



Bank of England

Applicant Supporting Notes

General points to note

Please note you will not be able to save and reopen the application form once you have started. It is recommended that you download a copy of the form to draft answers offline. There is an option to download a blank copy on the front page of the application form. Once complete and ready for submission, your answers can then be pasted into the application form online.

Please note this application form will be sent to both the Bank of England (the Bank) and the Financial Conduct Authority (FCA). This will be the case even if you apply only to operate a standalone trading venue or Digital Securities Depository (DSD). Please see the Guidance on the operation of the DSS, which explains that the FCA considers it unlikely a firm only wishing to operate a standalone trading venue would be accepted as a sandbox entrant, given that the regulatory framework for trading venues has not been modified. In the event that a firm disagrees with this assessment, the FCA would expect the firm to clearly set out in its application what modifications it would benefit from by being a sandbox entrant.

You may be contacted by either or both regulators separately for further information. Unless specified otherwise, the information you provide in response to any follow up from either regulator will be shared with the other regulator.

Before submitting an application, you are advised to read the **Guidance** on the operation of the DSS.

You may also wish to read the **Policy Statement** which sets out the regulators' final policy approach and their response to industry feedback.

Fees

Firms applying to operate as a DSD in the DSS are required to pay a £10,000 application fee to the Bank.

The Bank will use the information provided in the application form to generate and send an invoice to applicants. Invoices will be sent to the

email address provided in the application form. The invoice will include instructions on how payments should be made.

Please note that there will be a delay in processing the application if the application fee has not been paid.

Question specific support

2b. Please set out any ancillary activities that you wish to provide solely for the purposes of enabling one or more of the above functions.

For example, you may wish to include any services included in Sections B or C of Chapter 4 of the Bank's DSS Rules Instrument.

2d. In addition to the FMI activities above, are there any other activities that you wish to undertake in connection with the DSS to which you require the DSS Regulations to apply?

For example, to deliver your proposed business model, do you require any other activities to be subject to the modified framework of the DSS. You should have regard to Regulations 3(6) and 5(5)(b) of The Financial Services and Markets Act 2023 (Digital Securities Sandbox) Regulations 2023.

2f. What financial instruments and in which currency denominations do you propose to include within the scope of your business model?

Please provide an overview of the classes of financial instrument which would be issued, traded, settled or maintained on your proposed trading venue or DSD, including the currencies in which the instruments will be denominated.

2g. Which types of users are expected to participate in the proposed activities i.e., who is your target client base?

For example, please explain what access models you will offer and whether you intend to facilitate direct participation for retail or non-professional investors.

3a. Which legislative or regulatory barriers or obstacles prevent you from undertaking your optimal business model outside the DSS?

Please see the Guidance on the operation of the DSS, which sets out that the applicant should generally demonstrate that there are regulatory or

legal barriers or obstacles to the use of developing technology such as DLT when undertaking the activities in scope of the DSS. Applicants may point to areas of legal uncertainty.

The regulators also consider that there are certain use cases which it may be possible to implement in compliance with existing laws and regulations but which it may be advantageous to test within the DSS in order to observe the risks and benefits from these use cases and to consider the future regulatory and legal regime applicable to them. Applicants may set out why the DSS would be beneficial in this part of the application.

3c. Are there further regulatory modifications necessary for the optimal operation of the proposed business model, beyond those set out in the DSS framework?

Please note that whilst the regulators will be receptive to discussing with applicants any further obstacles or barriers to their proposed business models, in some cases it may not be possible or appropriate to address these.