this act;

(d) If applicable, the fact that the participant is not the holder of a license or other authorization in this State to provide any product or service outside the scope of the Program;

(e) The fact that the participant has been approved to provide the product or service pursuant to sections 2 to 31, inclusive, of this act, but that the product or service is not endorsed or recommended by the Director or any governmental agency;

(f) The fact that the product or service is provided as part of a test and may be discontinued at or before the end of the test, with the date on which the test is expected to end; and

(g) The fact that the consumer may submit a complaint to the Director relating to the product or service, with the telephone number and Internet address of the Internet website maintained by the Director pursuant to section 21 of this act.

2. The Director may condition approval of an application to participate in the Program on, or require at any time thereafter, the disclosure by a participant of information relating to a product or service in addition to the disclosures required by subsection 1. The Director shall give written notice to the participant of any additional disclosures required pursuant to this subsection.

3. The disclosures required by subsections 1 and 2, as applicable, must be clear and conspicuous and must be provided in English and Spanish. If a product or service is provided through an Internet website or mobile application, the consumer



must acknowledge receipt of the disclosures before the completion of any transaction.

Sec. 21. *The Director shall establish and maintain a toll-free telephone number and Internet website through which a consumer may submit a complaint relating to any financial product or service provided by a participant.*

Sec. 22. *1. The Director may establish by regulation periodic reporting requirements for participants in the Program.*

2. On request by the Director, a participant shall make any requested record, information or data available for inspection and copying by the Director.

3. Each participant shall retain, for not less than 2 years after the end of the prescribed period of testing or for such longer period as the Director requires by order or regulation, all records and data produced in the ordinary course of business relating to a financial product or service tested in the Program.

4. If a product or service fails before the end of the period of testing, the participant shall:

(a) Give written notice of the failure to the Director.

(b) Include in the notice a description of any action taken by the participant to protect consumers from financial loss or other harm caused by the failure.

5. In addition to providing any other disclosure or notice of the unauthorized acquisition of computerized data required by any applicable statute or regulation, a participant shall promptly notify the Director of any unauthorized acquisition of computerized data constituting a breach of the security of the system data as that term is defined in NRS 603A.020.

Sec. 23. *1. Any record or information in a record submitted to or obtained by the Director or an applicable regulator pursuant to sections 2 to 31, inclusive, of this act:*

(a) Except as otherwise provided in this section, is confidential and not a public book or record within the meaning of NRS 239.010.

(b) May be disclosed by the Director or an applicable regulator to:

(1) Any governmental agency or official; or

(2) A federal, state or county grand jury in response to a lawful subpoena.

2. Any disclosure pursuant to subsection 1 of a complaint relating to a financial product or service or the results of an examination, inquiry or investigation relating to a participant or product or service does not make the relevant record or



information in a record a public record within the meaning of NRS 239.010, and a participant shall not disclose any such record or information to the general public except in connection with any disclosure required by law. A participant shall not disclose, use or refer to any comments, conclusions or results of an examination, inquiry or investigation in any communication to a consumer or potential consumer.

3. The Director and any applicable regulator are immune from civil liability for any damages sustained because of a disclosure of any record or information in a record that is received or obtained pursuant to sections 2 to 31, inclusive, of this act.

4. Nothing contained in this section shall be deemed to preclude the disclosure of any record or information in a record that is admissible in evidence in any civil or criminal proceeding brought by a state or federal law enforcement agency to enforce or prosecute a civil or criminal violation of any law.

Sec. 24. *Any information, writing, signature, record or disclosure required by the provisions of sections 2 to 31, inclusive, of this act or any regulation adopted pursuant thereto, may:*

1. Be obtained, recorded, provided or maintained by a participant in electronic form.

2. With the approval of the Director, be substituted by a participant with any substantially equivalent information, writing, signature, record or disclosure.

Sec. 25. *Unless a timely request for an extension of the period of testing is made and approved pursuant to section 26 of this act:*

1. The period of testing for a financial product or service ends 2 years after the date of the notice given pursuant to section 14 of this act.

2. Except as otherwise provided in this subsection, the participant shall, within 60 days after the end of the period of testing, wind down the test and cease offering or providing the product or service. If the product or service entails the performance of any ongoing duty or function, such as the servicing of a loan, the participant shall continue to perform or contract with another person for the continued performance of the duty or function.

Sec. 26. *1. A participant may request an extension of the period of testing to apply for any license or other authorization required for the financial product or service by any statute or regulation of this State. A participant who desires such an*



extension must submit a written request to the Director not less than 30 days before the end of the period of testing.

2. The Director shall:

(a) Approve or deny the requested extension before the end of the prescribed period of testing; and

(b) Give written notice of the approval or denial as provided in section 14 of this act.

3. Only one extension of the period of testing may be granted pursuant to this section. Any such extension must not exceed 1 year in duration.

4. A participant who obtains an extension shall report periodically to the Director, in writing, on the status of the efforts of the participant to obtain a license or other authorization. The first such report must be submitted within 90 days after the date of the notice described in subsection 2, and subsequent reports must be submitted at intervals of not more than 90 days until the application of the participant for a license or other authorization is finally approved or finally denied by the applicable regulator.

Sec. 26.3. *1. If the Director has reasonable cause to believe that a participant has engaged in, is engaging in or threatens to engage in any act or omission that the Director determines is inconsistent with the health, safety or welfare of consumers or the public generally, the Director may:*

(a) Proceed to adopt a regulation to address the issue pursuant to section 30 of this act;

(b) Require the participant to comply with one or more provisions of chapter 645A, 645B, 645F or 645G of NRS, title 55 or 56 of NRS or any regulation adopted pursuant thereto;

(c) Remove the participant from the Program or order the participant to exit the Program; or

(d) Take any combination of those actions.

2. Any action taken by the Director pursuant to this section is final and not subject to judicial or administrative review.

Sec. 27. *1. If the Director has reasonable cause to believe that a participant has engaged in, is engaging in or threatens to engage in any act or omission in violation of any provision of sections 2 to 31, inclusive, of this act or any other applicable statute or regulation for which a civil or criminal penalty is prescribed, the Director may:*

(a) Request that the Attorney General bring an action in any court of competent jurisdiction to enjoin the violation;

(b) Remove the participant from the Program or order the participant to exit the Program; or



(c) *Take any combination of those actions.*

2. *A removal of or compelled exit of a participant from the Program is final and not subject to administrative or judicial review.*

Sec. 28. 1. *Nothing contained in sections 2 to 31, inclusive, of this act shall be deemed to prohibit a participant who holds a license or other authorization in another jurisdiction from acting in accordance with that license or authorization.*

2. *The Director may enter into an agreement with any governmental agency or official of any other jurisdiction to authorize:*

(a) *A participant to operate in such a jurisdiction; or*

(b) *A person who is authorized to operate in such a jurisdiction to be a participant.*

Sec. 29. *For the purposes of any federal statute or regulation requiring a participant to hold a license or other authorization from this State in connection with a financial product or service, a participant shall be deemed to hold such a license or other authorization.*

Sec. 30. 1. *The Director shall, in consultation with the Consumer's Advocate of the Bureau of Consumer Protection in the Office of the Attorney General and the applicable regulator, adopt regulations that establish protections for consumers of financial products or services provided through the Program.*

2. *The Director may adopt such other regulations as he or she deems necessary to carry out the provisions of sections 2 to 31, inclusive, of this act.*

Sec. 31. 1. *On or before March 1 of each year, the Director of the Department of Business and Industry shall prepare and submit to the Director of the Legislative Counsel Bureau, for transmittal to the Legislature, a report on the operation and status of the Program.*

2. *The report must include, for the immediately preceding calendar year:*

(a) *The number of applications submitted to participate in the Program, and the number of applications that were approved or denied;*

(b) *With respect to the applications that were denied, a description of the reasons for denial; and*

(c) *With respect to the applications that were approved:*

(1) *A description of each financial product or service provided by each participant in the Program;*



(2) A statement of the number of participants providing each product or service; and

(3) An estimate of the number of consumers using each product or service.

3. The report may include any recommendations for legislation relating to the Program and any other information that the Director of the Department of Business and Industry deems relevant.

Secs. 32-34. (Deleted by amendment.)

Sec. 35. NRS 239.010 is hereby amended to read as follows:

239.010 1. Except as otherwise provided in this section and NRS 1.4683, 1.4687, 1A.110, 3.2203, 41.071, 49.095, 49.293, 62D.420, 62D.440, 62E.516, 62E.620, 62H.025, 62H.030, 62H.170, 62H.220, 62H.320, 75A.100, 75A.150, 76.160, 78.152, 80.113, 81.850, 82.183, 86.246, 86.54615, 87.515, 87.5413, 87A.200, 87A.580, 87A.640, 88.3355, 88.5927, 88.6067, 88A.345, 88A.7345, 89.045, 89.251, 90.730, 91.160, 116.757, 116A.270, 116B.880, 118B.026, 119.260, 119.265, 119.267, 119.280, 119A.280, 119A.653, 119B.370, 119B.382, 120A.690, 125.130, 125B.140, 126.141, 126.161, 126.163, 126.730, 127.007, 127.057, 127.130, 127.140, 127.2817, 128.090, 130.312, 130.712, 136.050, 159.044, 159A.044, 172.075, 172.245, 176.01249, 176.015, 176.0625, 176.09129, 176.156, 176A.630, 178.39801, 178.4715, 178.5691, 179.495, 179A.070, 179A.165, 179D.160, 200.3771, 200.3772, 200.5095, 200.604, 202.3662, 205.4651, 209.392, 209.3925, 209.419, 209.521, 211A.140, 213.010, 213.040, 213.095, 213.131, 217.105, 217.110, 217.464, 217.475, 218A.350, 218E.625, 218F.150, 218G.130, 218G.240, 218G.350, 228.270, 228.450, 228.495, 228.570, 231.069, 231.1473, 233.190, 237.300, 239.0105, 239.0113, 239B.030, 239B.040, 239B.050, 239C.140, 239C.210, 239C.230, 239C.250, 239C.270, 240.007, 241.020, 241.030, 241.039, 242.105, 244.264, 244.335, 247.540, 247.550, 247.560, 250.087, 250.130, 250.140, 250.150, 268.095, 268.490, 268.910, 271A.105, 281.195, 281.805, 281A.350, 281A.680, 281A.685, 281A.750, 281A.755, 281A.780, 284.4068, 286.110, 287.0438, 289.025, 289.080, 289.387, 289.830, 293.4855, 293.5002, 293.503, 293.504, 293.558, 293.906, 293.908, 293.910, 293B.135, 293D.510, 331.110, 332.061, 332.351, 333.333, 333.335, 338.070, 338.1379, 338.1593, 338.1725, 338.1727, 348.420, 349.597, 349.775, 353.205, 353A.049, 353A.085, 353A.100, 353C.240, 360.240, 360.247, 360.255, 360.755, 361.044, 361.610, 365.138, 366.160, 368A.180, 370.257, 370.327, 372A.080, 378.290, 378.300, 379.008, 379.1495, 385A.830, 385B.100, 387.626, 387.631, 388.1455, 388.259,



388.501, 388.503, 388.513, 388.750, 388A.247, 388A.249, 391.035, 391.120, 391.925, 392.029, 392.147, 392.264, 392.271, 392.315, 392.317, 392.325, 392.327, 392.335, 392.850, 394.167, 394.1698, 394.447, 394.460, 394.465, 396.3295, 396.405, 396.525, 396.535, 396.9685, 398A.115, 408.3885, 408.3886, 408.3888, 408.5484, 412.153, 416.070, 422.2749, 422.305, 422A.342, 422A.350, 425.400, 427A.1236, 427A.872, 432.028, 432.205, 432B.175, 432B.280, 432B.290, 432B.407, 432B.430, 432B.560, 432B.5902, 433.534, 433A.360, 437.145, 439.840, 439B.420, 440.170, 441A.195, 441A.220, 441A.230, 442.330, 442.395, 442.735, 445A.665, 445B.570, 449.209, 449.245, 449A.112, 450.140, 453.164, 453.720, 453A.610, 453A.700, 458.055, 458.280, 459.050, 459.3866, 459.555, 459.7056, 459.846, 463.120, 463.15993, 463.240, 463.3403, 463.3407, 463.790, 467.1005, 480.365, 480.940, 481.063, 481.091, 481.093, 482.170, 482.5536, 483.340, 483.363, 483.575, 483.659, 483.800, 484E.070, 485.316, 501.344, 503.452, 522.040, 534A.031, 561.285, 571.160, 584.655, 587.877, 598.0964, 598.098, 598A.110, 599B.090, 603.070, 603A.210, 604A.710, 612.265, 616B.012, 616B.015, 616B.315, 616B.350, 618.341, 618.425, 622.310, 623.131, 623A.137, 624.110, 624.265, 624.327, 625.425, 625A.185, 628.418, 628B.230, 628B.760, 629.047, 629.069, 630.133, 630.30665, 630.336, 630A.555, 631.368, 632.121, 632.125, 632.405, 633.283, 633.301, 633.524, 634.055, 634.214, 634A.185, 635.158, 636.107, 637.085, 637B.288, 638.087, 638.089, 639.2485, 639.570, 640.075, 640A.220, 640B.730, 640C.400, 640C.600, 640C.620, 640C.745, 640C.760, 640D.190, 640E.340, 641.090, 641.325, 641A.191, 641A.289, 641B.170, 641B.460, 641C.760, 641C.800, 642.524, 643.189, 644A.870, 645.180, 645.625, 645A.050, 645A.082, 645B.060, 645B.092, 645C.220, 645C.225, 645D.130, 645D.135, 645E.300, 645E.375, 645G.510, 645H.320, 645H.330, 647.0945, 647.0947, 648.033, 648.197, 649.065, 649.067, 652.228, 654.110, 656.105, 661.115, 665.130, 665.133, 669.275, 669.285, 669A.310, 671.170, 673.450, 673.480, 675.380, 676A.340, 676A.370, 677.243, 679B.122, 679B.152, 679B.159, 679B.190, 679B.285, 679B.690, 680A.270, 681A.440, 681B.260, 681B.410, 681B.540, 683A.0873, 685A.077, 686A.289, 686B.170, 686C.306, 687A.110, 687A.115, 687C.010, 688C.230, 688C.480, 688C.490, 689A.696, 692A.117, 692C.190, 692C.3507, 692C.3536, 692C.3538, 692C.354, 692C.420, 693A.480, 693A.615, 696B.550, 696C.120, 703.196, 704B.320, 704B.325, 706.1725, 706A.230, 710.159, 711.600, **and section 23 of this act**, sections 35, 38 and 41 of chapter 478, Statutes of Nevada 2011 and section 2 of chapter 391, Statutes of Nevada 2013



and unless otherwise declared by law to be confidential, all public books and public records of a governmental entity must be open at all times during office hours to inspection by any person, and may be fully copied or an abstract or memorandum may be prepared from those public books and public records. Any such copies, abstracts or memoranda may be used to supply the general public with copies, abstracts or memoranda of the records or may be used in any other way to the advantage of the governmental entity or of the general public. This section does not supersede or in any manner affect the federal laws governing copyrights or enlarge, diminish or affect in any other manner the rights of a person in any written book or record which is copyrighted pursuant to federal law.

2. A governmental entity may not reject a book or record which is copyrighted solely because it is copyrighted.

3. A governmental entity that has legal custody or control of a public book or record shall not deny a request made pursuant to subsection 1 to inspect or copy or receive a copy of a public book or record on the basis that the requested public book or record contains information that is confidential if the governmental entity can redact, delete, conceal or separate the confidential information from the information included in the public book or record that is not otherwise confidential.

4. A person may request a copy of a public record in any medium in which the public record is readily available. An officer, employee or agent of a governmental entity who has legal custody or control of a public record:

(a) Shall not refuse to provide a copy of that public record in a readily available medium because the officer, employee or agent has already prepared or would prefer to provide the copy in a different medium.

(b) Except as otherwise provided in NRS 239.030, shall, upon request, prepare the copy of the public record and shall not require the person who has requested the copy to prepare the copy himself or herself.

Sec. 36, 36.1, 36.15, 36.2, 36.25, 36.3, 36.35, 36.4, 36.45, 36.5, 36.55, 36.6, 36.65, 36.7, 36.75, 36.8 and 36.85. (Deleted by amendment.)

Sec. 37. Chapter 645A of NRS is hereby amended by adding thereto a new section to read as follows:

Except as otherwise required by the Director of the Department of Business and Industry pursuant to section 15 or 26.3 of this act, the provisions of this chapter do not apply to a participant in the Regulatory Experimentation Program for Product Innovation



established and administered pursuant to sections 2 to 31, inclusive, of this act.

Sec. 38. NRS 645B.015 is hereby amended to read as follows:
645B.015 Except as otherwise provided in NRS 645B.016, the Secure and Fair Enforcement for Mortgage Licensing Act of 2008, 12 U.S.C. §§ 5101 et seq., and any regulations adopted pursuant thereto and other applicable law, the provisions of this chapter do not apply to:

1. Any person doing business under the laws of this State, any other state or the United States relating to banks, savings banks, trust companies, savings and loan associations, industrial loan companies, credit unions, thrift companies or insurance companies, including, without limitation, a subsidiary or a holding company of such a bank, company, association or union.

2. A real estate investment trust, as defined in 26 U.S.C. § 856, unless the business conducted in this State is not subject to supervision by the regulatory authority of the other jurisdiction, in which case licensing pursuant to this chapter is required.

3. An employee benefit plan, as defined in 29 U.S.C. § 1002(3), if the loan is made directly from money in the plan by the plan's trustee.

4. An attorney at law rendering services in the performance of his or her duties as an attorney at law.

5. A real estate broker rendering services in the performance of his or her duties as a real estate broker.

6. Any person doing any act under an order of any court.

7. Any one natural person, or married couple, who provides money for investment in commercial loans secured by a lien on real property, on his or her own account, unless such a person makes a loan secured by a lien on real property using his or her own money and assigns all or a part of his or her interest in the loan to another person, other than his or her spouse or child, within 3 years after the date on which the loan is made or the deed of trust is recorded, whichever occurs later.

8. A natural person who only offers or negotiates terms of a residential mortgage loan:

(a) With or on behalf of an immediate family member of the person;

(b) Secured by a dwelling that served as the person's residence;
or

(c) If:

(1) The residential mortgage loan is for a manufactured home, as defined in NRS 118B.015;



(2) The residential mortgage loan is financed by the seller;
and

(3) The seller has not engaged in more than five such loans in this State during the immediately preceding 12 consecutive months.

9. Agencies of the United States and of this State and its political subdivisions, including the Public Employees' Retirement System.

10. A seller of real property who offers credit secured by a mortgage of the property sold.

11. A nonprofit agency or organization:

(a) Which provides self-help housing for a borrower who has provided part of the labor to construct the dwelling securing the borrower's loan;

(b) Which does not charge or collect origination fees in connection with the origination of residential mortgage loans;

(c) Which only makes residential mortgage loans at an interest rate of 0 percent per annum;

(d) Whose volunteers, if any, do not receive compensation for their services in the construction of a dwelling;

(e) Which does not profit from the sale of a dwelling to a borrower; and

(f) Which maintains tax-exempt status under section 501(c)(3) of the Internal Revenue Code of 1986, 26 U.S.C. § 501(c)(3).

12. A housing counseling agency approved by the United States Department of Housing and Urban Development.

13. Except as otherwise required by the Director of the Department of Business and Industry pursuant to section 15 or 26.3 of this act, a participant in the Regulatory Experimentation Program for Product Innovation established and administered pursuant to sections 2 to 31, inclusive, of this act.

Sec. 39. Chapter 645F of NRS is hereby amended by adding thereto a new section to read as follows:

Except as otherwise required by the Director of the Department of Business and Industry pursuant to section 15 or 26.3 of this act, the provisions of this chapter do not apply to a participant in the Regulatory Experimentation Program for Product Innovation established and administered pursuant to sections 2 to 31, inclusive, of this act.

Sec. 40. Chapter 645G of NRS is hereby amended by adding thereto a new section to read as follows:

Except as otherwise required by the Director of the Department of Business and Industry pursuant to section 15 or 26.3 of this act,



the provisions of this chapter do not apply to a participant in the Regulatory Experimentation Program for Product Innovation established and administered pursuant to sections 2 to 31, inclusive, of this act.

Sec. 41. Chapter 657 of NRS is hereby amended by adding thereto a new section to read as follows:

Except as otherwise required by the Director of the Department of Business and Industry pursuant to section 15 or 26.3 of this act, the provisions of this title do not apply to a participant in the Regulatory Experimentation Program for Product Innovation established and administered pursuant to sections 2 to 31, inclusive, of this act.

Sec. 42. Chapter 673 of NRS is hereby amended by adding thereto a new section to read as follows:

Except as otherwise required by the Director of the Department of Business and Industry pursuant to section 15 or 26.3 of this act, the provisions of this chapter do not apply to a participant in the Regulatory Experimentation Program for Product Innovation established and administered pursuant to sections 2 to 31, inclusive, of this act.

Sec. 42.5. NRS 675.020 is hereby amended to read as follows:

675.020 As used in this chapter, unless the context otherwise requires:

1. “Amount of cash advance” means the amount of cash or its equivalent actually received by a borrower or paid out at his or her direction or on his or her behalf.

2. “Amount of loan obligation” means the amount of cash advance plus the aggregate of charges added thereto pursuant to authority of this chapter.

3. “Commissioner” means the Commissioner of Financial Institutions.

4. “Community” means a contiguous area of the same economic unit or metropolitan area as determined by the Commissioner, and may include all or part of a city or several towns or cities.

5. *“Internet lender” means a person who makes loans exclusively through the Internet.*

6. “License” means a license, issued under the authority of this chapter, to make loans in accordance with the provisions of this chapter, at a single place of business.

~~6.~~ 7. “Licensee” means a person to whom one or more licenses have been issued.



Sec. 43. NRS 675.040 is hereby amended to read as follows:

675.040 This chapter does not apply to:

1. Except as otherwise provided in NRS 675.035, a person doing business under the authority of any law of this State or of the United States relating to banks, national banking associations, savings banks, trust companies, savings and loan associations, credit unions, mortgage companies, thrift companies, pawnbrokers or insurance companies.

2. A real estate investment trust, as defined in 26 U.S.C. § 856.

3. An employee benefit plan, as defined in 29 U.S.C. § 1002(3), if the loan is made directly from money in the plan by the plan's trustee.

4. An attorney at law rendering services in the performance of his or her duties as an attorney at law if the loan is secured by real property.

5. A real estate broker rendering services in the performance of his or her duties as a real estate broker if the loan is secured by real property.

6. Except as otherwise provided in this subsection, any firm or corporation:

(a) Whose principal purpose or activity is lending money on real property which is secured by a mortgage;

(b) Approved by the Federal National Mortgage Association as a seller or servicer; and

(c) Approved by the Department of Housing and Urban Development and the Department of Veterans Affairs.

7. A person who provides money for investment in loans secured by a lien on real property, on his or her own account.

8. A seller of real property who offers credit secured by a mortgage of the property sold.

9. A person holding a nonrestricted state gaming license issued pursuant to the provisions of chapter 463 of NRS.

10. A person licensed to do business pursuant to chapter 604A of NRS with regard to those services regulated pursuant to chapter 604A of NRS.

11. A person who exclusively extends credit to any person who is not a resident of this State for any business, commercial or agricultural purpose that is located outside of this State.

12. Except as otherwise required by the Director of the Department of Business and Industry pursuant to section 15 or 26.3 of this act, a participant in the Regulatory Experimentation Program for Product Innovation established and administered pursuant to sections 2 to 31, inclusive, of this act.



Sec. 43.3. NRS 675.090 is hereby amended to read as follows:
675.090 1. Application for a license must be in writing, under

oath, and in the form prescribed by the Commissioner.

2. The application must:

(a) Provide the address of the office or other place of business for which the application is submitted.

(b) Contain such further relevant information as the Commissioner may require, including the names and addresses of the partners, officers, directors or trustees, and of such of the principal owners or members as will provide the basis for the investigations and findings contemplated by NRS 675.110 and 675.120.

3. A person may apply for a license for an office or other place of business located outside this State from which the applicant will conduct business in this State if ~~the applicant~~ :

(a) *The applicant is an Internet lender;* or

(b) *The applicant or* a subsidiary or affiliate of the applicant has a license issued pursuant to this chapter for an office or other place of business located in this State . ~~and if the applicant submits~~

4. A person who wishes to apply for a license pursuant to subsection 3 must submit with the application for a license a statement signed by the applicant which states that the applicant agrees to:

(a) Make available at a location within this State the books, accounts, papers, records and files of the office or place of business located outside this State to the Commissioner or a representative of the Commissioner; or

(b) Pay the reasonable expenses for travel, meals and lodging of the Commissioner or a representative of the Commissioner incurred during any investigation or examination made at the office or place of business located outside this State.

↳ The person must be allowed to choose between paragraph (a) or (b) in complying with the provisions of this subsection.

~~4.~~ **5.** The Commissioner shall consider an application to be withdrawn if the Commissioner has not received all information and fees required to complete the application within 6 months after the date the application is first submitted to the Commissioner or within such later period as the Commissioner determines in accordance with any existing policies of joint regulatory partners. If an application is deemed to be withdrawn pursuant to this subsection or if an applicant otherwise withdraws an application, the Commissioner may not issue a license to the applicant unless the applicant submits a new application and pays any required fees.



Sec. 43.7. NRS 675.230 is hereby amended to read as follows:

675.230 1. Except as otherwise provided in ~~[subsection]~~ *subsections 2 ~~1~~ and 3*, a licensee may not conduct the business of making loans under this chapter within any office, suite, room or place of business in which any other business is solicited or engaged in, except an insurance agency or notary public, or in association or conjunction with any other business, unless authority to do so is given by the Commissioner.

2. A licensee may conduct the business of making loans pursuant to this chapter in the same office or place of business as a mortgage company if:

(a) The licensee and the mortgage company:

- (1) Operate as separate legal entities;
- (2) Maintain separate accounts, books and records;
- (3) Are subsidiaries of the same parent corporation; and
- (4) Maintain separate licenses; and

(b) The mortgage company is licensed by this state pursuant to chapter 645B of NRS and does not receive money to acquire or repay loans or maintain trust accounts as provided by NRS 645B.175.

3. A licensee who is an Internet lender may conduct the business of making loans pursuant to this chapter within any office, suite, room or place of business in which any other business is solicited or engaged in.

Sec. 44. NRS 676A.270 is hereby amended to read as follows:

676A.270 1. This chapter does not apply to an agreement with an individual who the provider has no reason to know resides in this State at the time of the agreement.

2. This chapter does not apply to a provider to the extent that the provider:

(a) Provides or agrees to provide debt-management, educational or counseling services to an individual who the provider has no reason to know resides in this State at the time the provider agrees to provide the services; or

(b) Receives no compensation for debt-management services from or on behalf of the individuals to whom it provides the services or from their creditors.

3. This chapter does not apply to the following persons or their employees when the person or the employee is engaged in the regular course of the person's business or profession:

(a) A judicial officer, a person acting under an order of a court or an administrative agency or an assignee for the benefit of creditors;



- (b) A bank;
- (c) An affiliate, as defined in paragraph (a) of subsection 2 of NRS 676A.030, of a bank if the affiliate is regulated by a federal or state banking regulatory authority; or
- (d) A title insurer, escrow company or other person that provides bill-paying services if the provision of debt-management services is incidental to the bill-paying services.

4. Except as otherwise required by the Director of the Department of Business and Industry pursuant to section 15 or 26.3 of this act, this chapter does not apply to a participant in the Regulatory Experimentation Program for Product Innovation established and administered pursuant to sections 2 to 31, inclusive, of this act.

Sec. 45. Chapter 677 of NRS is hereby amended by adding thereto a new section to read as follows:

Except as otherwise required by the Director of the Department of Business and Industry pursuant to section 15 or 26.3 of this act, the provisions of this chapter do not apply to a participant in the Regulatory Experimentation Program for Product Innovation established and administered pursuant to sections 2 to 31, inclusive, of this act.

Sec. 46. Chapter 678 of NRS is hereby amended by adding thereto a new section to read as follows:

Except as otherwise required by the Director of the Department of Business and Industry pursuant to section 15 or 26.3 of this act, the provisions of this chapter do not apply to a participant in the Regulatory Experimentation Program for Product Innovation established and administered pursuant to sections 2 to 31, inclusive, of this act.

Sec. 46.3. Notwithstanding the provisions of section 14 of this act:

1. The Director of the Department of Business and Industry shall not approve more than three applications to participate in the Regulatory Experimentation Program for Product Innovation established and administered pursuant to sections 2 to 31, inclusive, of this act, submitted pursuant to section 12 of this act during each of the following periods:

- (a) The period beginning on January 1, 2020, and ending on June 30, 2020; and
- (b) The period beginning on July 1, 2020, and ending on December 31, 2020.

2. The Director of the Department of Business and Industry shall not approve more than five applications to participate in the



Regulatory Experimentation Program for Product Innovation established and administered pursuant to sections 2 to 31, inclusive, of this act, submitted pursuant to section 12 of this act during each of the following periods:

(a) The period beginning on January 1, 2021, and ending on June 30, 2021;

(b) The period beginning on July 1, 2021, and ending on December 31, 2021;

(c) The period beginning on January 1, 2022, and ending on June 30, 2022; and

(d) The period beginning on July 1, 2022, and ending on December 31, 2022.

Sec. 47. The provisions of subsection 1 of NRS 218D.380 do not apply to any provision of this act which adds or revises a requirement to submit a report to the Legislature.

Sec. 47.5. (Deleted by amendment.)

Sec. 48. This act becomes effective:

1. Upon passage and approval for the purpose of adopting any regulations and performing any other preparatory administrative tasks necessary to carry out the provisions of this act; and

2. On January 1, 2020, for all other purposes.

