

# CONSULTATION PAPER

P021 - 2017

November 2017

## Proposed Payment Services Bill

MAS

Monetary Authority of Singapore

---

**Contents**

1	Preface.....	3
2	Introduction .....	6
3	Activity-based Licensing Framework.....	9
	Activities Regulated under the Licensing Framework.....	9
	E-Money and Virtual Currencies .....	15
	Excluded Activities.....	17
	Significant Excluded Activity 1: Limited Purpose E-Money.....	18
	Significant Excluded Activity 2: Limited Purpose Virtual Currency .....	20
	Significant Excluded Activity 3: Regulated Financial Services .....	21
4	Licensing and Designation Regimes .....	22
	Licensing Regime.....	22
	Designation Regime.....	24
5	Key Requirements and Powers .....	26
	Licensing and Business Conduct Requirements.....	26
	Specific Risk Mitigating Measures.....	29
	Specific Risk Mitigating Measure 1: AML/CFT.....	29
	Specific Risk Mitigating Measure 2: User protection .....	32
	Specific Risk Mitigating Measure 3: Interoperability.....	38
	Specific Risk Mitigating Measure 4: Technology Risk Management .....	39
	General Powers.....	40
6	Arrangements for Existing Financial Institutions.....	42
	Exemptions for certain FIs .....	42
	Transitional arrangements.....	45
	Regulatory Decision Tree and Class Exemptions .....	46
	ANNEX A: LIST OF QUESTIONS .....	49

---

## 1 Preface

### Background

1.1 The Monetary Authority of Singapore (“**MAS**”) currently regulates various types of payment services under the Payment Systems (Oversight) Act (Cap. 222A) (“**PS(O)A**”) and the Money-Changing and Remittance Businesses Act (Cap. 187) (“**MCRBA**”), enacted in 2006 and 1979 respectively. However, the payment services landscape has changed considerably in the past few years, presenting new risks that arise from activities beyond the current scope of the PS(O)A and MCRBA. New payment business models have also blurred the lines between activities regulated under these two Acts.

1.2 MAS proposes to enact a new payments legislation in the form of the proposed **Payment Services Bill** (the “**Bill**”) to

- (a) streamline payment services under a single legislation by combining the PS(O)A and the MCRBA;
- (b) enhance the scope of regulated activities to take into account developments in payment services; and
- (c) calibrate regulations according to the risks the activities pose by adopting a modular regulatory regime.

1.3 By regulating the payment activities along the payment value chain and mitigating attendant risks, MAS aims to promote greater confidence among consumers and merchants to adopt electronic payments (“**e-payments**”).

1.4 The key proposals are grouped into three areas:

- (a) implement a single payment services licence to regulate existing and new payment services;
- (b) establish a regulatory structure for significant payment systems and retail payment services; and
- (c) address regulatory risks and concerns.

1.5 **Annex A** sets out a list of questions asked in this paper. **Annex B**, which is in a separate document, sets out the proposed Bill. A Policy Highlights Sheet which summarises the key proposals for measures to protect consumers and merchants is available together with this consultation paper at this [link](#).

- 1.6 MAS invites comments from:
- a) Financial institutions – Banks, non-bank credit card issuers, operators, settlement institutions and participants of designated payment systems, money changers, remittance businesses, and holders of SVFs;
  - b) Broader payments industry – Payment system operators, merchant acquirers, payment gateway providers, FinTech firms including e-money issuers and virtual currency service providers;
  - c) Businesses – Large corporates, billing organisations (e.g. telecommunication and utility companies, town councils, and strata management corporations), small and medium businesses; and
  - d) Other interested parties – Members of the public, consumer associations, government agencies, law firms, trade associations, non-profit organisations, charities and other parties who may be impacted by or interested in the proposed review.

**Please note that all submissions received will be published and attributed to the respective respondents unless they expressly request MAS not to do so. As such, if respondents would like (i) their whole submission or part of it, or (ii) their identity, or both, to be kept confidential, please expressly state so in the submission to MAS. In addition, MAS reserves the right not to publish any submission received where MAS considers it not in the public interest to do so, such as where the submission appears to be libellous or offensive.**

- 1.7 Please submit written comments by 8 January 2018 to –

PSB Consultation  
FinTech and Innovation Group  
Monetary Authority of Singapore  
10 Shenton Way, MAS Building  
Singapore 079117  
Fax: (65) 62203973  
Email: [psbconsult@mas.gov.sg](mailto:psbconsult@mas.gov.sg)

---

1.8 Electronic submission is encouraged. We would appreciate that you use this [suggested format](#) for your submission to ease our collation efforts.<sup>1</sup>

---

<sup>1</sup> If you are providing a PDF version of your response, we would be grateful if you could also send a Word copy of your response for our collation.

---

## 2 Introduction

2.1 In August 2016, MAS articulated strategies to promote e-payments in Singapore in the “Singapore Payments Roadmap”<sup>2</sup> report co-authored with KPMG. The report found that Singapore had the requisite components to be a best-in-class jurisdiction in the area of payments. The report also suggested enhancing Singapore’s payments regulatory framework to achieve that end.

2.2 One key observation made was that new payment services enabled by evolving technology were falling outside of the existing regulatory frameworks despite presenting risks to the system as a whole. This resulted in a situation where consumers were adopting less secure services to make and receive payments. These included digital and online platforms that were exposed to sophisticated cyber criminals. Recent developments in FinTech have led to the convergence of payment and remittance services, making it necessary for MAS to modernise existing regulatory frameworks.

2.3 **It was recommended that MAS create a modular, consolidated activity and risk-based regulatory framework** to license, regulate and supervise all relevant segments of the payments ecosystem in Singapore for these reasons.

- (a) A modular approach to regulation gives MAS the flexibility needed to meet evolving business models that might offer one, some or all parts of the payments value chain. This modular approach will allow payment service providers to access the Singapore market with legal certainty and greater flexibility to provide a wider spectrum of payment services. The regulation of payment services offered by retail payment service providers should be technology-neutral and based on payment activities rather than payment products. Payment activities should cover the relevant parts of the payments value chain, and include funds processing for consumers and merchants, merchant acquisition, remittance and the issuance of payment instruments.

---

<sup>2</sup> The Singapore Payments Roadmap may be accessed at the following MAS URL.  
<http://www.mas.gov.sg/~media/MAS/News%20and%20Publications/Press%20Releases/Singapore%20Payments%20Roadmap%20Report%20%20August%202016.PDF>

- 
- (b) A consolidated framework can encourage synergies in regulating new retail payment service providers together with payment systems and payment infrastructure via the amalgamation of the PS(O)A and MCRBA. Streamlining and strengthening the regulatory framework to include provisions that level the playing field could support the further development of innovations that increase efficiency and enhance user protection.

2.4 **The proposed Bill comprises two parallel regulatory frameworks. Part 4** sets out the proposals for the two regulatory regimes.

- (a) **The first framework is a licensing regime that focuses on retail payment activities facing consumers and merchants.** Retail payment services that pose sufficient risk are identified for regulation under the licensing regime. Any entity that intends to provide retail payment services in Singapore will need to hold a licence (or be exempted from holding a licence) under the Bill. With many similar service providers, a licensing framework is appropriate to ensure a level playing field.
- (b) **The second framework is a designation regime that focuses on payment systems** whose disruption would pose financial stability risks or impact confidence in the financial system. Such systems are likely to be inter-bank payment systems such as FAST, GIRO, and MEPS+. The designation regime will be expanded in the proposed Bill to also allow MAS to designate payment systems for competition or efficiency reasons.

2.5 **We propose that the Payment Services Bill adopt an activity-based approach, covering activities that (i) face either customers or merchants, or (ii) process funds or acquire transactions.** The activities regulated under the licensing regime are as follows.

- (a) Activity A: Account issuance services;
- (b) Activity B: Domestic money transfer services;
- (c) Activity C: Cross border money transfer services;
- (d) Activity D: Merchant acquisition services;
- (e) Activity E: Electronic money (“**e-money**”) issuance;
- (f) Activity F: Virtual currency services;
- (g) Activity G: Money-changing services.

---

2.6 ‘Money-changing’ or Activity G is currently regulated under the MCRBA. We have made some refinements to the scope of “remittance business” and stored value facility” which are currently regulated under the MCRBA and PS(O)A respectively, which will now be covered under Activities C and E respectively. Activities A, B, D and F are new. **Part 3** sets out the activities proposed to be regulated under a single licensing regime.

2.7 Licensees offering retail payment activities will be grouped into three main licence classes, namely:

- (a) Money-Changing licence;
- (b) Standard Payment Institution licence; and
- (c) Major Payment Institution licence.

2.8 **We propose that the regulation of licensees be calibrated according to their activities based on the risks or regulatory concerns that they pose**, namely:

- (a) Money-Laundering and Terrorism Financing (“ML/TF”);
- (b) User protection;
- (c) Interoperability; and
- (d) Technology risk.

**Part 5** sets out the proposed specific risk mitigating measures, as well as the general powers applicable to regulated entities under the Bill.

2.9 **The proposed Bill will retain the designation framework in the existing PS(O)A** to allow MAS to regulate payment systems that do not fall within the scope of licensable activities, but are of importance at the systemic or system-wide level. The designation criteria will also be broadened to include competition or efficiency reasons.

2.10 **Part 6** sets out the exemptions and transitional arrangements for existing financial institutions.



---

### 3 Activity-based Licensing Framework

#### Activities Regulated under the Licensing Framework

3.1 MAS published a consultation paper<sup>3</sup> on 25 August 2016 (the “**August 2016 Consultation**”) to seek public views on the regulation of all payment activities in the payments ecosystem grouped into the following categories:

- (a) Issuing and maintaining payment instruments, such as payment cards, payment accounts, electronic wallets, and cheques;
- (b) Acquiring payment transactions, such as physical and online merchant acquisition services, merchant aggregators, and master merchants;
- (c) Providing money transmission and conversion services, such as domestic and in-bound/out-bound cross border remittance services, currency-conversion services, and virtual currency intermediation services;
- (d) Operating payments communication platforms, such as payment gateways, payment processors, and kiosks;
- (e) Providing payment instrument aggregation services, such as payment card aggregation and bank transaction account aggregation;
- (f) Operating payment systems which facilitate the transfer of funds through processing, switching, clearing, and/or settlement of payment transactions; and,
- (g) Holding stored value facilities (“**SVF**”), such as prepaid cards and prefunded electronic wallets.

3.2 MAS has responded to the feedback received from the public in response to the August 2016 Consultation. MAS’ response may be accessed at [this link](#).

3.3 The feedback on the proposed activity-based payments framework was largely supportive. Respondents recognised that the current PS(O)A and MCRBA needed to be updated to take into account developments in the payments industry. However, MAS notes that respondents also shared concerns that the proposed areas of regulation were too broad. This might result in overregulation of the payments space, and stifle

---

<sup>3</sup> The consultation paper may be accessed at the following link.  
[http://www.mas.gov.sg/~media/resource/publications/consult\\_papers/2016/Proposed%20Activity%20Based%20Payments%20Framework%20and%20Establishment%20of%20a%20National%20Payments%20Council.pdf](http://www.mas.gov.sg/~media/resource/publications/consult_papers/2016/Proposed%20Activity%20Based%20Payments%20Framework%20and%20Establishment%20of%20a%20National%20Payments%20Council.pdf)

---

innovation. On the whole, most respondents supported a risk-based regulatory framework.

3.4 Taking into consideration the general consultation feedback that the proposed range of activities was too wide, we applied a risk-based approach to identify payment activities that pose sufficient risk to warrant regulation.

3.5 **MAS has identified the activities that posed a combination of the risks that are most crucial to address in building a simple, secure, and accessible payments ecosystem.**

We explain these risks below.

- (a) The risk that the payment activity may be used for money-laundering and terrorism financing should be mitigated.
- (b) Consumers and merchants that contract with service providers of that payment activity may not be adequately protected, such as from disputes arising from erroneous or fraudulent transactions. Purchasers of e-money may not be adequately protected from the insolvency of the e-money issuer.
- (c) We may need to impose interoperability measures on certain payment service providers when they reach certain scale in order to reduce fragmentation and enhance confidence in acceptance of e-payments. If key customer facing payment services do not interoperate, consumers will not have a simple and standardised experience, which is important to promote growth and development of the e-payments ecosystem.
- (d) The technology risk faced by e-payment activities needs to be managed. This is where security of the payment service should be enhanced through technology risk governance and implementation of adequate controls in areas such as user authentication, data loss protection and fraud monitoring and detection.

3.6 **To target activities that have a clear retail payments nexus, we have also applied the following lens:**

- (a) The regulated activities are those where the service provider processes funds or acquires transactions for merchants. This ensures that we regulate only services that have a direct payments nexus. Service providers that process only data (e.g. payment instructions) and not funds will be treated as outsourcing services. For this reason, we will not require providers of

---

payment instrument aggregation services and data communications platforms to be licensed under the Bill.

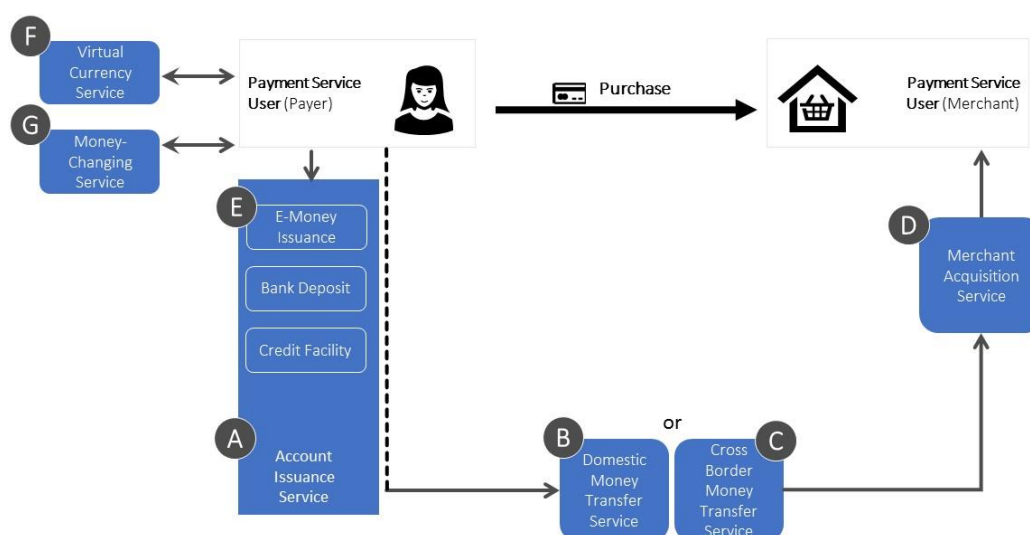
- (b) The service providers in each regulated activity deal or contract directly with the consumer or the merchant. We have streamlined the activities to those that have a direct impact on consumers or merchants (through a contractual relationship or arrangement). Services provided exclusively to other payment service providers and financial institutions (“**FIs**”) like banks fall outside the ambit of retail services. However, the payment systems through which these services are provided may be designated for regulation if they pose financial stability risks. Examples of such important payment systems are infrastructure such as FAST and MEPS+.

**3.7 Based on the above considerations, we propose to regulate these activities under the licensing framework.**

- (a) Activity A: Account issuance services
- (b) Activity B: Domestic money transfer services
- (c) Activity C: Cross border money transfer services (i.e. remittance business)
- (d) Activity D: Merchant acquisition services
- (e) Activity E: E-money issuance
- (f) Activity F: Virtual currency services (i.e. virtual currency intermediation)
- (g) Activity G: Money-changing services

3.8 **Illustration 1** shows how the proposed regulated activities interact with each other, merchants and consumers in a typical payments transaction.

**Illustration 1: Proposed Regulated Activities**



3.9 To explain the scope of each regulated activity, we have set out in **Table 1** a brief description of each proposed regulated activity. Please refer to the proposed Bill in **Annex B** for the full description of each regulated activity and the definitions that are used in those descriptions.

**Table 1: Brief Description of Regulated Activities**

Activity Type	Brief Description
<b>Activity A</b> <b>Account issuance services</b>	Issuing, maintaining or operating a payment account in Singapore, such as an e-wallet <sup>4</sup> or a non-bank credit card.

<sup>4</sup> Cash withdrawals from e-wallets will be prohibited, unless the e-wallet is used solely for Activity C or solely for Activity G, and the withdrawal is solely for the purpose of executing an Activity C or Activity G transaction respectively.

Activity Type	Brief Description
<b>Activity B</b> <b>Domestic money transfer services</b>	Providing local funds transfer services in Singapore. This includes payment gateway services and payment kiosk services.
<b>Activity C</b> <b>Cross border money transfer services</b>	Providing inbound or outbound remittance services in Singapore.
<b>Activity D</b> <b>Merchant acquisition services</b>	Providing merchant acquisition services in Singapore. This is where the service provider contracts with a merchant to accept and process payment transactions, which results in a transfer of money to the merchant. Usually the service includes providing a point of sale terminal or online payment gateway.
<b>Activity E</b> <b>E-money issuance</b>	Issuing e-money in Singapore to allow the user to pay merchants or transfer e-money to another individual.
<b>Activity F</b> <b>Virtual currency services</b>	Buying or selling virtual currency, or providing a platform to allow persons to exchange virtual currency in Singapore.
<b>Activity G</b> <b>Money-changing services</b>	Buying or selling foreign currency notes in Singapore.

3.10 The risks identified for each type of activity and overview of risk mitigating measures are set out in **Table 2**.

**Table 2: Risk Identification and Risk Mitigation Measures**

Activity	ML/TF	User Protection	Interoperability	Technology Risk
<b>Activity A</b> <b>Account issuance services</b>	Anti-Money Laundering and Countering the Financing of Terrorism (“ <b>AML/CFT</b> ”) requirements for certain providers	Protection of Access to funds	Access Regime, Common Platform, Common standards	Technology Management Guidelines apply e.g. technology risk governance, user authentication, data encryption, fraud

<b>Activity B Domestic money transfer services</b>	AML/CFT requirements for certain providers	Safeguarding of Funds in Transit	-	monitoring and detection, protection against distributed denial of service attacks
<b>Activity C Cross border money transfer services</b>	AML/CFT requirements for certain providers	Safeguarding of Funds in Transit	-	
<b>Activity D Merchant acquisition services</b>	-	Safeguarding of Funds in Transit	Access Regime, Common Platform, Common standards	
<b>Activity E E-money issuance</b>	-	Safeguarding of Float	-	
<b>Activity F Virtual currency services</b>	AML/CFT requirements for all providers	-	-	
<b>Activity G Money- changing services</b>	AML/CFT requirements for all providers	-	-	

3.11 Entities that provide payment services which are related and incidental to other businesses which they carry on must also obtain a license to provide such payment services. This is unless the entity has been exempted from holding a licence to conduct that payment activity, or if MAS has specifically excluded the payment activity from the regulatory ambit of the Bill, through the relevant schedule to the Bill or other exercise of MAS' regulatory powers.

---

**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 services<sup>5</sup> should be regulated. MAS also seeks views on whether the risks and considerations identified for retail payment services are suitable.

### E-Money and Virtual Currencies

3.12 **We explain the distinction between Activity E and Activity F as it is important to distinguish between e-money and virtual currency.** A payment account may take the form of an e-wallet. An e-wallet is funded with e-money. This e-money is denominated in fiat currency. This is an important distinction from virtual currency. E-money is defined as electronically stored monetary value represented by a claim on the e-money issuer that has been paid in advance for the purpose of making payment transactions through the use of a payment account and is accepted by another person other than the e-money issuer. A consumer purchases e-money from a business to enable him to make money transfers to participating individuals or purchase goods or services from merchants which accept such e-money.

3.13 **Virtual currency is defined as any digital representation of value that is not denominated in any fiat currency and is accepted by the public as a medium of exchange, to pay for goods or services, or discharge a debt.** Virtual currency transactions, given their anonymous nature, are particularly vulnerable to ML/TF risks. MAS will therefore introduce AML/CFT requirements to be imposed on virtual currency intermediaries that deal in or facilitate the exchange of virtual currencies for real currencies:

- (a) Dealing in virtual currency, which is the buying or selling virtual currency. This involves the exchange of virtual currency for fiat currency (e.g. Bitcoin for USD, or USD for Ether) or another virtual currency (e.g. Bitcoin for Ether).

---

<sup>5</sup> These are payment services which are related and incidental to any other businesses an entity carries on.

- (b) Facilitating the exchange of virtual currency. This involves establishing or operating a virtual currency exchange where participants of the exchange may use such a platform to exchange or trade virtual currency.

AML/CFT requirements imposed will include the identification and verification of customer and beneficial owner, ongoing monitoring, screening for ML/TF concerns, suspicious transaction reporting and record keeping.

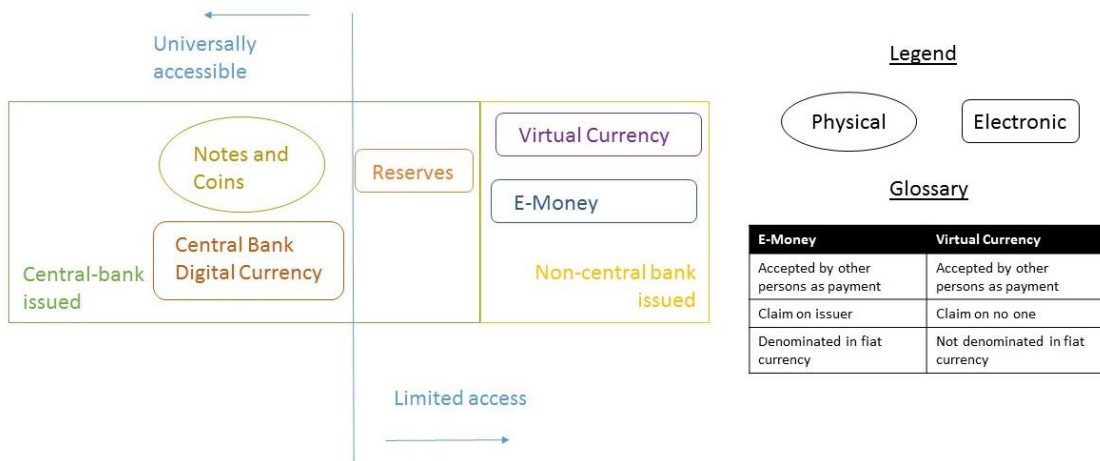
3.14 **We highlight that the virtual currency service provider must process funds or virtual currency.** This is to exclude mainstream online marketplaces and social media platforms from the proposed regulatory ambit, as they do not pose the same potential ML/TF risks that virtual currency exchanges pose. These marketplaces and social media platforms only act as information exchanges. Virtual currency exchanges that meet the funds possession criteria will need to hold a payment services licence. These include exchanges that originate from initial coin offerings (“**ICOs**”), where the ICO issuer provides virtual currency services.

3.15 The full definitions of virtual currency and e-money are set out in the proposed Bill in **Annex B**.

3.16 **Illustration 2** shows the relationship between different types of stored value and central bank issued money.



**Illustration 2: Currency related terms**



**Question 2. Scope of e-money and virtual currency.** 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 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 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.

Excluded Activities

3.17 **There are payment activities that do not pose sufficient risk to warrant regulation under the licensing regime.** The regulated activities are drafted broadly to allow the Bill to adapt to new technologies and business models. However, this means that the definitions of the regulated activities inadvertently catch activities that do not pose sufficient risk to warrant regulation. We therefore propose to carve out certain activities from the regulatory ambit of the Bill. The activities to be carved out are set out in certain definitions such as “e-money” and “virtual currency” as well as in schedules to the Bill in **Annex B**.

3.18 **The three most significant carve-outs are the exclusion of limited purpose e-money, limited purpose virtual currency and incidental or necessary payment activities**

---

carried out by any person regulated or exempted under the Securities and Futures Act (Cap. 289) (“SFA”), Financial Advisers Act (Cap. 110) (“FAA”), Trust Companies Act (Cap. 336) (“TCA”) and Insurance Act (Cap. 142) (“IA”). We propose to exclude e-money and virtual currency that are limited in user reach from the regulatory ambit of the Bill (“limited purpose e-money” and “limited purpose virtual currency” respectively). Services based on stored value that have limited user reach pose significantly less risk than services based on other types of e-money and virtual currency. We explain these three types of exclusions below in detail.

Significant Excluded Activity 1: Limited Purpose E-Money

3.19 **The stored value that falls within the scope of limited purpose e-money will not be considered e-money.** Any payment service provided by any person in respect of such stored value (including the issuance of such stored value) will thus not be regulated in the Bill.

3.20 The risks we have identified for e-wallets are ML/TF, technology risk, and safeguarding of e-money float as a form of user protection. Our assessment is that if the use, reach and capability of the e-wallet is sufficiently limited or restricted, the provision of such an e-wallet poses lower risks. Both the e-wallet and monetary value stored on the e-wallet should be carved out of our regulatory ambit.

3.21 **We propose to carve out value stored on e-wallets that is, or is intended to be used only in Singapore, and satisfies any of the following characteristics.** We have assessed that value stored on e-wallets with these characteristics carry low ML/TF risks and are limited in consumer reach.

- (a) It is used for payment or part payment of the purchase of goods from the issuer or use of services of the issuer, or both (i.e. single entity shop issuing its own vouchers e.g. spas, restaurants, bookshops);
- (b) it is used only within a limited network of franchisees<sup>6</sup> or related companies; or
- (c) all the monetary value stored in the e-wallet is issued by a public authority,<sup>7</sup> or a public authority has undertaken to be fully liable for or provided a

---

<sup>6</sup> Please refer to the proposed Bill for the definition of “franchise”.

<sup>7</sup> “Public authority” means —

---

guarantee in respect of all the monetary value stored in the e-wallet, in the event of default by the issuer.

3.22 **We also propose to exclude e-money that is used in loyalty programs.** In some loyalty programs, the loyalty rewards are given in the form of e-money. We propose to exclude such e-money from the ambit of the Bill. Australia has a similar carve-out.<sup>8</sup> Electronically stored monetary value in any payment account that has all the following criteria will be considered loyalty programs and value that is stored on such facilities will not be regulated under the Bill:

- (a) It is denominated in any currency;
- (b) it is issued by an issuer as part of a scheme, the dominant purpose of which is to promote the purchase of goods from, or the use of services of, the issuer, or by such merchants as may be specified by the issuer;
- (c) it is issued to a user as a result of the user purchasing goods from, or using the services of, the issuer, or such merchants as may be specified by the issuer;
- (d) it is used for the payment or part payment of the purchase of goods or use of services, or both;
- (e) it is not part of a financial product;
- (f) it cannot be withdrawn by the user from the payment account in exchange for currency; and
- (g) it cannot be refunded entirely to the user where the electronically stored monetary value is more than S\$100, unless the issuer identifies and verifies the identity of the user requesting the refund.

3.23 Facilities that allow cash withdrawal without first identifying and verifying the user will not be considered loyalty programs. The operators of such facilities will be regulated for ML/TF risks.

---

(a) the Government, including any ministry, department and agency of the Government, or an organ of State; or

(b) any statutory body;

<sup>8</sup> The ASIC Corporations (Non-Cash Payment Facilities) Instrument 2016/11.

**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.

#### Significant Excluded Activity 2: Limited Purpose Virtual Currency

3.24 **We propose to exclude types of virtual currency that are limited in user reach and scope of use as services based on these types of virtual currency pose less of a risk than widely used virtual currency such as Bitcoin and Ether.** Any activity that processes such limited purpose virtual currency will thus not be regulated in the Bill.

3.25 We have identified that in-game assets and loyalty points should be excluded provided that they:

- (a) are not returnable, transferable, or capable of being sold to any person in exchange for money; and
- (b) are media of exchange that are, or are intended to be, as the case may be—
  - (i) used only for payment of or part payment of, or exchange for, goods or services, or both, provided by the issuer of the digital representation of value, or provided by such merchants as may be specified by the issuer; or
  - (ii) used only for the payment of or exchange for virtual objects or virtual services, or any similar thing within, or as part of, or in relation to an online game.

3.26 Loyalty points (not denominated in fiat currency) that are used in loyalty programs are also excluded, provided they meet all the following conditions:

- (a) they are issued by an issuer as a part of a scheme, the dominant purpose of which is to promote the purchase of goods from, or the use of services of, the issuer, or by such merchants as may be specified by the issuer;
- (b) they are issued to a person as a result of the person purchasing goods from, or using the services of, the issuer, or such merchants as may be specified by the issuer;
- (c) they are used for payment or part payment of, or exchange for, goods or services, or both goods and services; and

---

(d) are not part of a financial product.

**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.

Significant Excluded Activity 3: Regulated Financial Services

3.27 **The third significant carve out is the regulated financial services exclusion.** We have proposed 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 for the carrying on of any regulated activity under these Acts. This is to more easily facilitate the provision of financial services under these Acts that are not closely related to payment services. We have proposed wider and more targeted exemptions for banks, merchant banks, finance companies and non-bank credit cards or charge card issuers, which are set out in **Part 6** of this paper.

**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.

## 4 Licensing and Designation Regimes

4.1 **We explained that we have taken a risk-based approach in selecting the retail payment activities for licensing.** The regulated entities are those that deal directly with the merchant or consumer and process funds or acquire transactions. These entities must conduct activities that pose a combination of the four key retail payment risks or concerns identified (ML/TF, user protection, interoperability, and technology risk). Interbank payment services such as payment card schemes and clearing and settlement systems are not considered licensable activities. However, these interbank payment services pose other risks, chiefly financial stability risks and competition concerns that are better addressed through a designation framework. For these reasons we propose to have two frameworks in the Bill, a licensing regime to regulate retail payment services and a designation framework to regulate interbank payment services.

### Licensing Regime

4.2 **Under a single modular activity-based regulatory framework,** a retail payment service provider that is regulated under the Bill (“licensee”) would only need to hold a single licence to conduct any or all of the regulated activities. This single licence will permit a licensee to undertake specific activities as set out in its licence. Multiple licences will not be required for different payment activities. If the licensee conducts more payment activities than originally applied for, it must seek MAS’ approval to conduct other payment activities. The licensee is not required to hold separate licences to conduct each payment activity. The single licence proposal was well received by the industry, as seen from the feedback to the August 2016 Consultation, and has been incorporated into the Bill.

4.3 **We note from feedback to the August 2016 Consultation that there were concerns that MAS may overregulate in the Bill and subject small entities such as FinTech start-ups to unduly burdensome regulatory requirements.** We have taken into account this concern and considered if it would be necessary to regulate payment activities carried out by small entities. Weighing against the developmental concern that Singapore should be a competitive payments hub, we assessed that only the ML/TF risks are currently significant enough to warrant regulation of small payment institutions.

---

**4.4 We propose to exclude smaller entities from requirements on technology risk, user protection, and interoperability requirements, and only subject them to AML/CFT and general requirements.**

**4.5 There will be three classes of licences that an entity can apply for under the Bill.**

A payment service provider may apply to be a

- a) Money-Changing Licensee;
- b) Standard Payment Institution, or
- c) Major Payment Institution.

4.6 A Money-Changing Licensee may only provide money-changing services. Standard Payment Institutions and Major Payment Institutions may provide any regulated service under the Bill.

**4.7 Only a Major Payment Institution may carry out payment services above any of the following thresholds.**

- a) Accepting, processing, or executing a monthly average of transactions (including all payment transactions) above S\$3 million in a calendar year;<sup>9</sup>  
or
- b) Holding an average daily e-money float above S\$5 million in a calendar year.

4.8 A Standard Payment Institution that wishes to upgrade its licence to a Major Payment Institution licence will need to apply for a variation of licence before the thresholds are breached. Likewise, a Money-Changing Licensee must apply to MAS to vary its licence to carry out other regulated activities. We clarify that at all times, the payment service provider will only need to hold one licence to conduct regulated activities.

4.9 The thresholds we have proposed are similar to those used in the payments legislation of other jurisdictions.<sup>10</sup> We assessed based on transaction volume and e-money float data made available to us that similar thresholds are appropriate for the Singapore context.

---

<sup>9</sup> Money-changing transactions do not count towards the threshold.

<sup>10</sup> For example, the payment transaction and e-money float thresholds in the UK are 3 million euros and 5 million euros respectively.

---

4.10 We have also considered whether we should use different transaction volume thresholds for different regulated activities under the Bill to determine the size of the payment service provider, and therefore the class of licence the payment service provider should hold. We found it appropriate to use only one transaction volume threshold as a determining factor regardless of what regulated activity the payment service provider carries out. The average monthly transaction volume that the payment service provider handles is reflective of the total amount of funds that the payment service provider is responsible for. If the payment service provider is responsible for the processing of a large amount of funds, it should be more closely supervised as a Major Payment Institution. This is regardless of whether the payment service provider carries out one or more payment activities in the same value chain, and what specific payment activity the payment service provider carries out. In short, it is the sum of the funds that the payment service provider handles that determines its size, and not the number of payment activities (or type of activities) it carries out.

**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.

#### Designation Regime

4.11 **We propose to largely retain the existing PS(O)A designation regime in the new Bill.** Currently, MAS has powers to designate any payment system for regulation under the PS(O)A. The reasons for requiring powers to designate payment systems that might not fall under our licensing criteria but have a financial stability impact are still valid. For example, inter-bank services provided through FAST or MEPS+ do not directly impact consumers and merchants nor pose the risks identified for licensable activities. However, MEPS+ is a systemically important payment system and a disruption in the operations of MEPS+ could trigger systemic disruption to the financial system in Singapore.



---

4.12 As explained in Part 3, we will expand the current designation criteria to allow MAS to designate payment systems to be regulated for competition reasons. The new designation criteria is as follows:

*“where the payment system is widely used in Singapore or its operations may have an impact on the operation of one or more payment systems in Singapore, it is necessary to ensure efficiency or competitiveness in any of the services provided by the operator of the payment system”.*

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

## 5 Key Requirements and Powers

5.1 **We explained our proposal to regulate under a licensing regime the retail payment services that pose sufficient ML/TF risks, user protection concerns, technology risks, and interoperability concerns.** To mitigate these risks, we propose to subject licensees to activity-specific risk mitigating measures. To avoid overregulation, such measures will be imposed on licensed entities only where they conduct regulated services that pose the relevant risk. For example, payment service providers who only provide cross border money transfer services will only have to comply with ML/TF and user protection requirements.

5.2 In addition, licensees will be subject to general requirements in the Bill and requirements imposed under MAS' general powers under the Bill.

- (a) Licensing and business conduct requirements are baseline requirements that all licensed entities have to comply with. We expect all licensed entities to be able to meet these requirements in order to operate prudentially and offer safe and sound payment services. The standard requirements for Money-Changing Licensees will be retained from the current MCRBA regime.
- (b) There are also general powers under the Bill that are common in MAS-administered legislation such as inspection powers, powers to issue regulations and directions, and penal powers relating to offences. The general powers under the Bill will apply to designated entities as is the case in the current PS(O)A.

### Licensing and Business Conduct Requirements

5.3 **Licensing and business conduct requirements apply to licensees under the Bill. We propose to require that an applicant for a payment services licence (except for a Money-Changing Licence<sup>11</sup>) fulfils the following criteria.**

- (a) The applicant must be a company (incorporated in Singapore or overseas).
- 

<sup>11</sup> Money-Changing Licensees need not be incorporated.

- 
- (b) The applicant must have a permanent place of business in Singapore or if the business is carried on without a permanent place of business, a registered office in Singapore. An applicant must appoint a person to be present at the permanent place of business or registered office of the applicant on the days and at the hours during which the place or office is to be accessible to the public to address any issues or complaints from any payment service user who is a customer of the applicant. An applicant must also keep, or cause to be kept, at the permanent place of business or registered office, as the case may be, books of all his or its transactions in relation to any payment service the applicant provides.
  - (c) The applicant must have at least one Singapore citizen or Singapore Permanent Resident executive director. We note from the consultation feedback that there was a fair amount of concern regarding how MAS will treat foreign companies (companies based overseas or companies incorporated overseas) and foreign directors under the Bill.

5.4 To manage the scope of MAS' regulatory ambit of payment services online, we will **prohibit any person that does not hold a payment services licence** (or exemption) from:

- (a) **soliciting for any payment service regulated under the Bill**; and
- (b) **holding itself out as a licensee under the Bill**.<sup>12</sup>

5.5 **Licensing requirements apply to licensees under the Bill. We propose to require that all licensees (except Money-Changing Licensees) hold minimum paid up capital on an ongoing basis for operational reasons**, to ensure that they have sufficient capital to operate and manage the risks of a payment service. Major Payment Institutions will also need to comply with security deposit requirements. As Standard Payment Institutions and Money-Changing Licensees are regulated primarily for ML/TF risks, these licensees need not furnish such security deposits.

5.6 **The proposed capital requirement and security deposit are as follows.** They are benchmarked against the existing amounts in the PS(O)A and MCRBA.

- (a) Capital requirement: S\$100,000, or higher as prescribed

---

<sup>12</sup> There are currently similar provisions in the PS(O)A (sections 31 and 32).

- 
- (b) Security deposit: S\$100,000, or higher as prescribed

5.7 **We benchmarked the minimum capital requirement of S\$100,000 to the capital requirement for remittance agents in the MCRBA.** Our view is that S\$100,000 is a reasonable amount to be set aside as minimum operating capital. We propose to have powers to prescribe the minimum capital of S\$100,000 or such higher amounts. However, to address concerns that the capital requirements may be onerous, we take reference from other MAS-administered legislation such as the SFA<sup>13</sup> and the FAA, and it is unlikely that we will require the licensee to hold capital exceeding those in other legislation.

**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.

---

<sup>13</sup> The range of base capital requirements in the SFA is from S\$50,000 to S\$5 million; in the FAA this is S\$150,000 or S\$300,000, depending on the activity conducted.

---

### Specific Risk Mitigating Measures

5.8 **Specific risk mitigating requirements apply to licensees under the Bill where the licensee conducts a regulated activity that poses the relevant risk.** We will impose the following types of specific risk mitigating measures on relevant licensees.

- (a) AML/CFT measures
- (b) User protection measures
- (c) Powers to impose interoperability measures
- (d) Technology risk management measures

5.9 We will set out the proposals for each type of risk mitigating measure in the rest of this Part. In each set of proposals, we will also set out the types of licensees or payment activities that the proposed measures are intended to apply to.

5.10 To summarise, the AML/CFT measures will apply to all three classes of licensees (Money-Changing licence, Standard Payment Institution licence, and Major Payment Institution licence). The other types of specific risk mitigating measures will apply only to Major Payment Institutions.

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

### Specific Risk Mitigating Measure 1: AML/CFT

5.11 **AML/CFT requirements will be imposed on the relevant licensees through notices issued under the Monetary Authority of Singapore Act (Cap. 186) (“MAS Act”)** as is the case for existing AML/CFT requirements. Key risks posed by payment services include cross-border ML/TF, anonymous cash-based payment transactions, structuring of payments to avoid reporting thresholds, and layering or fund-raising for ML/TF purposes.

5.12 **The activities that carry ML/TF risks are Activities A, B, C, F and G**, as shown above in **Table 2**. Current international practices do not suggest that we need to regulate Activities D (merchant acquisition) and E (e-money issuance) for ML/TF risks at this point. As such, we will not apply AML/CFT measures to licensees carrying out these activities for now.

5.13 Where a licensee confines its business model to conduct only low risk transactions, no AML/CFT requirements will apply to such a licensee. Please see **Table 3** for services with low risk product features.

**Table 3: Services Assessed to be Low Risk**

Activity	Low risk features
<b>Activity A</b> <b>Account issuance services</b>	Issuing payment accounts that: <ul style="list-style-type: none"> <li>(a) Do not allow physical cash withdrawal;</li> <li>(b) Do not allow physical cash refunds above S\$100, unless the payment institution performs identification and verification of sender; <u>and</u></li> <li>(c) Do not have an e-wallet capacity (i.e. load limit) that exceeds S\$1,000.</li> </ul>
<b>Activity B</b> <b>Domestic money transfer services</b>	Services that only allow the payment service user to perform the following transactions: <ul style="list-style-type: none"> <li>(a) Payment for goods or services <u>and</u> where payment is funded from an identifiable source (being an account with a FI regulated for AML/CFT);</li> <li>(b) Payment for goods or services <u>and</u> where the transaction is under S\$20,000; <u>or</u></li> <li>(c) Payment is funded from an identifiable source <u>and</u> where the transaction is under S\$20,000.</li> </ul>
<b>Activity C</b> <b>Cross border money transfer services</b>	Services where the payment service user is only allowed to pay for goods or services <u>and</u> where that payment is funded from an identifiable source.

5.14 **There is no sub-set of low risk services under Activity F (Virtual Currency Services)** as such services carry higher inherent ML/TF risks due to the user's ability to transmit money pseudonymously. This view is consistent with that of the Financial Action Task Force ("**FATF**").

5.15 **All entities that carry on Activity G (Money-changing Services) will need to be licensed, primarily for AML/CFT reasons;** there will be no entity-level low risk exemptions. That said, the existing transaction-level exemption for money-changers under the current regime will be retained, where a money-changer need not conduct Customer Due Diligence ("**CDD**") on the customer for a cash transaction of an aggregate

---

value of less than S\$5,000 per customer. We will additionally not require a money-changer to conduct CDD on the customer for a transaction funded from an identifiable source, with an aggregate value of under S\$20,000 per customer.<sup>14</sup>

5.16 For licensees that facilitate transactions aside from or that extend beyond those in Table 3, AML/CFT requirements would include the following:

- (a) identification and verification of customer and beneficial owner;<sup>15</sup>
- (b) ongoing monitoring including transactions monitoring;
- (c) screening of customers for ML/TF concerns; and
- (d) suspicious transaction reporting and record keeping.

5.17 These are similar to the AML/CFT requirements currently imposed on FIs. The requirements may be applied in varying degrees of intensity and frequency, depending on the risk profiles of the customers or transactions.

5.18 **All entities are reminded of their obligations in respect of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (Cap. 65A) (“CDSA”), the Terrorism (Suppression of Financing) Act (“TSOFA”), and relevant United Nations (“UN”) Regulations.** These obligations, including the prohibition against dealing with designated individuals and entities and to report suspicious transactions, are separate and in addition to the AML/CFT requirements imposed by MAS.

5.19 Licensees should refer to the Inter-Ministerial Committee on Terrorist Designation’s website for more information<sup>16</sup> on the TSOFA, the Commercial Affairs Department’s website for more information<sup>17</sup> on the CDSA and the reporting of suspicious

---

<sup>14</sup> Provided that the licensee has put in place and implemented adequate systems and processes, commensurate with the size and complexity of the licensee, to monitor its business transactions and to detect and report suspicious, complex, or unusually large or unusual patterns of business transactions.

<sup>15</sup> Beneficial owner refers to the natural person who ultimately owns or controls a customer or the natural person on whose behalf a transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement. A beneficial owner may therefore be different from a beneficiary who is the recipient of the funds. The beneficiary refers to the natural or legal person or legal arrangement who is identified by the originator as the receiver of the requested wire transfer.

<sup>16</sup> <https://www.mha.gov.sg/Pages/Inter-Ministerial-Committee---Terrorist-Designation-%28IMC-TD%29-.aspx>

<sup>17</sup> <http://www.police.gov.sg/about-us/organisational-structure/specialist-staff-departments/commercial-affairs-department/aml-cft/suspicious-transaction-reporting-office/suspicious-transaction-reporting>

---

transactions, and MAS' website for more information<sup>18</sup> on sanctions requirements in relation to UN-designated individuals and entities.

5.20 For avoidance of doubt, where the exemption to a licensee is premised on the transactions being limited to the "payment for goods and services", the payment should be made to a beneficiary that is a merchant. Where the service also facilitates the movement of funds between accounts or e-wallets tied to individuals, or where the beneficiary cannot be clearly established to be a merchant, such a service would not be considered one that is solely for the "payment of goods and services". Depending on the activity the transaction falls under, this may attract AML/CFT requirements.

**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.

#### Specific Risk Mitigating Measure 2: User protection

5.21 We propose to impose the following types of user protection measures:

- (a) Safeguarding of e-money float (applicable to Activity E);
- (b) Safeguarding of funds in transit (applicable to Activity B, C and D);
- (c) Protection of personal use wallets (applicable to Activity A); and
- (d) Protection of access to funds (applicable to Activity A).

5.22 **Requirements on safeguarding of e-money float, funds in transit, and protection of personal use wallets are set out in the Bill. We will in the upcoming months publish a separate consultation paper on guidelines for the protection of access to funds to standardise user liability caps, notification requirements and fraud and error resolution processes for e-payments.**

---

<sup>18</sup> <http://www.mas.gov.sg/Regulations-and-Financial-Stability/Anti-Money-Laundering-Countering-The-Financing-Of-Terrorism-And-Targeted-Financial-Sanctions/Targeted-Financial-Sanctions.aspx>



5.23 Under the PS(O)A, an SVF held by approved widely accepted SVF holders must be safeguarded with an approved bank which undertakes to be fully liable for the float. The Bill has similar safeguarding requirements imposed on e-money issuers, to protect consumers' funds in the event of insolvency. The threshold for safeguarding of e-money will be reduced from the level prescribed under the PS(O)A to enhance protection of consumers' funds under the Bill. Under the PS(O)A, float protection is required for stored value in a float greater than S\$30 million. The Bill will require safeguarding of all e-money in a float held by any Major Payment Institution. Only Major Payment Institutions may hold an average daily float of above S\$5 million.

5.24 **The scope of e-money is slightly different from stored value in an SVF.** Stored value is limited to pre-payment for goods and services. E-money does not have this restriction; it may be used for purchases as well as peer-to-peer transfers. However, e-money does not include limited purpose e-money (as explained above).

5.25 **We propose that safeguarding requirements only apply to the e-money float that is collected from Singapore residents** (with residency as to be agreed between the e-money issuer and the e-money user). This is to right-size the compliance burden of global e-money issuers, which also maintain float of e-money issued worldwide.

5.26 **We will give the e-money issuer more options to meet the safeguarding requirements.** Under the PS(O)A, only banks in Singapore are approved and allowed to provide the undertaking to be fully liable for the stored value of the SVF and the relevant bank has to separately apply to MAS for approval to play such a role. The approved bank is subject to requirements,<sup>19</sup> such as providing timely refunds, ensuring users' legal right of recourse and adequately notifying users of its liability. The approved bank regime will no longer be required under the Bill.

5.27 The range of safeguarding options made available to the e-money issuer will be wider than in the PS(O)A. The safeguarding options adopted would have to be clearly disclosed to the consumer. The e-money issuer will be required to safeguard the e-money float in any one or a combination of the following ways:

---

<sup>19</sup> PSOA-N01: Notice on responsibilities of approved banks

- 
- (a) The float is covered by an undertaking from any full bank which is fully liable to the e-money users for such moneys;
  - (b) The float is guaranteed by any full bank;
  - (c) The float is deposited in a trust account with any full bank no later than T+1;<sup>20</sup>
  - (d) The float is deposited in a trust account with an authorised custodian specified or prescribed by MAS no later than T+1; or
  - (e) The float is invested in any secure, liquid, and low risk assets as MAS may prescribe, no later than T+1, and the assets are deposited in a trust account with an authorised custodian prescribed or specified by the Authority.

5.28 **We also propose to impose the same safeguards for funds in transit.** Funds in transit are described in the Bill as relevant moneys received from customers that need to be safeguarded. These are funds that are received from a payment user by the licensee for the provision of the payment services in respect of Activities B, C and D. The safeguarding measures will be imposed on licensees carrying on Activities B, C and D. These measures protect the payment user (either the consumer or the merchant) from the insolvency of the licensee.

**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:

---

<sup>20</sup> T+1 refers to the next business day following the day on which the e-money issuer receives the money from its customers.

- 
- |     |   |
|-----|---|
| (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.                                 |

5.29 **We propose to impose additional measures to protect funds held in e-wallets that are owned by individuals for personal use (“personal e-wallet”).** Unlike bank deposits, the funds in e-wallets are safeguarded by another financial institution and not by deposit insurance under the Deposit Insurance and Policy Owners’ Protection Schemes Act. To protect individuals holding e-wallets for personal use, we propose to set the following restrictions on personal e-wallets.

- (a) The maximum personal e-wallet load capacity will be set at S\$5,000; and
- (b) E-wallet issuers must not allow the user of a personal e-wallet to transfer more than S\$30,000 out of his or her e-wallet on a 12-month consecutive basis.<sup>21</sup> Transfers to certain personal bank accounts<sup>22</sup> held in Singapore do not count towards the S\$30,000 restriction.

<p><b>Question 16. Personal e-wallet protection.</b> 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.</p>
--

5.30 **We will in the coming months publish a separate consultation paper on guidelines to set standards on the protection of access to funds.** The following broad measures we will consult on are set out here for information.

---

<sup>21</sup> To clarify, e-wallet issuers must not allow the user of a personal e-wallet to transfer e-money out from the personal e-wallet (other than a transfer to a personal deposit account) where the transfer would cause the aggregate amount of transfers for the one year period up to and including the day of the proposed transfer to exceed S\$30,000.

<sup>22</sup> This refers to a deposit account held with a bank in Singapore which is used as a means of executing payment transactions other than in the course of business and (i) is a deposit account in the name of the payment service user; or (ii) is a deposit account designated by the payment service user.

---

5.31 These measures are primarily aimed at building consumer confidence in using e-payments and thereby increasing the adoption of e-payment methods. One key obstacle to pervasive adoption of e-payments we have observed is that the user liability caps for fraudulent transactions and error resolution processes are not standardised across licensees. The lack of standard liability caps and error resolution processes is confusing for payment users who may not know what to expect if they become victims of fraud or if they mistakenly send money to the wrong recipient.

5.32 **The funds access protection guidelines will apply to all issuers of high value payment accounts that enable users to execute electronic payment transactions.** We propose to set the threshold for the protected accounts at S\$500, which is in line with standards in the UK and Australia. Accounts that have a maximum load capacity of S\$500 will not be in the framework as these are usually bearer instruments that are used anonymously. These bearer instruments are also less likely to be targeted for fraud due to the low amounts stored in the instrument and as such instruments are usually only capable of being used over the counter. Consumers will be advised to take care of low value instruments or accounts as they would with physical cash.

5.33 **We also propose that the users protected under the funds access protection guidelines be limited to individuals and micro-enterprises** (being businesses employing fewer than 10 persons or with an annual turnover of no more than S\$1m).<sup>23</sup> This is to prioritise the protection of more vulnerable consumers and encourage these consumers to adopt e-payments. The proposed perimeters are also to recognise that the funds access protection measures will impose some cost on licensees, and that compliance burden should be kept as low as possible to still achieve our regulatory objectives.

5.34 **We propose to cap the liability of payment users of high value payment accounts at S\$100<sup>24</sup>,** provided that the user meets a reasonable standard of behaviour. This includes giving the licensee updated contact details, using due diligence to protect his payment account, not being fraudulent or grossly negligent, and reporting all unauthorised transactions with relevant information to the licensee by the business day after the notification to the user was sent.

---

<sup>23</sup> The definition of a micro-enterprise is adapted from SPRING Singapore's SME micro loan criteria.

<sup>24</sup> S\$100 is the current liability cap for fraudulent credit card transactions and lost credit cards under the Code of Conduct administered by the Association of Banks in Singapore.

- 
- 5.35 The licensee is expected to,
- (a) give the payment service user daily batched transaction statements for the user to track his transactions;
  - (b) allow the user to confirm recipient credentials onscreen before executing payment transactions;
  - (c) provide the user with a free error reporting channel;
  - (d) complete investigation of claims within 21 days of the user's transaction report; and
  - (e) refund the user's account with the amount the user lost, within 7 days.

5.36 **Standard Payment Institutions<sup>25</sup> (i.e. small payment institutions) are regulated mainly for ML/TF risks and do not need to comply with user protection measures including safeguarding of e-money float and funds in transit.** We understand from industry feedback that it may be very difficult for a small payments firm to arrange for an FI to undertake liability for the e-money float it issues. We aim to encourage the growth of such small firms and innovation in the payments ecosystem by removing this compliance burden. However, to protect consumers, a Standard Payment Institution will need to disclose clearly to consumers that the float it holds and funds it processes are not protected under MAS regulations.

5.37 **Money-changers and remittance agents are currently required to display their physical licence at their places of business.** This requirement was intended to allow the public to verify if they were licensed. With the shift toward online business models and off-premise kiosks, sighting a physical licence may no longer be practical and we therefore propose to remove the requirement to do so going forward.

**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

---

<sup>25</sup> In the context of issuing e-money, Standard Payment Institutions are those that hold an average daily e-money float of S\$5 million or less.

---

there is still a need to retain the requirement to display a licence as set out in section 14 of the MCRBA.

### Specific Risk Mitigating Measure 3: Interoperability

5.38 One key obstacle to the adoption of e-payment solutions by consumers and merchants is that these solutions are often not interoperable. Consumers may not be able to make payments directly to each other or to merchants if both parties use different payment accounts. Merchants are also faced with having to provide consumers with multiple point of sale terminals or other payment acceptance methods. To achieve interoperability of payment accounts and payment acceptance points, we propose to have powers under the Bill to impose these three types of interoperability measures:

- (a) Access regime;
- (b) Common platform; and
- (c) Common standards.

5.39 **It should be noted that interoperability measures will be imposed only when the circumstances call for the need for MAS to exercise interoperability powers under the Act. These measures are not imposed on regulated entities at the commencement of the Bill.**

5.40 **An access regime is a measure to mandate that a payment system operator<sup>26</sup> allows third parties to access its system** to provide such third party services on fair and reasonable commercial terms. MAS currently has powers to impose an access regime on any operator of a designated payment system (“DPS”) under the PS(O)A. We propose to import these powers to the Bill, and make the powers applicable to any Major Payment Institution who operates a payment system and any operator of a DPS. These are the entities that are more likely to operate widely used payment systems that should be interoperable with common payment methods.

5.41 **We propose to include in the Bill powers to mandate any Major Payment Institution’s participation in a common platform (or equivalent platform) to achieve interoperability of major wallets.** This power may be exercised when a wallet grows large

---

<sup>26</sup> This would be a DPS operator or Major Payment Institution.

---

enough to cover a substantial population of users such that they effectively become mainstream and will be expected to interoperate with other mainstream payment accounts. However, MAS will conduct a full assessment before imposing such a measure, and will do so only where necessary to achieve significant interoperability outcomes.

5.42 **We also propose to include in the Bill powers to mandate any Major Payment Institution to adopt a common standard to make widely used payment acceptance methods interoperable.** One example of such a measure is to mandate that payment account issuers and merchant acquirers adopt a standardised QR code. This will allow merchants to display a single QR code which can be scanned by a consumer using any major payment account application.

**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.

#### Specific Risk Mitigating Measure 4: Technology Risk Management

5.43 **MAS will extend the existing guidance on technology risk management to apply to licensees that rely on technology to supply payment services.** The technology risk management guidance is principle-based and sets out best practices in the following key areas:

- (a) Establishing a sound and robust technology risk management framework;
- (b) Strengthening system security, reliability, resiliency, and recoverability;  
and
- (c) Deploying strong authentication to protect customer data, transactions and systems.

5.44 Under the PS(O)A, MAS imposes technology risk management requirements via notices on operators and settlement institutions of DPS as failure of such systems will result in systemic disruption to or affect public confidence in payment systems or Singapore's financial system. These requirements include obligations to ensure the

---

availability<sup>27</sup> and recoverability<sup>28</sup> of DPS; as well as protection of customer information from unauthorised access or disclosure.

5.45 **Licensees which are not operators of a DPS are not operating at a scale where imposing availability and recoverability requirements on them is necessary as a failure of their systems is unlikely to have financial stability implications on Singapore.** While it is important to protect customer information, the provisions in the Personal Data Protection Act (Act No. 26 of 2012), which were not in force when the technology risk management requirements were first issued, are sufficient for protecting customer information held by these institutions.

5.46 **Under the Bill, MAS will have the powers to direct a licensee to review and strengthen their technological controls and process.** MAS proposes to continue to apply the technology risk management requirements on operators of a DPS and monitor the use of technology by other licensees. Technology risk management requirements will be imposed on other licensees if they become significant players in Singapore.

**Question 19. Technology risk management measures.** MAS seeks comments on the proposed approach to technology risk management regulation.

#### General Powers

5.47 **General powers apply to both licensees and operators of a DPS, and where relevant settlement institutions and participants of DPS.** The Bill will contain other general requirements and powers that are common in other MAS-administered legislation. These include auditing requirements, control of substantial shareholders, inspections and investigations, assistance to foreign regulators, offences, appeals and power to prescribe regulations, issue notices, and grant exemptions.

5.48 We have considered whether it is necessary for MAS to have emergency powers over all licensees. We have proposed to extend emergency powers over all licensees,

---

<sup>27</sup> An FI is required to ensure maximum unscheduled downtime for each critical system that affects the FI's operations or service to its customers does not exceed a total of 4 hours within any period of 12 months.

<sup>28</sup> An FI is required to establish a recovery time objective ("RTO") of not more than 4 hours for each critical system.



---

which is consistent with other MAS-administered legislation including the SFA where the MAS has emergency powers over all regulated entities such as capital markets services licensees. However, this will be a departure from the position in the PS(O)A<sup>29</sup> and the MCRBA<sup>30</sup>. MAS will exercise its powers judiciously and only when necessary in the circumstances.

**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.

---

<sup>29</sup> MAS has emergency powers only over operators and settlement institutions of DPS under section 28 of the PS(O)A.

<sup>30</sup> There are no emergency powers in the MCRBA.

---

## 6 Arrangements for Existing Financial Institutions

6.1 **The introduction of the Bill will necessarily have an impact on existing FIs.** The FIs likely to be affected are banks, merchant banks, finance companies and non-bank credit card or charge card issuers, as they already provide a wide range of payment services as part of their business. Likewise, the entities regulated under the PS(O)A and MCRBA will be impacted as these Acts will be replaced by the new Bill.

6.2 **MAS proposes to put in place the following arrangements to cushion the impact of the new Bill. These are**

- (a) **exemptions for banks, merchant banks, finance companies and non-bank credit card or charge card issuers;**
- (b) **transitional provisions for existing regulated FIs and payment firms; and**
- (c) **class exemptions for entities that do not carry any regulatory risks.**

### Exemptions for certain FIs

6.3 To ease the migration of existing FIs and payment service providers to the new Bill, we propose to include in the Bill,

- (a) **an exemption for banks, merchant banks, finance companies (“deposit-taking institutions”) from holding a licence, and from complying with requirements that these FIs are already subject to under the Banking Act (“BA”), MAS Act and Finance Companies Act (“FCA”); and**
- (b) **an exemption for non-bank credit card or charge card issuers from holding a licence and complying with licensing related requirements<sup>31</sup>.**

6.4 To minimise regulating deposit-taking institutions for the same areas that these FIs are subject to under the BA, MAS Act and FCA, these FIs will be exempted from complying with:

- (a) **entity specific requirements that overlap with those in the BA, MAS Act and FCA; and**

---

<sup>31</sup> An explanation of this exemption for non-bank credit card issuers is set out later in this Part.

- (b) requirements in respect of activities that are regulated in, or are an integral part of the activities regulated in, the BA, MAS Act and FCA.

6.5 The proposed exemptions for deposit-taking institutions are set out in **Table 4**.

**Table 4: Exemptions for Deposit-taking Institutions**

Entity Specific Exemption	
<ul style="list-style-type: none"> <li>Licensing requirements</li> <li>Business conduct requirements: provisions on capital requirements, registered office requirements, place of business requirements</li> <li>Control of substantial shareholders</li> </ul>	
Activity Specific Exemption	
Activity A: Account issuance services	Deposit-taking institutions are exempted from complying with any requirement under the Bill in respect of activities solely incidental to the institution's conduct of their deposit-taking businesses <sup>32</sup> already regulated under the BA, MAS Act and FCA.
Activity B: Domestic money transfer services	
Activity C: Cross border money transfer services	Deposit-taking institutions are exempted from complying with any requirements in the Bill that are specific to this activity <sup>33</sup> .
Activity D: Merchant acquisition services	Deposit-taking institutions are exempted from complying with any requirements in the Bill that are specific to this activity.
Activity E: E-money issuance	No exemption for deposit-taking institutions.
Activity F: Virtual currency services	No exemption for deposit-taking institutions.

<sup>32</sup> As defined in BA section 4B(7):

(7) Subject to the provisions of this section, for the purposes of section 4A, a business is a deposit-taking business if —

- (a) in the course of the business, money received by way of deposit is lent to others; or
- (b) any other activity of the business is financed, wholly or to any material extent, out of the capital of or the interest on money received by way of deposit.

<sup>33</sup> For Finance Companies (FCs), the exemption only applies to FCs which have the MAS' approval to deal in foreign currency (MCRBA section 31(c)).

Activity G: Money-changing services	Deposit-taking institutions are exempted from complying with any requirements in the Bill that are specific to this activity.
-------------------------------------	---

6.6 **With regard to Activities A and B, deposit-taking institutions are exempted from complying with any requirements under the Bill in respect of the institution's conduct of their deposit-taking business already regulated under the BA, MAS Act and FCA.** This includes the issuance of debit/credit cards, the opening and operation of accounts, and the operation of automated teller machine (“ATM”) facilities. This is to avoid double regulation of the same activity in two different pieces of legislation.

6.7 **Deposit-taking institutions will be exempted from complying with requirements relating to Activities C, D and G.**<sup>34</sup> Currently, deposit-taking institutions are exempted from complying with the MCRBA.<sup>35</sup> We will continue to exempt deposit-taking institutions from Activity C (cross border money transfer services) and Activity G (money-changing services) requirements. Recognising that Activity D (merchant acquisition services) is currently already undertaken by deposit-taking institutions as part of their deposit-taking business, and the fact that deposit-taking institutions are subject to more stringent prudential requirements, we propose to also exempt deposit-taking institutions from complying with requirements specific to Activity D.

6.8 **We do not propose to exempt the deposit-taking institutions from requirements relating to Activities E and F,** as these are not deposit-taking related activities. Deposit-taking institutions therefore should be treated in the same manner as other licensees, to maintain a level playing field for these activities.

6.9 Please see the proposed Bill in **Annex B** which sets out the specific provisions that will apply to deposit-taking institutions even though they are exempt from holding a licence under the Bill. These include, among others, interoperability requirements that MAS may impose under the Bill.

---

<sup>34</sup> As there are no powers under other MAS-administered Acts to impose an access regime, we propose to retain the powers to impose interoperability requirements on banks, merchant banks and finance companies under the Bill.

<sup>35</sup> For Finance Companies (FCs), the exemption only applies to FCs which have MAS' approval to deal in foreign currency (MCRBA section 31(c)).

---

6.10 Non-bank credit card or charge card issuers are already required to hold a licence under the BA for the provision of credit facilities. **We propose to exempt non-bank credit card issuers from the same entity specific requirements that deposit-taking institutions are exempted from.** Non-bank credit card issuers however need to comply with the other requirements in the Bill, including activity specific requirements, as they do not overlap with those in the BA. Non-bank credit card or charge card issuers also need to comply with interoperability requirements that MAS may impose under the Bill.

**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.

#### Transitional arrangements

6.11 **MAS proposes to place in the Bill transitional arrangements for existing FIs and other payment service providers.** Operators and settlement institutions of DPS and approved holders of a SVF under the PS(O)A, as well as remittance agents and money-changing businesses licensed under the MCRBA must comply with the requirements when the Payment Services Act commences. This is because the PS(O)A and MCRBA will be repealed at the same time that the Payment Services Act commences (i.e. takes effect).

6.12 **However, to provide sufficient lead time to these entities to comply with the new regime, MAS proposes to commence the new Bill not earlier than at least six months after the Bill is passed in Parliament.**

- (a) As there is no change to the designation regime for existing DPS, the existing operators, settlement institutions and participants of a DPS will be transitioned and regulated under the new Bill without disruption.
- (b) We will deem the existing widely accepted SVFs holders and remittance agents as Major Payment Institutions (to conduct any activity) under the Bill. These entities will not need to separately apply for a payment services licence. They have six months from date of commencement of the Bill to inform MAS of the specific activities they are conducting. Money-changing licensees under the MCRBA will be deemed to be Money-Changing Licensees under the Bill.

- 
- (c) The existing licensing exemptions will continue to be valid under the Bill, until MAS varies or revokes the exemption.
  - (d) As mentioned, the deposit-taking institutions and non-bank credit card or charge card issuers will be exempted from holding a payment services licence under the Bill.

6.13 **Upon the commencement of the Bill, we will also grant an exemption to entities providing the payment services regulated under the Bill but who are currently not licensed under the MCRBA or approved to hold an SVF under the PS(O)A (“Newly Regulated Entities”) from the requirement to hold a licence under the Bill for an interim period.** This would allow the Newly Regulated Entities to continue to provide payment services until the entity’s licence application is approved or rejected by MAS.<sup>36</sup> This is on the condition that each entity discloses clearly to the public that it has been granted an exemption by MAS for an interim period. These entities have six months from the commencement date of the Bill to submit their licence application.

6.14 **We have proposed a six-month grace period** for the Newly Regulated Entities to submit their licence application as there may be a large number of such entities, some of which have global operations and it would be reasonable to allow the industry more time to adjust to the new framework.

**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.

#### Regulatory Decision Tree and Class Exemptions

6.15 **To contain the risk of overregulation, MAS is prepared to consider granting class exemptions to entities that fall within the scope of Standard Payment Institutions but do not pose sufficient ML/TF risks.** Such class exemptions will not be set out in the Bill, and will instead be prescribed as regulations. These regulations are likely to refer to the

---

<sup>36</sup> These entities will be granted temporary exemption from holding a licence for the transition (or interim) period.

---

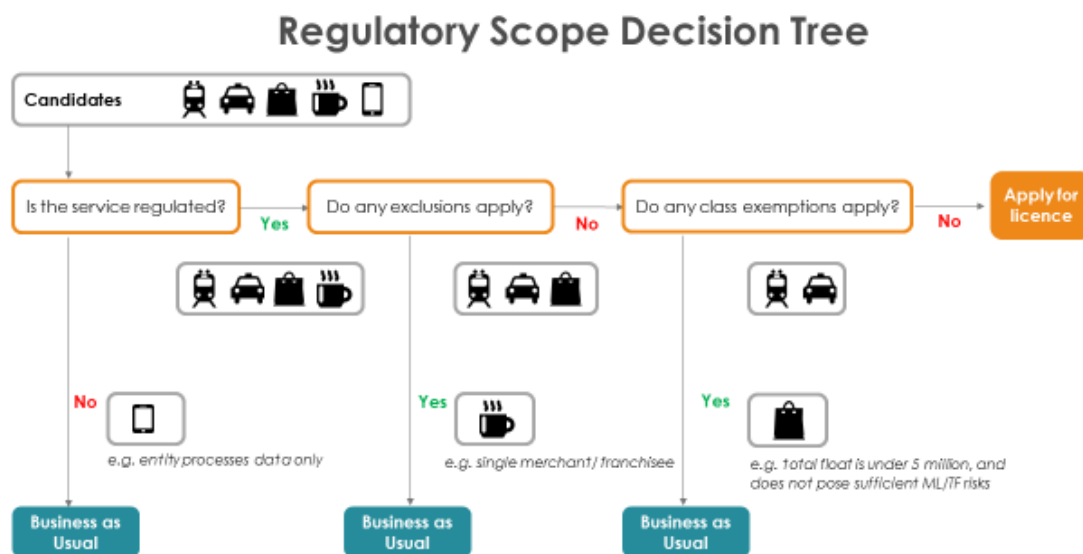
relevant AML notices applicable to Standard Payment Institutions. If a Standard Payment Institution operates a business model that at all times does not require the Standard Payment Institution to put in place AML measures as set out in the relevant notice, we will be prepared to exempt such entities as a class from holding a licence under the Bill.

**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.

6.16 **We set out below a regulatory decision tree to guide payment service providers on whether they will need to hold a licence under the Bill.**

6.17 **Illustration 3** shows a regulatory decision tree, with six candidate cases, each with a different payment business model. We have presented a series of questions that payment service providers need to consider to assess if they are required to hold a licence under the Bill. The illustration shows the decision journey for each candidate case. Some candidates may not require a licence because the service they provide is not regulated under the Bill, the service is excluded from the scope of the Bill, or a class exemption may apply to the candidate's business model. Illustration 3 should be used only as a guide. Payment service providers are encouraged to read the Bill in **Annex B** and this consultation paper to understand the application and relevance of the Bill and proposed measures to their businesses.

Illustration 3: Regulatory Decision Tree



### Candidate Descriptions

- Prepaid Transport Cards :**  
Prepaid cards used for payment in public transportation and payments to merchants (e-commerce payments), where the float is more than S\$5 million.
- App based e-wallets :**  
Pre-funded wallets that may be used for e-commerce payments as well as P2P transfers (making transfers to another individual), where the float is more than S\$5million.
- Small Mall Vouchers:**  
Vouchers issued by small mall operators that can only be used at merchants in the operator's mall, where the total e-money float is less than S\$5 million.
- Merchant/Franchisee Prepaid Cards or Vouchers:**  
Prepaid cards or vouchers issued by a single merchant or a single franchisee that can only be used for payment of goods and services provided by the issuer.
- Data aggregators:**  
Payment aggregation or initiation services for mobile wallets that only involve the transfer of payment data and other information. They do not process customer funds or acquire merchant transactions.



**ANNEX A: LIST OF QUESTIONS**

- 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 services should be regulated. MAS also seeks views on whether the risks and considerations identified for retail payment services are suitable..... 15
- Question 2. Scope of e-money and virtual currency.** 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 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. .... 17
- Question 3. Virtual currency services.** MAS seeks comments on whether the scope of virtual currency services is suitable given our primary regulatory concern in the Bill is that virtual currencies may be abused for ML/TF purposes..... 17
- 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, not pervasive and ML/TF risks low..... 20
- 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. .... 20
- 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. .... 21
- 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..... 21
- 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..... 21

**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..... 24

**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. .... 24

**Question 11. Designation criteria.** MAS seeks comments on the proposed new designation criteria..... 25

**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..... 28

**Question 13. Specific risk migrating measures.** MAS seeks comments on the approach of imposing specific risk mitigating measures on only licensees that carry out the relevant risk attendant activity..... 29

**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..... 32

**Question 15. User protection measures.** MAS seeks comments on the user protection measures proposed..... 34

- 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. .... 34

- 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. .... 34

- 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. .... 34

The e-money float comprises: ..... 34

(a) e-money that is issued in Singapore to persons ordinarily resident in Singapore; or ..... 35

(b) e-money that is primarily for use within Singapore. .... 35

**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. .... 35

**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. .... 37

**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. .... 39

**Question 19. Technology risk management measures.** MAS seeks comments on the proposed approach to technology risk management regulation. .... 40

**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. .... 41

---

**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..45

**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...46

**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..... 47

