

**RESPONSE TO
FEEDBACK RECEIVED**

November 2018

**Proposed Payment
Services Bill**

MAS

Monetary Authority of Singapore

Contents

1	Preface	3
2	Overview of Feedback	4
3	Activity-based Licensing Framework	8
	Activities Regulated under the Licensing Regime	8
	E-money and Virtual Currencies.....	10
	Significant Excluded Activity 1: Limited Purpose E-money	13
	Significant Excluded Activity 2: Limited Purpose Virtual Currencies.....	15
	Significant Excluded Activity 3: Regulated Financial Services	15
4	Licensing and Designation Regimes	16
	Licensing Regime	16
	Designation Regime.....	19
5	Key Requirements and Powers	20
	Licensing and Business Conduct Requirements	20
	Specific Risk Mitigating Measures	21
	Specific Risk Mitigating Measure 1: AML/CFT	21
	Specific Risk Mitigating Measure 2: User Protection – User Protection Measures	22
	Specific Risk Mitigating Measure 2: User Protection – Personal E-wallet Protection.....	25
	Specific Risk Mitigating Measure 2: User Protection – Disclosure Requirement for Standard Payment Institutions	27
	Specific Risk Mitigating Measure 3: Interoperability	27
	Specific Risk Mitigating Measure 4: Technology Risk Management	28
	General Powers	29
6	Arrangements for Existing Financial Institutions	30
	Exemptions for Certain Financial Institutions	30
	Transitional Arrangements.....	31
	Class Exemptions	32
	APPENDIX	34

1 Preface

1.1 On 21 November 2017, MAS consulted on the key proposals in the Payment Services Bill (“**PSB**”). MAS proposed to combine the current regulatory frameworks relating to payments, namely the Payment Systems (Oversight) Act (“**PS(O)A**”) and the Money-changing and Remittance Businesses Act (“**MCRBA**”), into a single activity-based framework in the PSB.

1.2 The consultation period closed on 8 January 2018 and MAS thanks all respondents for their contributions. The list of respondents is in **Annex A** and the full submissions are provided in **Annex B**. The annexes may be accessed at this [link](#).

1.3 MAS has considered the feedback carefully, and will incorporate it where we agree. Comments that are of wider interest, together with MAS’ responses are set out below.

2 Overview of Feedback

2.1 The response to the overall regulatory framework proposed for the PSB was largely positive. MAS set out a total of 23 proposals in the November 2017 Consultation (the “**Consultation**”), all of which were well received by the majority of the respondents. 15 proposals received strong support, five proposals received good support and three proposals received moderate support.

2.2 MAS has reviewed all feedback and proposes to revise some of the proposals to take into account various concerns that the respondents have raised and to accurately reflect MAS’ policies. The proposed primary legislation (“**proposed Bill**”) will be amended to reflect the revised proposals.

2.3 There were six proposals in the Consultation that addressed measures that will be imposed through subsidiary legislation such as regulations and notices. MAS will publish the proposed subsidiary legislation for consultation in due course. Details of any proposed revisions to the five proposals will be set out in the relevant consultation paper.

2.4 **Table 1** sets out a summary of the level of support received for each proposal. The table also indicates whether changes will be made to the proposal in the proposed Bill and whether the proposal will be addressed in subsequent public consultation on PSB subsidiary legislation.

2.5 For reference purposes, the proposals are listed below with the original question number and the topic of the question. Each question has been extracted from the Consultation and set out in the relevant Part of this response document (the “**Response**”).

STRENGTH OF SUPPORT	NO PSB CHANGES		PSB CHANGES
	Retention of proposed measures	Potential changes to secondary measures	
Moderate	Nil	Q14. AML/CFT requirements Q18. Interoperability Powers	Q16. E-wallet restrictions
Good	Q21. Exemptions for certain financial institutions	Q22. Transitional arrangements	Q2. Scope of e-money & virtual currency Q4. Exclusion of limited purpose e-money Q15. User protection measures Q22. Transitional arrangements
Strong	Q3. Scope of virtual currency services Q5. Exclusion of loyalty programs Q6. Exclusion of limited purpose virtual currency Q8. Activities excluded from regulation Q9. Single licence structure Q11. Designation criteria Q20. General powers Q23. Class exemptions	Q13. Specific risk mitigating measures Q17. Specific disclosures for Standard Payment Institutions Q19. Technology risk management measures	Q1. Scope of licensable activities Q7. Regulated financial services exclusion Q10. Licence class Q12. Licence and business conduct requirements

Table 1: Analysis of Feedback

2.6 The changes to the Bill are summarised below in the order that the relevant questions appear in the Consultation paper.

(a) Question 1: Scope of licensable activities

- Incidental service will be defined to give clarity to this term.
- Licensees will be prohibited from conducting consumer lending. Licensees carrying on e-money issuance will also be prohibited from lending to others, or materially financing their business, out of moneys received as payment for e-money.

(b) Question 2: Scope of e-money & virtual currency

- The e-money definition will be refined to include monetary value that is pegged by the issuer to a fiat currency.
- Virtual currency will be renamed as digital payment token to reflect its payment function within the broader rubric of digital tokens.

(c) Question 4: Exclusion of limited purpose e-money

- The limited purpose e-money exclusion will be expanded to include e-money that can only be used on the premises owned, operated or managed by the issuer, any related corporation or associated corporation of that issuer.

(d) Question 7: Regulated financial services exclusion

- Incidental service will be defined to give clarity to this term. This is the same change as described in Question 1.

(e) Question 10: Licence class

- The calculation of the threshold that determines the appropriate licence class will be simplified.

(f) Question 12: Licence and business conduct requirements

- The executive director nationality requirement will be broadened to include such other class of persons as may be prescribed.

- The shareholding approval requirements for licensees will be reduced from three stages (5%, 12% and 20%) to just one stage (20%).

(g) Question 15: User protection measures

- The float and funds in transit safeguarding options will be expanded to include non-full bank and non-bank options.
- Alongside the wider set of safeguarding options available, MAS will require that e-money float be safeguarded on a T0 basis (i.e. at all times).
- Deposit taking institutions (“DTI”) will be subject to the same safeguarding requirements as non-DTIs.
- It will be clarified that e-money that has been issued in Singapore to a person whom the issuer of the e-money has not determined to be resident outside Singapore will need to be safeguarded under the PSB.

(h) Question 16: E-wallet restrictions

- The exclusions to the cash withdrawal prohibition will be removed.
- The e-wallet restrictions will be clarified to a “per user, per institution” basis.

(i) Question 22: Transitional arrangements

- The transitional grace period will be extended from six months to 12 months for all payment services except digital payment token services.

3 Activity-based Licensing Framework

Activities Regulated under the Licensing Regime

Question 1. Activities regulated under the licensing regime. MAS seeks comments on the scope of activities selected for regulation under the licensing regime, including whether incidental payment services¹ should be regulated. MAS also seeks views on whether the risks and considerations identified for retail payment services are suitable.

3.1 Respondents were generally supportive of the proposed activities to be regulated. However, five respondents disagreed with the regulation of payment accounts used for transactions on online marketplaces. They reasoned that such accounts were created for administrative purposes, and that the initiation and execution of the purchase was likely to have been processed by another party (e.g. via a credit card issuer).

3.2 While more than 20 respondents supported the proposal to regulate incidental services, a small minority were also of the view that incidental payments services should be excluded from the PSB, as their inclusion would broaden the scope inappropriately and become onerous for businesses. Along this vein, these respondents felt that payment for goods and services ought to be excluded as transaction amounts are typically lower, and checks on funding sources are already in place. Many respondents sought clarification on the definition and scope of incidental payment services.

3.3 Two respondents expressed that the territorial scope should only be limited to local businesses. International companies were usually already well regulated in their domiciled countries and including them again would be burdensome and increase their business costs.

3.4 One respondent noted that financial institutions providing consumer credit are required to comply with requirements such as the unsecured credit rules under MAS Notice 635 and the property loan rules under MAS Notices 632 and 645. The objectives of these rules are to safeguard the financial prudence of individuals, and to ensure prudent underwriting practices by financial institutions. The respondent asked if payment institutions would be similarly regulated for its lending activities, citing concerns of a level

¹ These are payment services which are related and incidental to any other businesses an entity carries on.

playing field if they were not subject to the same requirements as other financial institutions.

MAS' Response

3.5 Retention of proposal to regulate incidental payment services: Payment services that are related and incidental to the entity's core business will be regulated under the PSB as they carry similar regulatory risks to payment services that are not related or not incidental. Any payment service that is provided by any person regulated or exempt under the SFA, FAA, TCA or IA² that is solely incidental to or necessary solely for the carrying on of any regulated activity under these Acts will be excluded from the PSB as the money laundering and terrorist financing (ML/TF) risks are regulated under other MAS regulations. MAS has also set out a list of activities that are excluded from the scope of the Bill. These include the service of executing payment transactions between two or more related corporations and any payment service provided by any person in respect only of limited purpose e-money. MAS may consider other exclusions in future where it is shown that the regulatory risks are sufficiently low in any class of incidental payment services.

3.6 Clarification on incidental payment services: A payment service is considered incidental to any other business carried on by a person if the payment service is carried on, offered, or provided by that person to support that other business, and is provided by that person in connection with the carrying on of that other business. For example, online marketplace operators offering payment services to facilitate transactions in the marketplace will also be required to hold a licence under the PSB to do so.

3.7 Retention of territorial scope: MAS' intention is to regulate any entity with a clear nexus to Singapore. Any entity, whether local or foreign, must hold a licence under the PSB to conduct any of the payment services regulated under the proposed Bill in Singapore. Entities should refer to the definitions of each of the payment service to determine if they require a licence. Additionally, a person, whether in Singapore or elsewhere, who is not a licensee or an exempt payment service provider, must not, whether by himself or through any person in Singapore or elsewhere (a) offer to provide, or issue any advertisement containing any offer to provide, to the public in Singapore or any section of the public in Singapore, any type of payment service, whether in Singapore or elsewhere; or (b) make an offer or invitation, or issue any advertisement containing

² Securities and Futures Act, Financial Advisers Act, Trust Companies Act, Insurance Act

any offer or invitation, to the public in Singapore or any section of the public in Singapore, to enter into any agreement relating to the provision by any person of any type of payment service, whether in Singapore or elsewhere. For effective regulation of payment services in Singapore and to ensure a level playing field, both local and foreign companies will be governed under the same regulatory framework.

3.8 Expansion of regulatory scope in Activity C: MAS is considering an expansion of the regulatory scope of Activity C (cross border money transfer service) to address ML/TF risks in remittance transactions that are not currently covered in the proposed definition of cross border money transfer service. MAS' original consultation had excluded cross border money transfer service providers who do not accept or receive moneys in Singapore. However, it has come to MAS' attention that there may be business models that are based in Singapore but facilitate the "brokering" of remittance transactions between entities outside of Singapore (i.e. moneys are not necessarily accepted or received in Singapore). MAS may review the regulatory scope in the PSB to mitigate the ML/TF risks associated with such business models. While such risks have yet to manifest in Singapore, MAS is taking an active approach in order to protect Singapore's reputation as a safe financial centre. MAS will consult the public on any expansion of regulatory scope in due course, and in the meantime MAS will retain the regulatory scope for Activity C as set out in the Consultation paper.

3.9 Prohibition against consumer lending: Licences issued under the Payment Services Act are intended solely for the regulation of payment activities. It is not MAS' intent to allow licensees to conduct consumer lending. The PSB will accordingly clarify that an entity licensed under the PSB is not allowed to carry on the business of granting any credit facility to any individual in Singapore.

3.10 Prohibition against materially financing the business out of moneys received: The PSB will also clarify that licensees carrying on e-money issuance are not permitted to on-lend the moneys received from customers as payment for e-money, or to use these moneys or any interest earned on these moneys, to finance, wholly or to any material extent, any business carried on by the licensee. This prohibition is important to differentiate e-money issuers from DTIs.

E-money and Virtual Currencies

<p>Question 2. Scope of e-money and virtual currency (digital payment tokens). MAS seeks comments on whether the definitions of e-money and virtual currency accord with industry understanding of these terms. MAS also seeks comments on whether</p>

monetary value that is not denominated in fiat currency but is pegged by the issuer of such value to fiat currency should also be considered e-money.

Question 3. Virtual currency (digital payment token) services. MAS seeks comments on whether the scope of virtual currency services is suitable given that our primary regulatory concern in the Bill is that virtual currencies may be abused for ML/TF purposes.

3.11 On the scope of e-money, a small number of respondents disagreed with cash withdrawal restrictions from e-wallets. A few respondents asked if the definition of e-money includes stored value facilities as defined in the PS(O)A.

3.12 On the definition of virtual currency, most respondents agreed with the definition, with only two respondents commenting that it was too broad, while one respondent felt that it was too restrictive. There were mixed views on whether monetary value that is not denominated in fiat currency but is pegged to fiat values should be considered as e-money.

3.13 Respondents generally agreed with the scope of virtual currency services. We received scattered suggestions to broaden the definition of virtual currency services, with fewer suggestions to narrow the definition. A number of respondents sought clarifications, such as whether decentralised exchanges would be in scope, and if the issuance of virtual currency would be in scope. A few respondents were also of the view that if such services grow to have a significant impact on the industry, a more stringent regulatory treatment should also apply.

MAS' Response

3.14 Scope of e-money: Stored value, in relation to a stored value facility, is currently defined in the PS(O)A to mean to a sum of money that has been paid in advance for goods and services intended to be purchased through the use of the stored value facility. E-money includes stored value as currently defined in PS(O)A but is broader in scope as it may be used for peer-to-peer transactions as well as payments for goods and services. MAS will refine the definition of e-money in the PSB to clarify that e-money includes electronically stored monetary value that is pegged by the issuer to any fiat currency. However, where the value of the electronically stored monetary value is determined by the market, for example through the trading of the electronically stored monetary value on an exchange, such electronically stored monetary value is not e-money and instead

may be virtual currency. In addition, MAS is considering and may issue guidance on the distinction between e-money and deposits if necessary to add clarity to this area.³

3.15 Cash withdrawal prohibition: MAS will maintain the prohibition against cash withdrawal from any payment account that stores e-money (“**e-money account**”). The PSB is intended to promote adoption of e-payments rather than usage of cash. Additionally, cash withdrawal remains a distinguishing feature of banking business, and offering cash withdrawals is a privilege reserved for Qualifying Full Banks under free trade agreements. The prohibition will not apply to withdrawals of non-Singapore dollars, withdrawals from e-money accounts held by non-Singapore residents, or cash refunds upon closure of an account (see para 5.11).

3.16 MAS will also apply the cash withdrawal prohibition to e-money accounts used for money-changing services and cross border money transfer services. This is a change from the consulted position as the Consultation did not yield substantiated support for the proposal to exclude such e-money accounts from the prohibition. However, the following types of transactions that are common in cross border money transfer wallets are not affected by the prohibition:

- (a) a pure inward remittance transaction that is not converted into e-money at any point before being withdrawn in full by the beneficiary; and
- (b) cash withdrawals outside of Singapore.

3.17 MAS is prepared to consider exemption requests, substantiated by data, for existing business models that will be severely disrupted by this prohibition provided that such business models do not run counter to the intent of the cash withdrawal prohibition. There will be an opportunity to provide feedback when MAS consults on subsidiary legislation next year.

3.18 Virtual currency: MAS will revise the term “virtual currency” to “digital payment token” in order to accurately reflect the function of such a token within the broader rubric of digital tokens, and distinguish it from fiat currency. The proposed Bill has been amended to reflect this. For the reader’s ease of reference to the Consultation, MAS will retain the use of the term “virtual currencies” in this Response. However, future publications relating to the PSB will utilise the term “digital payment tokens” instead. MAS

³ Money is defined in the Bill to include e-money but excludes digital payment token and any excluded digital representation of value. The ordinary meaning of money would also include digitised fiat currency.

has also improved the definition of digital payment token or virtual currency to include the requirement that they are not pegged by the issuer to any currency.

3.19 Virtual currency services: A virtual currency intermediary will be regulated in the PSB if it processes either fiat currencies or virtual currencies. It is not relevant to the determination of the regulatory scope, whether the intermediary is operating a centralised or decentralised model, or whether the virtual currency is issued through an Initial Coin Offering. Virtual currency intermediaries are the points of intersection that provide gateways to the regulated financial system and nodes through which value may be moved. Given the ML/TF risks they pose, MAS views the regulation of virtual currency intermediaries for AML/CFT as appropriate. The public use of virtual currency has yet to become significant enough to warrant a need for user protection, so the regulatory focus will be on ML/TF risks for now. We would like to further highlight that the virtual currency services space is fast-changing and international standards for the regulation of such services are being adapted and clarified in order to mitigate growing risks. It is therefore envisioned that amendments to the future payment services legislation would be needed to refine or expand the regulatory scope of Activity F, in order to address emerging ML/TF risks relating to virtual currencies. MAS will consult the public on any proposed revisions of regulatory scope in due course. For the purposes of introducing the Bill in Parliament, MAS will retain the regulatory scope for Activity F as set out in the Consultation paper. However, MAS will continue to monitor developments and risks in this area.

Significant Excluded Activity 1: Limited Purpose E-money

Question 4. Limited purpose e-money. MAS seeks comments on whether the scope of the limited purpose e-money exclusion sufficiently carves out most types of stored value where user reach is limited, is not pervasive and ML/TF risks are low.

Question 5. Loyalty programs as limited purpose e-money. MAS seeks views on whether there are other characteristics of a loyalty program that should be included in the exclusion.

3.20 The exclusion of limited purpose e-money and the proposal to consider loyalty programs as limited purpose e-money saw support from a majority of respondents. Other respondents had different views regarding the exclusion of limited purpose e-money. Of these respondents, five respondents commented that the exclusion was too broad, while another five felt that it was too restrictive. Two respondents suggested that MAS

considered excluding limited purpose e-money that could only be used in any one jurisdiction.

3.21 Five respondents felt that scope for the exclusion of loyalty programs should be narrowed to certain qualifiers, such as the type of merchants, a threshold value or by jurisdiction. One respondent further suggested not to include such an exclusion.

MAS' Response

3.22 Limited purpose e-money: MAS has considered the feedback to, as far as possible, exclude e-money that is used within a limited network of merchants from regulation under the PSB on the basis that there is limited consumer reach. MAS will therefore expand the limited purpose e-money exclusion to e-money that can only be used for payment or part payment of goods or services provided by merchants within the physical premises operated, owned or managed by the issuer (or its related corporations or associated companies). Such an e-money issuer will not be required to hold a licence under the PSB to issue that e-money provided that the e-money also meets certain conditions such as carrying low ML/TF risks.⁴

3.23 MAS will retain the proposal to regulate the solicitation in Singapore of any foreign issued e-money that can be used overseas (where such e-money does not qualify for any exclusion), including online market place credits. This is to address user protection and ML/TF risks, as such credits may be used for cross border money transfers. Details regarding the prohibition against solicitation of payment services in Singapore will be published during the consultation on subsidiary legislation.

3.24 Loyalty programs as limited purpose e-money: MAS will retain the loyalty program limited purpose e-money exclusion in the form proposed in the Consultation which was generally well received by the respondents. MAS is of the view that the risks in the loyalty program limited purpose e-money exclusion are sufficiently contained.

⁴ One of the conditions is that the user is not contractually entitled to a refund. While the user is not contractually entitled to a refund, the issuer of such limited purpose e-money may choose on a goodwill basis to provide a refund to the user. In that case, to mitigate ML/TF risks, the issuer is required to identify and verify the user where a cash refund is above S\$100. The amount of e-money contained in any user account cannot exceed S\$1,000.

Significant Excluded Activity 2: Limited Purpose Virtual Currencies

Question 6. Limited purpose virtual currency. MAS seeks comments on whether the proposed exclusion covers most types of virtual currency that are limited in user reach. If there are more types of such limited purpose virtual currencies that should be excluded, please let us know the names or characteristics of such virtual currencies.

3.25 The majority of the respondents were supportive of the proposal to exclude limited purpose virtual currency. Only one respondent felt that it should be included in order to maintain uniformity of treatment. Another respondent felt that the definition of limited purpose virtual currency was too restrictive, while two respondents suggested changes to the definition to widen the scope of the exclusion to include other types of monetary value such as those used in online marketplaces. A few respondents asked for more clarity on what in-game assets are and whether MAS will regulate the issuance of in-game assets that may be exchanged for money outside of the game, as a virtual currency service.

MAS' Response

3.26 We clarify that in-game assets are virtual assets that can be acquired in the process of participation in an online game. These assets are generally to facilitate participation in the game but do not usually have any tangible value outside of that environment. In-game assets that are returnable, transferrable or capable of being sold to any person in exchange of money are not within the scope of the exclusion. The dealing in such in-game assets will be regulated if the assets fall within the definition of virtual currency. MAS will consider issuing guidance on the scope of in-game assets with reference to existing games if necessary. With regard to the scope of limited purpose virtual currency, MAS has assessed that to adequately address the risks posed by virtual currency services, the proposed scope of this exclusion should not be widened.

Significant Excluded Activity 3: Regulated Financial Services

Question 7. Regulated financial services exclusion. MAS seeks comments on the scope of the regulated financial services exclusion and in particular, whether other types of regulated financial services should be included. Please be specific in your response on what these types of financial services are, and which legislation they are regulated under.

Question 8. Excluded activities. MAS seeks comments on the other proposed excluded activities, in particular whether the description of the activities is sufficiently clear and whether more activities should be excluded. Please provide clear reasons to substantiate your comments on other activities that in your view should be excluded. Where referring to another jurisdiction's legislation, please provide us with the full name of the legislation and specific provision number.

3.27 A majority of respondents were supportive of the proposal. Many respondents emphasised the importance of maintaining a level playing field, stating that the exclusion should only apply if the licence held by the licence holder already allowed for an activity directly or via an existing licensing exemption. Furthermore, it was important to ensure that the proposed excluded regulated financial services firms were subjected to the same regulatory obligations in their relevant applicable legislations as those that were under the proposed Bill.

3.28 Only two respondents felt that there should be no or limited exclusions in order to maintain uniformity in the ecosystem. The rest had no further comments on other proposed excluded activities.

MAS' Response

3.29 MAS will retain the proposal to carve out any payment service that is provided by any person regulated or exempt under the SFA, FAA, TCA and IA that is solely incidental to, or necessary solely for the carrying on of any regulated activities under these acts. To ensure that regulations under the PSB are risk proportionate, MAS has proposed these exclusions to avoid double regulation under the PSB and other MAS legislation for the same risks. Please see the section on retention of proposal to regulate incidental payment services earlier in this Response.

4 Licensing and Designation Regimes

Licensing Regime

Question 9. Single licence structure. MAS seeks comments on the proposed single licence structure and whether this approach is beneficial for potential licensees. MAS

also seeks views on the proposal to regulate Standard Payment Institutions primarily for ML/TF risks only.

Question 10. Three licence classes. MAS seeks comments on the three proposed licence classes and whether the threshold approach to distinguishing Standard Payment Institutions and Major Payment Institutions is appropriate. MAS also seeks views on whether the threshold amounts proposed are suitable for the purposes of licence class determination.

4.1 Single licence structure: A large majority of respondents were supportive of the proposal of a single licence structure. One respondent asked whether additional payment services required MAS' approval, if it was still within the same licence class.

4.2 A majority of respondents were supportive of the proposal to regulate Standard Payment Institutions for ML/TF risks only. Some respondents felt that Standard Payment Institutions should also be regulated for user protection and technology management risks. These respondents were concerned that public confidence in the payments ecosystem could be affected if Standard Payment Institutions were not subjected to full regulations. One respondent sought clarification if the AML/CFT standards would be on the same level as banks, while another suggested that MAS consider licensing requirements to be tiered based on the size of entities.

4.3 Three licence classes: The vast majority of respondents were supportive of the proposal to tier regulations into three licence classes: Money-Changing license, Standard Payment Institution licence or Major Payment Institution licence. Only one respondent suggested that Standard Payment Institutions and Major Payment Institutions should be subject to the same regulations.

4.4 Respondents were also generally supportive of the threshold amounts but a few respondents sought clarification on the computation methods of the proposed thresholds, particularly on the aggregated volume of transactions per month. They cited operational difficulties in determining this figure, such as overlapping transactions across multiple activities, and the possibility of double counting. A few respondents indicated preference for the thresholds to be applied separately for each activity. A few other respondents raised concerns about the risks of computing the threshold volumes after a calendar year.

MAS' Response

4.5 Single licence structure: We clarify that a licensee may only conduct the payment services that it is approved to conduct in its licence. Any licensee that intends to undertake any additional payment service must apply to MAS to vary its licence.

4.6 In order to right size regulations and avoid unduly burdening smaller entities with regulatory requirements, MAS is of the view that regulating Standard Payment Institutions for AML/CFT, basic corporate governance and other requirements of general application such as cyber hygiene, will sufficiently address the level of risks posed. Subjecting a Standard Payment Institution to the same regulations as a Major Payment Institution would be unnecessary as they do not have similar consumer reach and do not pose a same level of risk even for the provision of the same payment service. This will also discourage the growth of such companies and run counter to MAS' goal to promote innovation and competition in the industry.

4.7 Three licence classes: MAS will retain the proposed classes of licenses. In response to the concern that user protection risks are not mitigated for services provided by Standard Payment Institutions, we clarify that these licensees will be required to disclose clearly to consumers that the e-money float held and funds processed by a Standard Payment Institution are not safeguarded under MAS regulations. The specific disclosure requirements will be published for consultation on subsidiary legislation.

4.8 MAS will also retain the proposal to restrict e-money float held by Standard Payment Institutions to S\$5 million. This is in line with threshold amounts in other jurisdictions. However, MAS notes the challenges faced by potential licensees in the calculation of threshold amounts for monthly average transactions. In particular, licensees that provide several payment services will need to correctly identify a single transaction across multiple activities in order to avoid double-counting. MAS will thus simplify the calculation of the threshold that determines the appropriate licence class.

4.9 MAS will require an entity to hold a Major Payment Institution licence if it intends to provide payment services in excess of any of the following payment transaction thresholds:

- a) Any licensable activity (excluding any money-changing service and any account issuance service where each payment account issued stores e-money) where the average, over a calendar year, of the total value of all payment transactions that are accepted, processed or executed by the entity in one month exceeds S\$3 million; or
- b) 2 or more licensable activities (excluding any money-changing service and any account issuance service where each payment account issued stores e-

money) where the average, over a calendar year, of the total value of all payment transactions that are accepted, processed or executed by the entity in one month exceeds S\$6 million.

4.10 MAS notes feedback that Standard Payment Institutions may experience unexpected surges in payment transactions. To alleviate this issue, MAS will amend the Bill to allow Standard Payment Institutions a reasonable grace period to apply for a licence upgrade, upon the occurrence of paragraph 4.9(a) or paragraph 4.9(b). This grace period will be set out in the subsidiary legislation. In this regard, entities are expected to track the cumulative volumes and apply for the necessary licence upgrade before the end of calendar year. MAS will consult on the specific measures next year in proposed subsidiary legislation.

Designation Regime

Question 11. Designation criteria. MAS seeks comments on the proposed new designation criteria.

4.11 Respondents were generally supportive of MAS' proposal on designation criteria. A few respondents sought guidance on designation criteria, and how licensed entities would transition to the designation regime when designated, as well as the guidance on types of conditions and restrictions. A few respondents also requested that MAS consult potential designated entities before the designation takes effect.

MAS' Response

4.12 MAS will retain the proposed designation criteria in the PSB. Key considerations for designating a payment system include whether its disruption could, pose systemic disruption to the financial system, affect public confidence in payment systems or the financial system in Singapore, pose efficiency or competition concerns, or whether it is in the interest of the public to do so. MAS takes a collaborative approach in its engagements with the industry, and will take the relevant entity's views into consideration when determining if designation is necessary.

5 Key Requirements and Powers

Licensing and Business Conduct Requirements

Question 12. Licence and business conduct requirements. MAS seeks comments on the proposed licence and business conduct requirements. In particular, MAS seeks comments on whether the proposed capital and security deposit requirements are suitable. MAS would also like to know if there are concerns regarding the directorship and place of business requirements, and whether these measures will encourage businesses to set up in Singapore.

5.1 A majority of respondents were supportive of, or had no comment on the proposal. Eight respondents raised concerns that it may be challenging for a foreign company to have at least one Singapore citizen or Singapore Permanent Resident executive director and suggested that a Singapore employment pass holder be allowed to meet this requirement as well.

5.2 There were some suggestions from respondents for MAS to impose higher capital requirements on Major Payment Institutions. Some requested that MAS impose capital and security requirements proportionate to the transaction volume and float size that the licensee conducts.

MAS' Response

5.3 Directorship Requirements: In view of the feedback received, MAS will broaden the executive director nationality requirement to include such other class of persons as may be prescribed, if the applicant for a licence satisfies such conditions as may be prescribed. Details of the proposed measure will be set out in the consultation on subsidiary legislation.

5.4 Minimum capital requirements and security deposit: MAS will retain the requirement that all licensees (except money-changing licensees) satisfy minimum capital requirements on an initial and on-going basis. In view of the feedback for capital requirements to be commensurate with the size of the licensee's operations, MAS will increase the minimum capital requirement for Major Payment Institutions to S\$250,000 while retaining the amount at S\$100,000 for Standard Payment Institutions. The capital requirements will be set out in subsidiary legislation. At the same time, this increase in capital requirements will be accompanied by a change in capital component from paid up capital to base capital to better reflect the financial standing of the licensee. The

minimum security deposit amount will be set out in subsidiary legislation. More details on the specific requirements will be published for consultation on subsidiary legislation.

5.5 Control of shareholding: MAS reviewed the general requirements under the PSB to reassess if they are necessary and risk proportionate. Following this review, approval from MAS will only be necessary before a person acquires a stake of at least 20% in the licensee. No approval is necessary for acquisition at the 5% and 12% stage, as the activities of PSB licensees are of a different nature from that of operators of designated payment systems. For the latter, they are still required to meet the three stage approval criteria.

Specific Risk Mitigating Measures

Question 13. Specific risk migrating measures. MAS seeks comments on the approach of imposing specific risk mitigating measures only on licensees that carry out the relevant risk attendant activity.

5.6 Most respondents supported or had no comment on the proposed approach of imposing specific risk mitigating measure on licensees that carried out the relevant risk activity. A few respondents had specific suggestions for AML/CFT requirements or technology risk management requirements.

MAS' Response

5.7 As AML/CFT requirements and technology risk management measures will be detailed in subsidiary legislation, MAS will take on board the feedback when developing policies in these areas. A separate consultation will be conducted before these measures are introduced. More details on AML/CFT requirements are set out in the next section.

Specific Risk Mitigating Measure 1: AML/CFT

Question 14. AML/CFT requirements. MAS seeks comments on the proposed AML/CFT requirements, and whether the thresholds to trigger AML/CFT requirements are appropriate. MAS also seeks views on how payment service providers will distinguish bona fide payment for goods and services from peer-to-peer transactions. Please also provide your views on whether payments made to individuals selling goods on e-commerce platforms should also be considered payments for goods and services, and thereby potentially be exempted from AML/CFT requirements.

5.8 Approximately half of the respondents were supportive or had no comment on MAS's proposed AML/CFT requirements. 11 respondents were supportive of exempting individuals selling goods and services online on an e-commerce platform as merchants, while six respondents disagreed and felt that such individuals should not be exempted.

MAS' Response

5.9 AML/CFT requirements: MAS will maintain the AML/CFT requirements and thresholds as set out in the consultation paper. This takes into account the feedback received on the consultation proposals, including on the potential ML/TF risks that could arise if payment services were not robustly regulated for AML/CFT. The specific details in relation to AML/CFT requirements for payment services will be addressed in a subsequent public consultation on PSB subsidiary legislation.

5.10 Exemption for goods and services payments to individuals: MAS will retain the proposed goods and services exemption for payments made to merchants. However, noting from the feedback received that there are significant practical challenges in making sure that such individuals are genuine merchants (i.e. without applying customer due diligence measures on the individuals themselves), MAS will not be extending the exemption to payments made to individuals for goods and services at this time. This takes into consideration the potential ML/TF risks that may arise, particularly in the cross-border space, if the legitimacy of such transactions cannot be reliably determined.

5.11 Cash withdrawal: MAS will maintain the prohibition against cash withdrawal from any payment account which stores e-money, for reasons explained in para 3.15 and also in recognition of the increased ML/TF risks from the relative anonymity posed by cash-based transactions.

5.12 Cash refund: MAS will maintain the proposed cash refund threshold of S\$100 for low risk payment accounts which store e-money (Activity A). AML/CFT requirements will therefore apply to payment accounts which allow refunds above the threshold amount. This recognises that the transfer of value across borders using payment accounts (e.g. stored value facilities), where such value can be subsequently refunded in cash, continues to be identified as having significant ML/TF risk internationally. Users will have the option to credit refunds back to their funding bank accounts in full, when terminating their e-money accounts.

Specific Risk Mitigating Measure 2: User Protection – User Protection Measures

Question 15. User protection measures. MAS seeks comments on the user protection measures proposed.

- In particular, MAS seeks views on whether relevant licensees will be able to comply with the proposed float and funds in transit protection measures, the likely cost of such compliance and what float and funds in transit protection measures your business currently employs. Please substantiate your response with data if possible.
- MAS also seeks comments on what other options MAS should include for float and funds in transit protection measures, and what type of secure low risk assets would be suitable for safeguarding of float and funds in transit.
- With regard to the safeguarding of e-money float that is collected from Singapore residents (with residency status to be decided between the e-money issuer and the e-money user), MAS seeks views on whether the following alternative scope of e-money float is more appropriate.

The e-money float comprises:

- (a) e-money that is issued in Singapore to persons ordinarily resident in Singapore; or
- (b) e-money that is primarily for use within Singapore.

5.13 A majority of respondents were supportive or had no comment on the proposed user protection measures. Eight respondents highlighted that the safeguarding options should address the trend of de-risking by banks of certain fintech firms.

5.14 For the third safeguarding option (trust account with any full bank), six respondents requested that MAS to extend the proposed requirement of T+1 business days (i.e. next business day) to T+2 or T+3 business days instead. Five respondents suggested that the safeguarding requirements should require anti-comingling of customer funds with other funds.

5.15 On the scope of the protected float, two respondents supported MAS' original proposal for the scope of residency to be decided by agreement between the e-money issuer and the user. On the alternative scopes proposed, four respondents supported the scope where e-money is issued in Singapore to persons ordinarily resident in Singapore, while five respondents supported the scope where e-money is primarily for use within Singapore. However, four other respondents also disagreed with the latter scope, as they reasoned that it would be difficult to track e-money on this basis. One respondent also sought clarification whether full banks which issue e-money would be subject to the Bill's safeguarding requirements.

MAS' Response

5.16 Safeguarding options: MAS will revise the safeguarding requirements in response to the feedback received on the consulted proposals. In particular, MAS has taken on board feedback that MAS should offer more non-bank safeguarding options. Major Payment Institutions that provide domestic money transfer services, cross border money transfer services or merchant acquisition services, or issue e-money will be required to safeguard the relevant e-money float or funds in transit by having the equivalent amount:

- (a) covered by an undertaking from any bank in Singapore or prescribed financial institution to be fully liable to the customer for such moneys;
- (b) guaranteed by any bank in Singapore or prescribed financial institution;
- (c) deposited in a trust account in such manner as may be prescribed by the Authority; or
- (d) safeguarded in such other manner as may be prescribed by the Authority.

5.17 Options (a) and (b) were previously restricted to undertakings and guarantees provided by full banks. MAS will expand these options to include undertakings and guarantees by any bank in Singapore, which includes wholesale banks, and prescribed financial institutions. For option (a), we intend to include merchant banks and finance companies as prescribed financial institutions. For option (b), we intend to include merchant banks, finance companies and insurers approved to issue financial guarantee insurance policies as prescribed financial institutions.

5.18 Option (c) was previously restricted to a trust account with any full bank. MAS will expand this option to allow the PSB licensee to hold customer monies (or amount equivalent to customer monies) on trust in a segregated account with any bank in Singapore, merchant bank or finance company. MAS understands from feedback that this is a safeguarding option that is reasonable and achieves the intended effect of ring-fencing the e-money float or funds in transit from the PSB licensee's insolvency. MAS will also require that the customer monies in the segregated account not be commingled with other funds. Further details on the various safeguarding options will be available in the consultation on subsidiary legislation.

5.19 MAS will require through subsidiary legislation that a licensee discloses to its customers which safeguarding option it is employing to safeguard the e-money float or funds in transit. MAS will seek feedback on the specific disclosure in a subsequent consultation before these measures are introduced.

5.20 To balance the wider safeguarding options, MAS will require that e-money float be safeguarded on a T0 basis. This is in-line with standards under the PS(O)A as well as standards in Australia and Hong Kong for stored value. The standard of safeguarding will be maintained on a T+1 basis for funds in transit. This follows the standards required in the United Kingdom.

5.21 Safeguarding for deposit-taking institutions: MAS has studied feedback on the applicability of safeguarding requirements to DTIs that issue e-money, or provide domestic money transfer services which is not solely incidental to the conduct of deposit-taking businesses already regulated under the Banking Act, MAS Act and Finance Companies Act. To ensure the same level of protection for e-money customers, DTIs will be subject to the same safeguarding requirements as non-DTIs. The safeguarding options for e-money accounts, however, have been expanded. In particular, if DTIs adopt option (c), MAS will allow a DTI to safeguard its own e-money float and funds in transit (i.e. there is no need to place the float with another financial institution), provided it segregates these customer moneys from its other moneys and holds them on trust for its customers such that the moneys are ring-fenced from the DTI's own insolvency. DTIs that wish to provide digital wallets also have the option of structuring them as deposit accounts. Deposits are not e-money and hence are not subject to the PSB safeguarding requirements and are covered by deposit insurance.

5.22 Scope of protected funds: MAS has studied the feedback on the scope of protected funds and taken into account situations where the issuer may not be able to clearly determine if e-money was issued to Singapore residents. MAS will clarify in the Bill that e-money that has been issued in Singapore to a person whom the issuer of the e-money has not determined to be resident outside Singapore will need to be safeguarded under the PSB.

Specific Risk Mitigating Measure 2: User Protection – Personal E-wallet Protection

Question 16. Personal e-wallet protection. MAS seeks comments on the proposed protection measures for personal e-wallets, and whether the wallet size restriction of S\$5,000 and transaction flow cap of S\$30,000 is suitable. If these restrictions adversely affect your business, please let us know what amounts would be more suitable. Please substantiate your response with data if possible.

5.23 A majority of the respondents were supportive or had no comment on MAS' proposed protection measure for personal e-wallets.

5.24 Five respondents were concerned that the proposed stock and flow caps would slow the growth of e-payments in Singapore. Three other respondents felt that the caps were set too low for purchases of high value items, remitting large amounts of money, and purchasing investment products. Two respondents sought clarification on the rationale for imposing caps.

5.25 Some respondents also highlighted that while the imposition of caps on “per account” basis reflects the current industry practice where payment institutions generally offer one personal account to one user, this could be easily circumvented if payment institutions are not prevented from offering multiple accounts to the same user.

MAS’ Response

5.26 MAS will retain the proposed stock and flow caps to protect customers by limiting a customer’s potential loss. Unlike bank deposits, e-money is not covered by deposit insurance. The caps will also focus the use of e-money by individuals on day-to-day transactions, and maintain the distinction between e-money and bank deposits. These measures will only apply to e-money accounts held by Singapore residents for personal use.

5.27 To cater to different business models, MAS will not mandate payment institutions to only offer one account per user. MAS will instead clarify in the Bill that where a customer has multiple accounts with the same Major Payment Institution, all of his accounts will need to be aggregated for the purposes of complying with the caps i.e. “per user, per payment institution” basis, with the following exceptions/modifications:

- a) Bearer instruments will be exempted from the aggregation requirement;
- b) Where the accounts have load limit of less than or equal to S\$1,000 each, the licensee only needs to aggregate them if they have the same unique customer identifier, e.g. customer’s email address. In this respect, the payment institution is not required to collect additional information to verify the user; and
- c) MAS will have the flexibility to exempt other types of accounts from the aggregation requirement on a case-by-case basis, if there are good grounds for doing so.

Specific Risk Mitigating Measure 2: User Protection – Disclosure Requirement for Standard Payment Institutions

Question 17. Disclosure requirement for Standard Payment Institutions. MAS seeks comments on the proposed disclosure requirement for Standard Payment Institutions, in particular, what information should be contained in the disclosure and how Standard Payment Institutions should be required to disclose such information to their customers. MAS also seeks views on whether there is still a need to retain the requirement to display a licence as set out in section 14 of the MCRBA.

5.28 Most respondents were supportive of the proposed disclosure requirements for Standard Payment Institutions. The most common feedback was for MAS to provide more details on the disclosure requirements, such as the scope and the proposed wording of the disclosure. On the display of licence, five respondents felt that entities should continue to display their licences at physical places of business, in consideration of the less technology savvy consumers, and to deter unlicensed entities.

MAS' Response

5.29 MAS will retain the proposed disclosure requirements for Standard Payment Institutions and will provide specific disclosure requirements in the subsidiary legislation. In response to feedback, MAS will remove the requirement on the display of physical licences. In lieu of this, MAS will propose further disclosure requirements in the subsidiary legislations to address some of the concerns raised.

Specific Risk Mitigating Measure 3: Interoperability

Question 18. Interoperability powers. MAS seeks comments on the proposed interoperability powers. MAS also seeks views on what other means MAS may use to achieve interoperability of payment solutions in Singapore.

5.30 The feedback on MAS' proposed interoperability powers were generally positive, as respondents welcomed initiatives to encourage interoperability, which will provide a consistent user experience and level the playing field.

5.31 Eight respondents requested that MAS provide more guidance on the on the implementation of interoperability measures, such as details on standards of participation, scope and key terms.

MAS' Response

5.32 MAS will retain its proposal to introduce powers on the following three interoperability measures: Access regime, Common platform, and Common Standards. MAS will continue to engage the industry in discussions on interoperability issues, and will only exercise these interoperability powers when required. Before imposing interoperability measures, MAS will also engage with the industry to study and address their concerns, and work with the entities to lay out the specific terms and scope of the interoperability measures.

Specific Risk Mitigating Measure 4: Technology Risk Management

<p>Question 19. Technology risk management measures. MAS seeks comments on the proposed approach to technology risk management regulation.</p>

5.33 A majority of respondents supported, or had no comment on MAS' proposed approach to technology risk management regulation.

5.34 Three respondents raised concerns about the exclusion of payment licensees from technology risk requirements as the failure of payment systems have wide-ranging and reputational impact to Singapore. The exclusion of payment licensees could introduce vulnerabilities to the system and technology risk requirements should apply to all three classes of licensees.

5.35 One respondent suggested that payment institutions should declare their license category and disclose to customers that they are not regulated by MAS for user protection or technology risks.

5.36 Four respondents requested that MAS provide further guidance and clarification on the criteria to determine terms so as to provide clarity on how technology risk requirements will be applied.

MAS' Response

5.37 The requirements set out in the notices on technology risks management on maintaining high availability, recoverability, data protection and incident reporting will only apply to operators and settlement institutions of designated payment systems, which pose financial stability concern to Singapore. We will monitor the use of technology by other payment institutions and technology risk management requirements will be imposed on these institutions once they become significant players in Singapore.

5.38 The Guidelines on Technology Risk Management will be applicable to all licensees. The guidelines set out IT risk management principles and best practices to guide financial institutions in establishing a robust technology risk management framework, strengthening of cyber security controls, enhancing system's resilience and implementing strong authentication to protect customer data, transactions and systems. These are best practices which licensees are expected to adopt.

5.39 MAS plans to issue a Notice on Cyber Hygiene that will apply to all licensees, including Standard Payment Institutions and Money-Changing Licensees. The Notice stipulates requirements that will help FIs strengthen their cyber resilience and guard against common and pervasive cyber-attacks. MAS published the Notice for public consultation on 4 September 2018.

General Powers

Question 20. General powers. MAS seeks comments on the general powers proposed in the Bill and the proposed approach to the exercise of emergency powers in the Bill. MAS seeks views on whether the emergency powers should be extended to all regulated entities under the Bill or should be limited to Major Payment Institutions and DPS operators and settlement institutions.

5.40 Almost all respondents supported, or had no comment on the proposed general powers in the PSB and the proposed approach to the exercise of emergency powers in the proposed Bill. The few respondents that raised objections felt that emergency powers should be restricted to designated payment system operators and Major Payment Institutions.

MAS' Response

5.41 While there are some concerns from players on MAS' general powers, these powers are common in MAS legislation, such as emergency powers, inspection powers, powers to issue regulation and directions, penal powers, and are required for MAS to effectively regulate the entities under the PSB. MAS will retain the general powers as consulted, but will exercise them only when necessary to fulfil the purpose of the PSB.

6 Arrangements for Existing Financial Institutions

Exemptions for Certain Financial Institutions

Question 21. Exemptions for certain financial institutions. MAS seeks comments on whether the proposed exemptions for certain financial institutions are appropriate and whether this helps to level the playing field for payment service providers in general. MAS also seeks views on whether any other types of entities should be similarly exempted.

6.1 A majority of the respondents felt that the proposed exemptions for certain financial institutions are appropriate and helped to level the playing field for payment service providers in general. One respondent felt that exemptions should be granted to new fintech firms instead of larger financial institutions which introduce systemic risk.

6.2 Many respondents emphasised the importance of maintaining a level playing field and felt that the exempted financial institutions should be subject to the same regulatory obligations. These exemptions should not result in unfair or unequal treatment to entities performing the same activity and if exempted from the PSB, they should be caught under comparable regulations.

6.3 A number of respondents sought clarification as to whether an entity needs to hold a licence to deal in virtual currency issued by central banks.

MAS' Response

6.4 The proposed exemptions relating to DTIs and other regulated financial institutions are scoped with the aim to avoid regulating the same entity for similar activities under different legislations. We have assessed that these exemptions will not result in unequal treatment of the different entities, as regulated entities are subject to similar regulatory requirements if they conduct similar activities. Should such exemptions result in an unlevelled playing field, MAS is open to feedback from affected entities on how best to address this issue.

6.5 Where central bank digital currency takes the form of digitised fiat currencies, they do not fall within the definition of virtual currency. The dealing in central bank digital currency will not be regulated under the PSB as a virtual currency service. Where central bank digital currency takes the form of virtual currency, it should also be noted that MAS had in the Consultation proposed to exclude the following activities from the PSB:

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- (a) Dealing in central bank virtual currency carried out by a central bank or financial institution; and
 - (b) Facilitating the exchange of central bank virtual currency carried out by a central bank or financial institution.

Transitional Arrangements

Question 22. Transitional arrangements. MAS seeks comments on whether the proposed transitional arrangements help current regulated entities and newly regulated entities to transition smoothly to the new Bill. In particular, please let us know if we have buffered sufficient lead time for all affected entities to build sufficient compliance capabilities.

6.6 While most respondents were generally supportive of the proposed transitional arrangements, a large number of respondents requested for an extension of the proposed 6-month grace period (from the commencement date of the PSB) in order to allow new entities more time to comply with the regulations.

MAS' Response

6.7 In light of the feedback received, MAS has reviewed the appropriate grace period for each activity and proposes the following transitional arrangements. The grace period referred to in each part will take the form of a temporary exemption for the specified period. The transitional arrangements for activities regulated under the PS(O)A and the MCRBA are set out in the Bill. Other exemptions will be set out in subsidiary legislation which will be published for consultation. The Appendix to this paper sets out an overview of the exemptions that MAS intends to prescribe in subsidiary legislation. Affected entities are encouraged to read the Bill and the Appendix closely as different conditions apply to the different types of grace period. A summary of and explanation for the grace period applicable to each payment service is as follows.

- a) Extend the grace period to 12 months for the following activities:
 - i. Activity A (account issuance service): A grace period of 12 months will be granted provided that AML/CFT conditions are met.
 - ii. Activity B (domestic money transfer service): A grace period of 12 months will be granted as this is a newly regulated service.

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- iii. Activity C (cross border money transfer service): A grace period of 12 months for entities that perform only inward remittance. No grace period will be granted for entities that perform outbound remittance to avoid any gap in AML/CFT regulation arising from the transition from the MCRBA to the PSB.
 - iv. Activity D (merchant acquisition service): A grace period of 12 months will be granted as this is a newly regulated service.
 - v. Activity E (e-money issuance service): A grace period of 12 months will be granted provided that the e-money float held does not exceed S\$30 million being the threshold for widely accepted stored value facilities under the PS(O)A.
- b) A grace period of six months will be retained for Activity F (virtual currency services) in view of the potentially higher ML/TF risks that the activity poses.
 - c) No grace period will be granted for Activity G (money-changing services) to avoid any gap in AML/CFT regulation arising from the transition from the MCRBA to the PSB.

Class Exemptions

Question 23. Class exemption. MAS seeks comments on the proposed class exemption and whether there are reasons not to grant such a class exemption on the grounds described.

6.8 MAS proposed in the Consultation to grant class exemptions to entities that fall within the scope of Standard Payment Institutions but do not pose sufficient ML/TF risks. Almost all respondents were supportive of the proposed class exemptions, or had no comment. A few respondents suggested that there should not be any exemption for reasons due to reputational risk and level playing field.

MAS' Response

6.9 MAS has assessed that it is appropriate to retain the class exemption for entities providing payment services that carry low regulatory risks. This reflects MAS regulatory approach to right size regulations and ensure that they are material and proportionate to the risk posed by the activity. MAS will continue to monitor developments in the industry and adjust regulatory measures where necessary.

MONETARY AUTHORITY OF SINGAPORE

19 November 2018

APPENDIX

This Appendix should be read with paragraph 6.7 of the Response. It sets out an overview of the exemptions that MAS intends to prescribe in subsidiary legislation for the public’s information. These exemptions pertain mainly to the payment services that are not regulated under the PS(O)A or the MCRBA but will be regulated under the PSB. However, affected persons should read the relevant proposed subsidiary legislation when it is published for consultation and should not rely on the information below for compliance purposes. Unless otherwise defined, the terms used in this Appendix have the same meaning as in the Bill.

2 Any person who before or on the commencement date of the Act carries on any specific payment service described in **Table 2**, and meets the conditions described for each specific payment service, is exempted from holding a licence under the Act for the specified grace period. The exemption from holding a licence for a specified grace period is intended only for persons which have commenced business on or before the commencement date of the Act and have notified MAS of the date on which they commenced the business of providing the specific payment services on, or within a specified period, after the commencement date of Act.

PAYMENT SERVICE TYPE	SPECIFIC PAYMENT SERVICE
<p>Account issuance service</p>	<p>Issuance of payment accounts that do not store e-money</p>
	<p>Issuance of payment accounts that store e-money and where such payment accounts:</p> <ul style="list-style-type: none"> (a) do not allow e-money in excess of \$1,000 to be stored; (b) do not allow the withdrawal of any currency from the payment account (c) do not allow a refund of any e-money in excess of \$80 in currency on termination of the use of the payment account to a person, except upon the production of the person’s photograph identification document and when records relating to both the refund and identification of such person are subject to a record retention policy of at least five years; and (d) satisfies at least two of the following requirements:

	<p>(i) does not allow any form of cross border money transfer or withdrawal;</p> <p>(ii) is to be used only as a means of making payment for goods or services; or</p> <p>(iii) the e-money is funded from an identifiable source.</p>
	<p>Issuance of payment accounts that store e-money and where the issuer complies with all the prevailing AML/CFT requirements imposed by MAS that are applicable to account issuance.</p>
Domestic money transfer service	Providing domestic money transfer service
Cross border money transfer service	Providing inward cross border money transfer service
Merchant acquisition service	Providing merchant acquisition service
E-money issuance service	Issuing e-money where the total float (set out in the Bill as total relevant money) held by the e-money issuer does not exceed S\$30 million
Virtual currency service	Providing virtual currency service

Table 2: Transitional arrangements for new payment services

- 2 The specified grace period is as follows:
- (a) 12 months after the commencement date of the Bill for all the payment services in Table 2, except virtual currency service for a person to apply for a licence;
 - (b) Six months after the commencement date of the Bill for virtual currency service for a person to apply for a licence;
 - (c) where a person has applied for a licence to provide the specific payment service on or before the end of the period in paragraph (a) or (b) as the case may be, the period starting on the commencement date of the Act

- and ending on the date on which the licence is granted or the licence application is refused or withdrawn; or
- (d) where a person is deemed to have been granted a Major Payment Institution licence under the transitional provisions in Act but not in respect of the specific payment service he intends to provide, and has applied to vary its licence to provide that specific payment service on or before the end of the period in paragraph (a) or (b) as the case may be, the period starting on the commencement date of the Act and ending on the date on which the licence variation is granted or the licence variation application is refused or withdrawn.

