

**LIST OF RESPONDENTS TO CONSULTATION PAPER ON
THE PROPOSED PAYMENT SERVICES NOTICES AND GUIDELINES**

1. Alipay Merchant Services Pte Ltd (for and on behalf of Alipay Singapore E-Commerce Private Limited and World First Asia Pte Ltd), who requested for their comments to be kept confidential
2. American Express International, Inc., who requested for their comments to be kept confidential
3. Baker McKenzie. Wong & Leow
4. Cold Storage, Dairy Farm Singapore
5. Deloitte & Touche (with and on behalf of Revolut), who requested for their comments to be kept confidential
6. Mastercard Asia, Pacific Pte Ltd, who requested for their comments to be kept confidential
7. MoneyGram International, who requested for their comments to be kept confidential
8. Onchain Custodian Pte. Ltd., who requested for their comments to be kept confidential
9. Pay2Home Remittance Services Pte Limited, who requested for their comments to be kept confidential
10. PayPal Pte. Ltd. (3PL), who requested for their comments to be kept confidential
11. Singtel Group (for and on behalf of SingCash Pte Ltd and Telecom Equipment Pte Ltd)
12. Stripe Payments Singapore Pte. Ltd., who requested for their comments to be kept confidential
13. TenX Pte. Ltd., who requested for their comments to be kept confidential
14. TransferWise Singapore Pte Ltd
15. Western Union Business Solutions (Singapore) Pte Ltd
16. Wong Partnership LLP
17. Xfers Pte Ltd
18. Respondent 1, who requested for confidentiality of identity and for some comments to be kept confidential
19. Respondent 2, who requested for confidentiality of identity
20. 6 respondents requested for full confidentiality of identity and submission

Please refer to [Annex B](#) for the submissions.

**FULL SUBMISSIONS FROM RESPONDENTS TO THE CONSULTATION PAPER
ON THE PROPOSED PAYMENT SERVICES NOTICES AND GUIDELINES**

S/N	Respondent	Response from Respondent
1	Alipay Merchant Services Pte Ltd (for and on behalf of Alipay Singapore E-Commerce Private Limited and World First Asia Pte Ltd)	Respondent wishes to keep entire submission confidential.
2	American Express International, Inc.	Respondent wishes to keep entire submission confidential.
3	Baker & McKenzie. Wong & Leow	<p><u>General comments:</u></p> <p><u>Question 1. Implementation timeframe and general comments</u></p> <p>We refer to paragraph 2.6 of the Consultation Paper, proposing that the commencement notification for the PS Act as well as all finalised versions of the subsidiary legislation and guidelines at least four weeks before the commencement date. We have received feedback from our clients that a longer period, e.g. 3 months, would be preferred. This is to allow ample time for them to align internally as well as to map out the steps they are required to take to ensure compliance with the PS Act, particularly as certain key and threshold issues which have been addressed in the earlier consultation papers and our responses thereto remain outstanding. The determination by the MAS on its views towards these issues will potentially have a significant bearing on the steps that will need to be taken to ensure compliance, and as such a four week lead time (especially if this is published over a public holiday season) may not suffice for internal alignment.</p> <p>Our general comments on the measures proposed in the Consultation Paper, and in particular PSN04 (Notice on Submission of Regulatory Returns), are as follows:</p>

(a) in respect of account issuance service, domestic money transfer service, cross-border money transfer service, merchant acquisition service and digital payment token service, for which both monthly and half-yearly submissions are proposed, it is submitted that monthly submissions are too frequent and imposes high compliance costs. We propose that in lieu of monthly submissions; half-yearly submissions should suffice;

(b) we seek clarification on how payment service providers whose services overlap and can be categorised into multiple payment services categories are meant to segregate their data to be reported. For example, a merchant acquirer could also be regarded as carrying on money transfer services. Is the data to be reported meant to be duplicated on each of the relevant reporting forms?

(c) we propose that the MAS considers aggregating certain data to be reported, and we have received feedback that certain information required to be reported is too granular. For example:

- i. Form 1A requires an account issuance licence holder to report the number of accounts and transmission of money through accounts for the purposes of enabling the service provider to provide (1) domestic money transfer services; (2) cross-border money transfer services; (3) merchant acquisition services; (4) digital payment token services; and (5) money-changing services. It may always not be feasible to clearly break down the uses for each account, or the money being transmitted through an account, into the distinct categories contemplated here. There may also be overlap between these categories, e.g. if an account is being used to transmit money to a merchant on a cross-border basis, whether both merchant acquisition and cross-border money transfer services could be applicable;
- ii. Form 1C requires the personal payment accounts to be broken down to statistically compute the number of payment accounts where the total value of e-money drawn from the payment account over the calendar year was (1) less than SGD 5,000; (2) at least SGD 5,000 but less than SGD 10,000; (3) at least SGD 10,000 but less than SGD 20,000; and (4) at least less than SGD 20,000 but less than SGD 30,000. It then requires further information on the total value of e-money drawn from these payment accounts segregated in similar categories, and further information on the average month-end balance broken down in various thresholds as well. We

received feedback that the granularity of the data captured require here is very specific and payment service providers do not always organise the oversight of its data in such manner;

- iii. Forms 2B and 3B requires information to be reported depending on whether persons are resident in Singapore, with a specific definition provided for what constitutes residency. Organisations may not always have residency information on their customers determined as such, and we propose instead that residency for purposes of these forms be determined based on whether or not the address provided (and updated from time to time) by the customer is an address located in Singapore;
- iv. in respect of Form 4, we seek clarification from the MAS on whether the proposed reporting requirements require information on offshore transactions which are contracted by the merchant acquirer outside Singapore. We submit that it should not, on the basis that a merchant acquirer in Singapore is regulated only in respect of its merchant acquisition services where (i) the merchant carries on business in Singapore or is incorporated, formed or registered in Singapore; and (ii) the contract between the merchant acquirer and the merchant is entered into in Singapore.

Therefore, where the merchant being serviced is not in Singapore and the contract with the merchant is also not entered into in Singapore, such business line is not subject to licensing under the PS Act and as such, there should be no need to adhere to the reporting requirements for such business.

Question 2. Reporting requirements

We have received feedback that this should be extended to 12 months instead of 6 months, and then new licensees should also be given at least the same lead time to comply with the reporting requirements under PSN04, rather than be required to comply immediately once they are licensed under the PS Act, so that there is a level playing field between new and existing licensees.

Question 4. Conduct requirements

In relation to the transmission of money requirement, there are certain business models which may constitute domestic and cross border money transfer services, but money may remain in an account

		<p>(which may or may not be a payment account or e-money account) until the customer directs payment to an intended recipient.</p> <p>Alternatively, the business model may not entail a direct receipt of funds from the customer for immediate transfer to its intended recipient, and the service provider in this regard has agreed to a longer settlement timeframe with its customers.</p> <p>As such, the requirement under paragraphs 10 and 11 of PSN07 that requires a licensee to ensure that a payee receives the money within three (in the case of domestic money transfer service) and seven (in the case of cross-border money transfer service) business days of the date that the money was accepted for the money transfer service may not always be appropriate.</p> <p>In this regard, we propose that the reference date for time to start counting under this requirement should instead be amended as follows:</p> <p><i>"a licensee to ensure that a payee receives the money within three (in the case of domestic money transfer service) and seven (in the case of cross-border money transfer service) business days of the date that the money is directed by the customer to be delivered to the payee, or otherwise such other timeframe as may be agreed between the payment service provider and its customer".</i></p>
4	Cold Storage, Dairy Farm Singapore	<p>Question 1. <u>Implementation timeframe and general comments</u></p> <p>We noted the commencement date of these Notices are same as the commencement date of the PS Act. We need transition period of at least 12 months for each of the payment services provided by our organisation given that Dairy Farm Singapore is a new licensee under the PS Act.</p> <p>Question 2. <u>Reporting requirements</u></p> <p><u>PSN03 – Notice on Reporting of Suspicious Activities and Incidents of Fraud:</u></p> <ul style="list-style-type: none"> - As 7-Eleven is providing bill payment services (which may be regarded as domestic money transfer services) to the billing organisations' customers, the risk of encountering any suspicious activity is minimal. - Referring to the 5 working days' reporting period stated in Para 5, we urge MAS to consider extending such period as an organisation may need longer time for investigation (especially when it involves a few stakeholders of the organisation). We believe MAS may not

intend to receive any trivial matter which hasn't been reasonably/sufficiently investigated by the organisation.

- Referring to the template Form F1, we noted MAS uses the term "financial institution" instead of the "relevant entity" or "licensee". Is this a typo or is this PSN03 only applies to financial institution?

PSN04 – Notice on Submission of Regulatory Returns

The bill payment services provided by 7-Eleven may fall within the definition of "domestic money transfer service". Our comments on the Forms are as follows:

- Form 2B requires money accepted for domestic money transfer from persons' resident in Singapore who are natural persons or any corporates, etc.

- 7-Eleven accepts bill payments from payer (customer of billing organisations e.g. hospital, telco, etc.) by scanning the bar code on the invoice/bill issued by the billing organisations. We only obtain the account number and payment sum due from the invoice and will not be able to confirm and identify whether the payer is person resident in Singapore or otherwise.

- With this new requirement, 7-Eleven will need to start collecting additional information from the payer:

- i. from the individual payer's perspective, they may think that we are asking/collecting additional information beyond what is required bill payment purpose;
- ii. from 7-Eleven's operation and customer service perspective, the collection of additional information will result in longer queue for the payer and our other customers (including tourists), they will have to bear with less convenience and less efficient service.

- The nature of bill payment services (domestic money transfer service) provided by 7-Eleven will likely meet the low risk criteria for ML/TF and be exempted from CDD requirements under PSN01.

However, this PSN04 requirement to collect the additional information by identifying whether the customer is person resident in Singapore may contradict the exemption granted under the low risk criteria stated above.

- 7-Eleven will need incur efforts and costs to enhance our system to collect, store and secure the customers' information.

- i. As such, we wish to clarify with MAS on the following:
whether or not MAS would dictate the manner of which such information to be collected i.e. must 7-Eleven collect such information directly from the payer or can 7-Eleven obtain such information from billing organisations?
- ii. What if the payer pays his/her bills on behalf of an account holder (be it an individual or organisation), the information to be collected will be for the payer or account holder?

Question 3. Technology risk management and cyber hygiene requirements

PSN06 – Notice on Cyber Hygiene

As this PSN06 applies to all licensees, and 7-Eleven believes that the exemption in Paragraph 3.1 may apply to 7-Eleven given that we merely facilitate payments and do not operate and control any of the payment systems or payment accounts, we would like to seek clarifications with MAS as follows:

- Definition of “system” – Is it referring to the systems mentioned under the definition of “administrative account”? If it refers to the hardware and software of the system used by the relevant entity (as per the definition), then it would be impossible for such relevant entity to not having direct or indirect control over the system under Paragraph 3.1 of the Notice.

- Referring to Paragraph 3.1, MAS uses the term “a requirement”. Which is the requirement that is exempted from compliance if Paragraph 3.1 is met?

Question 4. Conduct requirements

PSN07 – Notice of Conduct

Issuance of Receipts:

Referring to Annex B on the information to be set out in the receipts to customers, our comments are as follows:

- Name of the licensee – Currently, for 7-Eleven franchised stores operated by our franchisees, the franchisee’s business name and registration number appear on the receipt for GST purposes. With the new receipt requirement, the receipt may contain 2 different entities’ names and particulars, which may be confusing to the customer/payer on who the licensee is.

- Amount received by the payee – While we have no comment/issue for stating the amount of money received by the licensee from the payer (individual customer), we wish to clarify with MAS whether the “amount received by payee” refers to gross amount or nett amount we transfer/pay to the payee (billing organisation). 7-Eleven has no concern with disclosing the gross amount transferred/paid to the payee (billing organisation) or the amount of commission/service charge we impose on customers (e.g. we charge customer 50 cents for each top-up service). However, if MAS requires the nett amount transferred/paid to the payee (billing organisation), then we will be disclosing our trade information (agreed between 7-Eleven and the billing organisation) to the customer/public.

Again, the above if applicable, will require additional cost and efforts on system enhancements to enable compliance.

Transmission of Money:

We wish MAS to consider upholding the transmission periods agreed by licensee and its business partners (e.g. billing organisations / e-wallet providers) under the respective commercial agreements instead of the proposed T+3 business days on the following basis:

- 7-Eleven will be providing the S\$200,000 security deposit to MAS;
- 7-Eleven will be complying with the safeguarding requirements for all money received and held;
- 7-Eleven also lodges security deposits with the respective business partners under the relevant commercial agreement;
- The proposed T+3 business days also allows little time buffer with no margin for error for unforeseen or uncontrollable circumstances such as downtime in system network or communication lines due to external factors or parties not within 7-Eleven’s control. Example. power failure or the Telco communication outage.

Hence, please review the proposed transmission period again especially when the payees (billing organisations) agree to a longer period.

Next, referring to Paragraph 14, licensee is required to contact customer if the payee does not receive the money within the proposed T+3 business days. Our comments are as follows:

- As stated in our response to Question 2 above, apart from the customer's bill/service account number and the payment due, we do not collect personal data including contact details of the customer.

- With this new requirement, it means 7-Eleven must collect personal details directly from our bill payment service customers. Again, individual customer/payer would have concern on the collection of personal data, and such collection would result longer customer service time at 7-Eleven stores. It will also be additional compliance point in respect of PDPA.

- Under our current arrangements with business partners (i.e. billing organisation), the bill payment details are transmitted to the billing organisations daily on T+1 and the customer/payer's account will be updated accordingly by the billing organisation before T+3 days although the money could be transmitted to the billing organisations on T+3 or longer depending on the credit term agreed. The customer/payer has no privity to the contractual commercial terms between 7-Eleven with the billing organisations and may be confused or raised unnecessary concern when they receive calls from the licensee informing them that the money is not transmitted on the proposed period of T+3.

- For e-wallet or prepaid card top-up services, the customers' e-wallet or prepaid top-up "account" would have been top-up on the same day of the transaction. In this case, the date of money transmission by licensee to the billing organisation may not be relevant to the customers.

Notification of Normal Business Hours:

- We wish to clarify with MAS on this "normal business hours" given that 7-Eleven stores operate at various operating hours, i.e. some operate for 24 hours, some operate from 10am to 10pm, etc.

- Is this referring to the days and hours required under Sec. 14(2) of the PS Act? If so, we have no further comment on the 10 days a month, 8 hours for each day proposed by MAS.

Question 5. Disclosure and communications requirements

PSN08 – Notice on Disclosures and Communications

- We noted various template notices for different payment services provided by the MPI. However, we do not see template notice for MPI providing domestic money transfer services or merchant

		<p>acquisition services. Does this mean that such licensees are not required to comply with PSN08?</p> <p>Question 6. <u>Guidelines and Savings Regulations</u></p> <p>Guidelines on Fit and Proper Criteria:</p> <p>We refer to the definition of “relevant person” in relation to a person whose activity is regulated by MAS under the PS Act (pages 11 and 12), we wish MAS to clarify whether the Fit and Proper Test applies to all 7-Eleven’s employees e.g. store manager, cashier, etc. given that they are merely our rank and file employees who do not have direct control over our bank account of which the funds are received and transferred.</p> <p>Savings Regulations:</p> <p>We do not have any comment on the savings regulations applicable to remittance licensees.</p>
5	Deloitte & Touche (for and on behalf of Revolut)	Respondent wishes to keep entire submission confidential.
6	Mastercard Asia, Pacific Pte Ltd	Respondent wishes to keep entire submission confidential.
7	MoneyGram International	Respondent wishes to keep entire submission confidential.
8	Onchain Custodian Pte. Ltd.	Respondent wishes to keep entire submission confidential.
9	Pay2Home Remittance Services Pte Limited	Respondent wishes to keep entire submission confidential.
10	PayPal Pte. Ltd. (3PL)	Respondent wishes to keep entire submission confidential.
11	Singtel Group (for and on behalf of SingCash Pte Ltd and	<p>Question 1. <u>Implementation timeframe and general comments</u></p> <p>Singtel provides comments to the specific sections below.</p> <p>As a general comment, Singtel notes that via a separate consultation, the MAS has already proposed that parties can obtain exemptions</p>

Telecom
Equipment
Pte Ltd)

from being a Standard Payment Institution. Coupled with the MAS proposal to exempt PSPs from AML/CFT obligations for low-risk [also known as 'Exempted Products'], this may result in a situation where there are providers who are not licensed and /or purport to offer low risk products and therefore are not subject to any oversight.

We therefore seek clarity as to whether the proposed Notices will apply to ALL parties offering services in the payments markets, regardless of whether they are exempted by the MAS, or would the Notices only apply to a select few. We note that, for example, PSN07 is applicable to exempted licensees. However, PSN04 and PSN06 are not. As many of the proposed Notices would apply to general business and security conduct/issues, it is not recommended that the MAS grant exemptions from submissions or compliance under the various notices, eg PSN03 to PSN08 and others. To illustrate, if PSN04 does not apply to exempted licensees, then it is not clear how the MAS intends to keep track of the scale and extent of the services offered and how MAS would determine when or if these exempted parties cross the threshold for being a Major Payment Institution.

Question 2. Reporting requirements

We agree with the transition period of at least 6 months for existing money changer and remittance licensees.

We note that the eventual requirements under the PSN04 is for monthly submission of data. The monthly collection of data may impose additional operational requirements on payment institutions. We propose a scaled down version of the monthly data collection, as compared to the full quarterly submission. Alternatively, a monthly submission can be imposed only on Payment Institutions whose transactional volumes crosses a higher threshold.

Question 4. Conduct requirements

Transmission of Money within 3 business days or 7 business days

The deadline of 3 business days or 7 business days apply to domestic and cross- border transfers of money respectively, including where these transfers are for payments of goods and services. Generally, the deadlines for transmission of money to the recipient (which are the merchants or vendors) are commercially agreed and does not necessary interfere with or disrupt the actual consumption or receipt of the goods and services. To illustrate, even in the existing world of online payments, financial institutions settle with the merchants or merchant aggregators separately [either month end or otherwise] but

they have operating agreements to allow customers to still obtain the goods and services. We believe that these timelines should not apply to payments for goods and services.

Paragraph 14 of PSN07 also requires that customers be contacted immediately for instructions if their money is not received by the payee within the prescribed periods. Again, this does not appear practical for payments for goods and services. In many cases, there are arrangements where the goods and services have already been obtained and customers are not concerned with the back end settlement arrangements.

Issuance of e-money by next business day

Similar to that above, whilst Payment Institutions generally make it a point to issue the e-money within a short period of time, they may need some exception handling – eg when they need to verify that the money has been received [in this case, they may need to provide their agents or top up networks – whether banks or others – sufficient to relay the funds over.

Information in receipts

Whilst we generally agree with the information to be provided in the receipts, we believe some level of flexibility should be provided. For example:

Receipts in electronic form – we note that the proposed PSN07 allows for receipts to be issued in paper or electronic form. The E-Payments Guidelines Section 4.4 (c) however requires a transaction notification [which basically translates to a transaction receipt] must be in SMS or email form. This means that electronic receipts cannot be in-app receipts. We support the use of in app notices as the default. PIs can also concurrently offer any other form – email or SMS – in addition to the in-app notices.

With the in-app notices, the end-user will automatically know the following

- i. the name of the licensee
- ii. contact details
[as both are contained in the app – in fact, most apps provide self-help including a phone number and an email contact]
- iii. date of transaction, amount used / paid - we also believe it may be useful to allow for some of the information to be

		<p>accessible separately instead of being put on the receipt – eg exchange rate – which is worked back with the comparison of SGD vs the foreign currency.</p> <p>Question 5. <u>Disclosure and communications requirements</u></p> <p>In relation to the proposed disclosures, we propose the following:</p> <p><i>“Consumer advisory – <Name of holder>, the holder of <Name of standard / major /exempt Payment Institution> is licensed / exempted by the Monetary Authority of Singapore to provide [payment service]. Users are advised to read the terms and conditions of service carefully including user liabilities and risks in relation to recovery of money paid to the Payment Institution.”</i></p>
12	Stripe Payments Singapore Pte. Ltd.	Respondent wishes to keep entire submission confidential.
13	TenX Pte. Ltd.	Respondent wishes to keep entire submission confidential.
14	TransferWise Singapore Pte Ltd	<p>Question 4. <u>Conduct requirements</u></p> <p><u>Display of exchange rate and fees</u></p> <p>Consumers are charged higher fees because many are unfamiliar with the way fees are structured in a foreign exchange transaction. Three in four consumers in Singapore are unaware banks and other providers’ mark-up the exchange rate. Internationally, a March 2018 study commissioned by the UK Government found that those who failed to choose the cheapest FX option nearly doubled to roughly 58% when fees were hidden in exchange rate mark-ups. Hidden fees impaired the judgement of ordinary consumers, the UK study found.</p> <p>Globally, regulators are starting to act against hidden fees in FX transactions. In February the European Parliament voted in favour of mandatory transparency for cross-border fees. FX service providers in the EU will soon have to tell consumers exactly how much they are charging in the local currency. The UK is considering similar legislation and in Australia, the Australian Competition and Consumer Commission began investigating this practice in 2018.</p> <p>In addition to transparency of fees, we urge MAS to consider extending the provisions of the Notice on Conduct to require transparency in exchange rate mark-ups for providers of Domestic money transfer services, Cross border money transfer services and</p>

		<p>Electronic money issuance, for the protection of Singapore consumers.</p> <p><u>Exchange rate to be applied where currency in which money is safeguarded is different from the currency received by the licensee or exempt payment service provider</u></p> <p>With regards to Section 17(a), TransferWise’s Borderless multi-currency account (Stored Value Facility) uses the mid-market rate (the rate obtained from Reuters or Google) to determine the exchange rate for any conversions or withdrawals that a customer initiates at any point in time. This rate may be lower than the published rate of the safeguarding institution. Having to maintain a higher safeguarding amount potentially increases the costs of doing business which will result in higher fees for the customer.</p> <p>We ask MAS to consider extending the application of the exchange rate to include the mid-market rate which is the same rate that is offered to the customer. This is the same rate that we currently use to determine the amount to be safeguarded when determining the value in Singapore dollars and aligns with the e-money balances held for the customer.</p> <p>Criteria to determine whether a person is resident in Singapore or outside Singapore. As a fully online service provider, we use the address provided by the customer at the time of account opening to determine the customer’s residency. Further guidance from MAS would be appreciated on what would constitute an agreement in writing with the customer.</p> <p>Question 6. <u>Guidelines and Savings Regulations</u></p> <p>Holders of credit cards, charge cards and debit cards issued in Singapore currently benefit from liability apportionment in the ABS Code of Practice for Banks – Credit Cards, and existing fraud prevention measures in place. For licensees not covered under the Code of Practice for Banks, MAS should consider providing further guidance on liability apportionment with regards to transactions on charge cards and debit cards issued in Singapore.</p>
15	Western Union Business Solutions (Singapore) Pte Ltd	<p>Question 2. <u>Reporting requirements</u></p> <p>Generally supportive. We respectfully ask to not require licensees to exclude “exempted product” data from the reports, for the following reasons:</p>

		<p>- the removal of customers which are solely transacting by way of exempted products would require significant IT enhancements.</p> <p>- in practice, High Risk customers would be included in EDD measures (ongoing monitoring) regardless of their product usage</p> <p>We believe that the cost to industry of excluding exempted product data will be high and not justified considering the potentially limited benefit of MAS not receiving such data.</p>
16	Wong Partnership LLP	<p>Question 4. Conduct requirements</p> <p><u>Whether Activity D licensees (merchant acquisition services) are also required to be Activities B (domestic money transfer services) and/or C (cross-border money transfer services) licensees</u></p> <p>4.1 We note from paragraph 4.4(b) of the consultation paper that the conduct requirements relating to exchange rates, transmission of money and issuance of receipts are not intended to apply to merchant acquirers – we also note that the draft PSN07 specifically excludes Activity D licensees (merchant acquirers) from the application of these conduct requirements. We agree with MAS' approach in this regard, as these proposed conduct requirements may not be compatible with, or raise operational issues if imposed on, the business of merchant acquirers (as explained further below).</p> <p>4.2 Notwithstanding this, we would, as a preliminary point, highlight that under a literal reading of the statutory definitions for “merchant acquisition service”, “domestic money transfer service” and “cross-border money transfer service” it is possible that Activity D licensees would also be required to be licensed for Activities B and/or C where they arrange for the transfer to merchant of payments which are collected from consumers. In this regard, we note that:</p> <p>(a) the definition of "merchant acquisition service" recognises that the provision of such services will result in "a transfer of money to the merchant pursuant to the payment transaction, regardless whether the [merchant acquirer] comes into possession of any money in respect of the payment transaction". As such, it appears to contemplate that the transfer of money by the merchant acquirer to the merchant is part of the scope of a "merchant acquisition service"</p> <p>(b) furthermore, where the merchant acquirer arranges for the transfer of money received, whether from its own customers (in a three-way payment model, e.g. direct carrier billing arrangements) or from a third party card issuer (in a four-way payment model, e.g. VISA / Mastercard payments), for goods and services sold by the merchant</p>

then such an activity could fall within the ambit of the statutory definition of "domestic money transfer service" or a "cross-border money transfer service". The statutory definition of these payment services include arranging for the execution of certain payment transactions (in relation to domestic money transfer service) and arranging for the transmission of money outside Singapore (in relation to cross border money transfer service). Where a merchant acquirer is involved in arranging for the transfer of payments made by customers to the merchants then this activity could fall within the plain reading of the said statutory definitions. In addition, there is no express provision in the PSA which exempts a licensed merchant acquirer (Activity D) from the requirement to obtain a licence for domestic (Activity B) and/or cross-border (Activity C) money transfer.

4.3 As such, unless MAS' intention is that merchant acquirers do not need to separately obtain licences for Activities B and C for arranging for money transfers in connection with their merchant acquisition services, merchant acquirers would still become subject to the proposed conduct requirements relating to exchange rates, transmission of money and issuance of receipts. As mentioned above, these proposed conduct requirements may not be compatible with, or raise operational issues if imposed on, the business of merchant acquirers.

Money Transmission Requirements

4.4 We note that paragraphs 10 and 11 of the draft PSN07 require domestic / cross border money transfer licensees to ensure that payees receive the relevant monies within a prescribed time period – i.e. 3 business days for domestic money transfers and 7 business days for cross border money transfer ("Money Transmission Period").

4.5 The imposition of such Money Transmission Periods on merchant acquirers would likely raise operational difficulties for merchant acquirers, which are likely to have existing pre-agreed settlement cycles with their merchants that are longer than the 3 / 7 business day Money Transmission periods prescribed under the draft PSN07. In addition, merchant acquirers in four party model networks (e.g. Visa/Mastercard) would typically also face a time lag between the point at which a consumer makes a payment at the merchant and the point at which the merchant acquirer receives such payment from the relevant card issuer – this is different from providers of traditional remittance services who would receive the relevant monies upfront from their customers for transmission to the payees.

		<p><u>Reporting to customers</u></p> <p>4.6 We also note that paragraph 14 of the draft PSN07 require domestic / cross border money transfer licensees to immediately contact customers for instructions if the relevant monies are not received by the payee within the prescribed Money Transmission Period.</p> <p>4.7 This requirement, which appears to be targeted at providers of traditional remittance services, similarly may not practically work for a merchant acquirer (assuming it is also required to be licensed for Activities B / C). This is because the "customer" (which presumably refers to the consumer which made the payment at the merchant) would typically not be concerned with, or even expect to be contacted in respect of, settlement between the merchant and its merchant acquirer. In particular, a merchant acquirer in a four party model network may not even have the contact details of the consumer which made the payment at the merchant (as he/she would be a customer of the card issuer).</p> <p>Issuance of receipts</p> <p>4.8 We note that paragraph 9 of the draft PSN07 require domestic / cross border money transfer licensees to issue receipts containing certain prescribed details to its "customers".</p> <p>4.9 This requirement would also raise practical difficulties for merchant acquirers (assuming it is also required to be licensed for Activities B / C), as it may not have any direct contact with the "customer" who is making the payment at the merchant.</p> <p>4.10 As noted above, these abovementioned conduct requirements would still apply to merchant acquirers if they are also required to obtain licensing for Activities B / C because they arrange for the transfer of payments to merchants in connection with their merchant acquisition services. If this is MAS' intention (i.e. for merchant acquirers to also be licensed for Activities B / C where they arrange for such transfers of payments), then we would suggest the inclusion of an express exception in PSN07 to make it clear that merchant acquirers who arrange for the transfer of payments to the relevant merchants in connection with their merchant acquisition services are not required to comply with the requirements relating to display of exchange rates, transmission of money and issuance of receipts.</p>
17	Xfers Pte Ltd	<p>Question 2. <u>Reporting requirements</u></p> <p><u>PSN03</u></p> <p>Clarification</p>

We note that the PSN03 is consistent with the previous PSOA-N03 and the CMG-N01, in that this form is required to be lodged with MAS in addition to any STRs filed with the STRO via SONAR.

We would like to take this opportunity to clarify with MAS what is the threshold or instances that MAS would consider as being “material to the safety, soundness or reputation of the relevant entity”. Any illustrations by way of guidelines or footnotes will be greatly appreciated.

PSN04

We have two clarificatory questions on the matter of the reporting requirements:

1. Example 1 (**See Example 1**) - Clarifying the counting of accounts:

Take the following example:

a) All merchant accounts issued by this payment services licensee are able to perform all payment activities A-E, and all personal accounts can do A-E (but C is not applicable).

b) The payment services licensee does not engage in money-changing services.

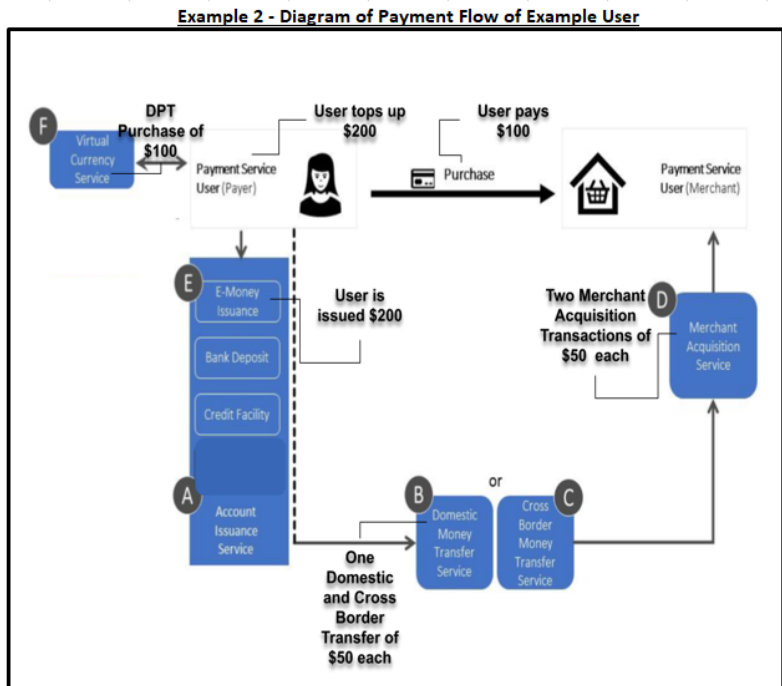
c) There are 5000 personal customers and 200 merchant customers in total, each with 1 such account issued.

Is the above section of Form 1A correctly filled? To clarify, is it intended for the same 1 account to be counted in different rows? If yes, we note that to avoid double counting, table 4's total number of customer is not to be derived from simply adding up table 3.

Example 1: Filled up table 3 for Form 1A

3 Number of accounts maintained for the purposes of enabling a payment service provider to provide:	Total number of accounts as at the end of the reporting period
(a) domestic money transfer services;	5200
(b) cross-border money transfer services;	5200
(c) merchant acquisition services;	200
(d) e-money issuance services;	5200
(e) digital payment token services;	5200
(f) money-changing services	0
4	Total number of customers as at the end of the reporting period
Number of Customers	5200

2. Example 2 (See Example 2) - Clarifying possible “double counting” of transaction values:



We would like to clarify with MAS if, based on the payment flow of one user as in the diagram below, the following sections of Form 1A (See Form 1A) are appropriately filled. If incorrect, please suggest the

corrections so that we can better understand the reporting requirements.

- a) User tops up \$200 with licensee (which does all activities except money-changing) in his account, and this \$200 is reflected as e-money.
- b) User spends \$100 of his e-money to purchase Digital Payment Tokens from the licensee
- c) User separately spends \$50 of his e-money on Merchant A (local) to buy shoes, and \$50 of his e-money on Merchant B (foreign) to buy clothes.
- d) Licensee sends the \$50 to Merchant A's local bank account as settlement and the other \$50 to Merchant B's overseas bank account as payment settlement.

Form 1A (Partial)		
1 In relation to e-money account issuance services:	Total value of transactions for the reporting period	Total number of transactions for the reporting period
(a) Placement of money in payment accounts issued by the licensee which store e-money	200	1
(b) Withdrawal of money by customers from payment accounts issued by the licensee which store e-money services	0	0
2 Transmission of money through accounts, for the purposes of enabling a payment service provider to provide:	Total value of transactions for the reporting period	Total number of transactions for the reporting period
(a) domestic money transfer services;	50	1
(b) cross-border money transfer services;	50	1
(c) merchant acquisition services;	100	2
(d) digital payment token services;	100	1
(e) money-changing services	0	0

Example 2 - Q1: Is this accurately filled up? We note that there are potential overlaps in the value of the transactions, such that a single

transaction may be counted twice for the domestic money transfer service part and then later again at the merchant acquisition services part.

Example 2 – Q2: If the User had instead paid \$50 e-money into Merchant A’s e-money account (which Merchant A can then use to spend elsewhere), then will this \$50 be counted as a “Placement of money in payment accounts” under Table 1(a)? (Such that the number reported is \$250 instead?) Or does “Placement” only refer to topping up from fund sources “outside” of the licensee’s system (e.g. topups from other e-money issuers / credit cards / bank accounts)?

Example 2 – Q3: For Users transferring e-money to each other (a.k.a. peer-to-peer transfers) – should these be reported? It doesn’t seem to sit well in Table 1(b) nor any of the items in Table 2(a)-(e).

Question 3. Technology risk management and cyber hygiene requirements

We strongly appreciate that under PSN05, payment services licensees are not required to take on TRM requirements as we believe that the TRM “industry practice” measures may be disproportionate to the systemic risk to the financial system posed by such payment services licensees. We acknowledge that the TRM is more applicable to the nature of critically important payment infrastructure (designated payment services and settlement institutions). MAS’ risk-based approach of these foundational payment infrastructure being thoroughly protected allows downstream payment services licensees to be inherently less vulnerable to shocks.

Further, we agree that the cyber hygiene measures under PSN06 sets an effective and achievable baseline standard to mitigate the remaining technology risk at payment ‘endpoints’ such as payment services licensees.

Question 5. Disclosure and communications requirements

We have two proposals regarding PSN08:

Proposal 1: To Allow Selectivity in Disclosure Under Specific Circumstances

Where both specified and non-specified e-money are issued as separate products by an MPI, MPIs should make disclosures only in publication material which has mention of, or are relevant to the non-specified e-money product.

Example

For example, an MPI has 2 e-money products:

1. a non-specified e-money product targeted and used by Australian residents, and is extensively advertised outside of Singapore, and signing up through the licensee's "worldwide" website; and
2. a specified e-money product with the PS Act s.23 safeguards, targeting people in Singapore is advertised in Singapore for anyone signing up through the licensee's "Singapore" website.

In this case, having the paragraph 6 disclosures in the publications may confuse the Singapore resident users.

Users may in fact misunderstand or miss entirely the header referring only to non-Singapore residents and wrongly assume that they as Singapore residents are not protected by the safeguarding measures of the MPI. They may also take such a disclaimer as a sign of untrustworthiness of the organisation rather than just the nature of the specific product. It is for this reason that we find it preferable to avoid making such disclosures where they are not beneficial to the awareness of non-Singapore residents (where there is no reference made to products which non-Singapore residents consume).

Explanation

If the necessary disclosures were made only for the publication material which has relevance to the non-specified e-money product, it would be clearer for users who intend to use the specified e-money product that their funds are indeed safeguarded by MPIs. Where no mention of or relation to the non-specified e-money product can be drawn, payment services licensees should be allowed to exclude disclosures from such publication material.

Proposal 2: To Amend Disclosure Statement for MPIs Issuing Non-Specified E-Money

We would like to amend the PSN08 Paragraph 6 "Notice for non-Singapore residents" to include an additional qualifier, as italicised in red:

[Notice for non-Singapore residents

*<Name of major payment institution> is licensed by the Monetary Authority of Singapore to provide e-money issuance services. **Please note that, as a non-Singapore resident, <Name of major payment institution>'s aforementioned licensed status does not mean you will be able to recover all the money you paid to <name of major payment institution> if <name of major payment institution>'s business fails.**"]*

		<p><u>Explanation</u></p> <p>We would like to clarify explicitly to users that the disclosure paragraph is only applicable for non-Singapore residents, which is why we recommend to explicitly mention “non-Singapore resident” not only in the header but also in the main body of the paragraph.</p>
18	Respondent 1	<p>Respondent wishes to keep some comments confidential.</p> <p><u>Question 1. Implementation timeframe and general comments</u></p> <p>1. Will MAS be looking to implement a separate regulatory regime for the purposes of corporate entities? Examples would include catering for a higher aggregated wallet limit and aggregated annual spend limit for accounts belonging to corporate entities, as the current limits are clearly not practicable in the context of corporate usage.</p> <p><u>Question 3. Technology risk management and cyber hygiene requirements</u></p> <p><u>PSN06</u></p> <p>3. The current wording of PSN06 seems to suggest that the multi-factor authentication (“MFA”) is to be applied to all administrative accounts, including administrative accounts for systems managed by external third-party vendors. In such an outsourcing situation (assuming that the outsourced third-party is not regulated by MAS), are MPIs required to enforce MFA for all administrative accounts for systems owned and managed by outsourced vendors as well, or will it suffice for MPIs to only have MFA for the administrative accounts used by the MPIs? Can an MPI rely on other measures, such as contractual rights or maker-checker processes, in place of the MFA in respect of administrative account access for outsourced systems?</p> <p>This comment assumes that the MPI has in place sufficient oversight and control over the outsourced vendor.</p> <p><u>Question 4. Conduct requirements</u></p> <p><u>PSN07</u></p> <p>4. Can MAS provide further guidance on what would qualify as “display prominently” for the purposes of displaying the exchange rates. For example, would providing an in-app weblink to the exchange rates published by the licensee’s safeguarding institution for that particular day suffice?</p> <p>5. Can licensees assume that for the purposes of displaying exchange rates, the licensees can rely on s.17A of the PSA for guidance on the exchange rates to be displayed? We note that s.17A’s application is</p>

		<p>for the purposes of determining the Singapore dollar equivalent for a foreign currency, and may not be wholly applicable to the obligation to display exchange rates.</p> <p>6. Will licensees be considered to have fulfilled its obligation to issue receipts if a transaction notification is sent via email and/or SMS in accordance with the E-Payments User Protection Guidelines? This query assumes that the information required as set out in Annex B will be included in the said transaction notification. The reason underpinning this query is that the issuance of receipt and transaction notification separately may result in unnecessary flooding of the customers with excessive emails and/or SMSes for the same transaction.</p>
19	Respondent 2	<p><u>General comments:</u></p> <p><u>Question 1. Implementation timeframe and general comments</u></p> <p>We are suggesting a grace period of 2-3 months from the effective date of the guidelines for all licensees to ensure requirements are in place and to make the necessary operational improvements.</p> <p><u>Question 2. Reporting requirements</u></p> <p>PSN03: We suggest the guidelines to provide the definition of ‘fraud’ and further clarity on what is requirement to be reported to the Authority and what are the possible exemptions, if any.</p> <p>This is also related to the paragraph below whereby it implies that there are some grounds where fraud may not be reported to the police.</p> <p>Paragraph 7: For incidents of fraud, a relevant entity should also lodge a police report and submit to the Authority a copy of the police report. Where the relevant entity has not lodged a police report, it should notify the Authority of the reasons for its decision. Clarity on the above is required.</p> <p><u>Question 3. Technology risk management and cyber hygiene requirements</u></p> <p>No further comments with regards to PSN05 and PSN06. We are also agreeable to the timeframe for implementation of PSN06 which July 2020 for the licensee to ensure the requirements are in place.</p>

Question 4. Conduct requirements

No further comments (as this is related to existing licensee under MRCBA)

Question 5. Disclosure and communications requirements

1. Consideration to revise the below paragraph:

"< Name of standard payment institution> is licensed by the Monetary Authority of Singapore to provide <payment service which is being provided or will be provided to the customer or potential customer>. Please note that this does not mean you will be able to recover all the money you paid to <name of standard payment institution> if <name of standard payment institution>'s business fails."

The highlighted clause will be provided in the licensee terms of service and other disclosures provided by the licensee. Hence, we suggest that the wordings to be removed or amended to give general caution to customers for example: "Customer should be fully aware of all the terms and conditions provided by the licensee prior to using the payment services provided by the licensee"

2. To remove the requirement in Paragraph 11(a) as highlighted below:

11. The statement referred to in paragraphs 4, 5, 7, 9 or 10, as the case may be, must—

(a) be published in all publicly available material issued by the licensee or exempt payment service provider;

We propose to remove the requirement for the disclosures to be made available in "all publicly available material". The disclosure should only available for potential customer and this has been provided for in paragraph (b):

(b) be provided to a potential customer prior to the potential customer using the payment services provided by the licensee or exempt payment service provider.

Question 6. Guidelines and Savings Regulations

Licensee should be given grace period around 2-3 months from the effective date of the commencement of the Guidelines for all changes required being put in place by the licensee.