

# CONSULTATION PAPER

P012 - 2019

July 2019

## Proposed Payment Services Notices and Guidelines

MAS

Monetary Authority of Singapore

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## 1 Preface

1.1 The Payment Services Act 2019 (“**PS Act**”) was passed in Parliament on 14 January 2019 and is targeted to commence in January 2020. At the commencement of the PS Act, the Payment Systems (Oversight) Act (Cap. 222A) (“**PS(O)A**”) and the Money-Changing and Remittance Businesses Act (Cap. 187) (“**MCRBA**”) will be repealed. Under the PS Act, the Monetary Authority of Singapore (“**MAS**”) will regulate significant payment systems and the provision of payment services in Singapore.

1.2 To effect the objectives of the PS Act, MAS intends to prescribe or issue the following instruments:

- (a) regulations and one order under the PS Act;
- (b) anti-money laundering and countering the financing of terrorism (“**AML/CFT**”) notices under the MAS Act;
- (c) notices under the PS Act; and
- (d) guidelines.

1.3 Items (a) and (b) were published for consultation on 10 April 2019 and 6 June 2019 respectively. This Consultation Paper seeks views on the notices and guidelines in items (c) and (d) and selected extracts from regulations under the PS Act. **Annex A** sets out a list of questions asked in this Consultation Paper. **Annex B to Annex J**, which are in separate documents, sets out the proposed notices and guidelines in items (c) and (d) and selected extracts from regulations under the PS Act. The PS Act may be accessed at [this link](#).

1.4 MAS invites comments from –

- (a) Financial institutions: Banks, non-bank credit card issuers, operators, settlement institutions and participants of designated payment systems (“**DPS**”), money changers, remittance businesses, and holders of stored value facilities (“**SVF**”);
- (b) Potential licensees and regulated entities under the PS Act: operators, settlement institutions and participants of payment systems, account issuers, domestic money transfer service providers, cross-border money transfer service providers, merchant acquirers, e-money issuers, digital payment token service providers and money-changing service providers;

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- (c) Businesses: Large corporates, billing organisations (e.g. bill payment aggregators, 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.**

1.5 Please submit written comments by 5 August 2019 to –

PS Notices and Guidelines 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)

1.6 Electronic submission is encouraged. We would appreciate that you use this [suggested format](#) for your submission to ease our collation efforts.<sup>1</sup> Please note that no extension of time will be granted for submission of feedback to this consultation.

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<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 Payment Services Notices and Guidelines: Overview

2.1 The full set of notices that will be issued and amendments that will be made to existing guidelines for the purposes of the commencement of the PS Act are as follows. Where the notice has been published for consultation, we have set out the location in Table 1 below.

**Table 1**

<b>Notice no.</b>	<b>Name of Notice or Guidelines</b>	<b>Location</b>
<b>PSN01</b>	Notice to payment services providers (specified payment services) on prevention of money laundering and countering the financing of terrorism	<a href="#">Consultation Paper P010-2019</a>
<b>PSN01A</b>	Notice on AML/CFT requirements to facilitate transition of existing stored value facility holders	<i>Not published for consultation (see paragraph 2.5)</i>
<b>PSN02</b>	Notice to payment services providers (digital payment token service) on prevention of money laundering and countering the financing of terrorism	Consultation Paper P010-2019
<b>PSN03</b>	Notice on reporting of suspicious activities and incidents of fraud	<b>Annex B</b>
<b>PSN04</b>	Notice on submission of regulatory returns	<b>Annex C</b>
<b>PSN04A</b>	Notice on submission of statement of transactions and profit/loss	<b>Annex D</b>
<b>PSN05</b>	Notice on technology risk management	<b>Annex E</b>
<b>PSN06</b>	Notice on cyber hygiene	<b>Annex F</b>
<b>PSN07</b>	Notice on conduct	<b>Annex G</b>
<b>PSN08</b>	Notice on disclosures and communications	<b>Annex H-1<sup>2</sup></b>

<sup>2</sup> Annex H-2 sets out the regulations on exchange rates

<b>PSN09</b>	Notice on administrative matters	<i>Not published for consultation (see paragraph 2.5)</i>
-	E-payments user protection guidelines (updated version to be effective on PS Act commencement date)	<b>Annex I-1</b>
-	E-payments user protection guidelines (updated version to be effective at a later stage after PS Act commencement date)	<b>Annex I-2</b>
<b>FSG-G01</b>	Guidelines on fit and proper criteria	<b>Annex J</b>

2.2 With the repeal of the PS(O)A and MCRBA at the commencement of the PS Act, the notices and guidelines issued under the PS(O)A and MCRBA will be cancelled. A majority of the requirements that were set out in PS(O)A and MCRBA notices will be reissued with amendments in new notices under the PS Act and for AML/CFT notices, under the MAS Act. For reference, Tables 2 and 3 set out respectively where the equivalent requirements in the MCRBA and PS(O)A notices may be found in the new notices.

**Table 2**

<b>MCRBA Notice</b>	<b>Subject Matter</b>	<b>New Notice</b>
<b>Notice 3001</b>	Notice on prevention of money laundering and countering the financing of terrorism	PSN01 Notice to payment services providers (specified payment services) on prevention of money laundering and countering the financing of terrorism
<b>Notice 3002</b>	Notice on record of transactions	PSN07 Notice on conduct
<b>Notice 3003</b>	Notice on submission of statement of transactions and profit/loss	PSN04 Notice submission of regulatory returns

		PSN04A Notice on submission of statement of transactions and profit/loss
<b>Notice 3004</b>	Notice on issuing of receipts	PSN07 Notice on conduct
<b>Notice 3005</b>	Notice on reporting of suspicious activities and incidents of fraud	PSN03 Notice on reporting of suspicious activities and incidents of fraud
<b>Notice 3006</b>	Notice to holders of money-changer's license and remittance licence on prohibition on issuance of bearer negotiable instruments and restriction of cash payout	PSN01 Notice to payment services providers (specified payment services) on prevention of money laundering and countering the financing of terrorism
<b>Notice 3007</b>	Notice on prohibition against lending	<i>To be cancelled without replacement at PS Act commencement. Addressed in section 20 of the PS Act.</i>
<b>Notice 3101</b>	Notice on exchange rates	PSN07 Notice on conduct PSN08 Notice on disclosures and communications
<b>Notice 3201</b>	Notice on display of cautionary statement at place of business	PSN08 Notice on disclosures and communications
<b>Notice 3202</b>	Notice on transmission of moneys	PSN07 Notice on conduct
<b>Notice 3203</b>	Notice on technology risk management	<i>To be cancelled without replacement at PS Act commencement. See PSN05 for DPS operators and settlement institutions.</i>

**Table 3**

<b>PS(O)A Notice &amp; Guidelines</b>	<b>Subject Matter</b>	<b>New Notice</b>
<b>PSOA-N01</b>	Notice on responsibilities of approved banks	<i>To be cancelled without replacement at PS Act commencement.</i>
<b>PSOA-N02</b>	Notice on money laundering and countering the financing of terrorism	PSN01 Notice to payment services providers (specified payment services) on prevention of money laundering and countering the financing of terrorism
<b>PSOA-N03</b>	Notice on reporting of suspicious activities and incidents of fraud	PSN03 Notice on reporting of suspicious activities and incidents of fraud
<b>PSOA-N04</b>	Notice on reporting of suspicious activities and incidents of fraud	PSN03 Notice on reporting of suspicious activities and incidents of fraud
<b>PSOA-N05</b>	Notice on technology risk management	PSN05 Notice on technology risk management
<b>PSOA-N06</b>	Notice on cyber hygiene	PSN06 Notice on cyber hygiene
-	Stored value facility guidelines	<i>To be cancelled without replacement at PS Act commencement.</i>

2.3 This Consultation Paper discusses the key proposals in the draft notices and guidelines:



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- (a) Part 3 sets out proposals on reporting requirements, technology risk management and cyber hygiene in PSN03 to PSN06.
  - (b) Part 4 sets out proposals on conduct requirements in PSN07 as well as a related exchange rate provision in the Payment Services Regulations.
  - (c) Part 5 sets out proposals on disclosure and communication requirements in PSN08.
  - (d) Part 6 sets out proposals on amendments to guidelines that will apply to persons regulated under the PS Act, as well as requirements under a proposed Payment Services (Saving and Transitional) Regulations (the “**Savings Regulations**”).

2.4 All the notices and amended guidelines in Table 1 will come into force on the commencement date of the PS Act, except for some of the amendments to the E-payments user protection guidelines, PSN04 for certain licensees, and PSN06. Some amendments to the E-payments user protection guidelines will take effect six months after the commencement date of the PS Act to allow for any necessary system enhancement by affected licensees. PSN06 will have the same effective date as the other notices on cyber hygiene that apply to other financial institutions.<sup>3</sup>

2.5 PSN01A will not be published for consultation. Please see paragraph 6.1 of Consultation Paper P010-2019. In addition, PSN09 will not be published for consultation as it pertains to matters such as the form and manner of certain administrative procedures, e.g. submission of fees, form to be used for surrender of licence, etc.

2.6 To give the industry adequate notice of the commencement of the PS Act and the relevant subsidiary legislation, we intend to publish 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 PS Act commencement date.

**Question 1. Implementation timeframe and general comments.** MAS seeks comments on the implementation timeframe proposed for the notices and

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<sup>3</sup> Please see the [Consultation Paper on Notice on Cyber Hygiene](#), P014-2018

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guidelines. If you have general comments on the measures proposed in this Consultation Paper, please set them out in response to this question.

### **3 Notices on reporting requirements, technology risk management and cyber hygiene**

#### Reporting requirements

3.1 To assist MAS in its regulation of payment service providers and oversight of payment systems, persons regulated under the PS Act, including licensees, are required to report certain matters to MAS, including on a periodic basis.

##### *PSN03 (Notice on reporting of suspicious activities and incidents of fraud)*

3.2 The requirements in PSN03 are retained from MCRBA Notice 3005, PSOA-N03 and PSOA-N04. These requirements will extend to all licensees, and all DPS operators and settlement institutions.

##### *PSN04 (Notice on submission of regulatory returns)*

3.3 PSN04 introduces periodic regulatory submission of information related to the licensees' payment services, as part of MAS' ongoing supervision of payment service providers. PSN04 is adapted and expanded from the MCRBA Notice 3003.

3.4 Under the MCRBA Notice 3003, MAS collects transaction value and volume data from remittance licensees on a quarterly basis, and money-changing licensees on an annual basis. Under the proposed PSN04, the reporting requirements imposed on money-changing licensees are largely unchanged, including reporting on an annual basis, except for additional information on transactions above S\$5,000, transactions relating to higher risk customers and the top 10 currencies they had transacted in.

3.5 For standard payment institutions ("**SPI**") and major payment institutions ("**MPI**"), we propose to collect account statistics, transaction value and volume, as well as e-money float amount on a monthly basis. This allows MAS to monitor the general scale of payment services being provided across entities. For MPIs subject to safeguarding requirements, we propose to collect monthly data on the money required to be safeguarded.

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3.6 We intend to collect information, such as the transactions involving higher risk customers and the digital payment tokens being offered, to understand and monitor the profile of each licensee’s payment activities for more targeted supervision.

3.7 Existing money-changing licensees and remittance licensees under the MCRBA, as well as approved holders of a widely accepted stored value facility under the PS(O)A (“**approved SVF holders**”), do not have to submit returns under PSN04 for the initial period after the PS Act commences. This is to allow sufficient time for licensees to implement the system enhancements necessary to comply with PSN04. During this period, such existing money-changing licensees and remittance licensees under the MCRBA will instead be required to comply with PSN04A which reproduces the existing requirements under MCRBA Notice 3003. We propose to allow for a period of six months for licensees during which PSN04A will apply.

3.8 While existing money-changing licensees and remittance licensees under the MCRBA, as well as approved SVF holders, do not have to comply with PSN04 immediately upon PS Act commencement, such entities should note that they would need to maintain records of the necessary information for compliance with PSN04 subsequently after the period mentioned in paragraph 3.7.

3.9 All other entities, i.e. those who are not existing licensees under the MCRBA and approved SVF holders, will be required to comply with the reporting requirements under PSN04 once they are licensed under the PS Act. In addition, existing licensees under MCRBA and approved SVF holders who applied successfully to provide additional payment services under the PS Act are also required to comply with PSN04 immediately in respect of those additional payment services.

**Question 2. Reporting requirements.** MAS seeks comments on the draft PSN03, PSN04 and PSN04A. In particular, please let us have your views on the arrangements for existing licensees under the MCRBA to comply with PSN04A instead of PSN04 for an initial period of six months after the commencement of the PS Act.

#### Technology risk management and cyber hygiene requirements

3.10 Currently, operational reliability and resiliency requirements on technology risk management are imposed on DPS operators and settlement institutions, and remittance

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licensees, under PSOA-N05 and MCRBA Notice 3203 respectively. MAS will retain these requirements for DPS operators and settlement institutions in PSN05. We do not intend to apply PSN05 to licensees under the PS Act at this time and will consult the public should we consider doing so in future.

3.11 The cyber hygiene requirements were published for consultation on 6 September 2018. These requirements are basic cyber security measures that all financial institutions must implement to establish baseline defences against cyber threats and will apply to all DPS operators and all licensees. PSN06 will commence on the same date that the Notice on Cyber Hygiene issued to other financial institutions will commence (i.e. targeted July 2020).

**Question 3. Technology risk management and cyber hygiene requirements.** MAS seeks comments on the draft PSN05 and PSN06. MAS also seeks views on the implementation timeframe for PSN06.

## 4 Notice on Conduct

4.1 PSN07 sets out conduct requirements for payment service providers, in respect of relevant payment services. Certain conduct requirements also apply to DPS operators and settlement institutions.

### Conduct requirements adapted from MCRBA notices

4.2 The MCRBA Notices 3002, 3004, 3202 and 3101 set out requirements on conduct and record keeping for money-changing licensees and remittance licensees under the MCRBA. As these standards will also be relevant to other payment services under the PS Act, MAS proposes to adapt requirements from these notices and extend them to all licensees and certain exempt payment service providers. Most of the requirements from the above mentioned MCRBA Notices are retained, except for the requirement on record of customer information under MAS Notice 3002, which will be found under PSN01 and PSN02 on AML/CFT, where applicable.

4.3 Table 4 sets out a summary of the key requirements and the payment services that the requirements are being imposed on:

**Table 4**

<b>Requirement</b>	<b>Applies in respect of these activities</b>	<b>Does not apply in respect of these activities</b>
<b>Record of transactions</b> (from Notice 3002)	B/ Domestic money transfer service C/ Cross-border money transfer service D/ Merchant acquisition service E/ E-money issuance service F/ Digital payment token (“DPT”) service G/ Money-changing service	A/Account issuance service
<b>Issuance of receipts</b>	B/ Domestic money transfer service	A/Account issuance service

(from Notice 3004)	C/ Cross-border money transfer service E/ E-money issuance service F/ DPT service G/ Money-changing service	D/ Merchant acquisition service
<b>Transmission of money</b> (from Notice 3202)	B/ Domestic money transfer service (T <sup>4</sup> +3) C/ Cross-border money transfer service (T+7) E/ E-money issuance service (T+1) G/ Money-changing service (T+0)	A/Account issuance service D/ Merchant acquisition service F/ DPT service
<b>Display of exchange rates</b> (from Notice 3101)	B/ Domestic money transfer service C/ Cross-border money transfer service E/ E-money issuance service G/ Money-changing service F/ DPT service	A/Account issuance service D/ Merchant acquisition service

4.4 In general, MAS takes into account the following considerations when determining which requirements apply:

- (a) The above requirements will not apply to account issuance services as the same payment transactions would have been processed in the other payment activities to which the requirements apply.
- (b) Requirements such as display of exchange rates, transmission of money and issuance of receipts are more relevant to individual-facing payment services and as such, we do not intend to apply them to merchant acquisition service.

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<sup>4</sup> T refers to the date of transaction.

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- (c) We do not intend to apply the transmission of money requirement on DPT services at this time as this is a nascent space and we intend to monitor industry practices first.

4.5 The transmission of money requirements on Activities B, C, E and G set expectation on the licensees to ensure that the money are received by the payees within the timelines set out for the respective activities, failing which, the licensees must contact the paying customers for further instructions. The timelines vary from activity to activity, taking into account customer expectations and the typical processing time in the industry across those activities. For example, while e-money is usually issued on the date that the e-money issuer receives payment, we recognise that some firms may require additional one day for reconciliation of funds received before issuing the e-money.

#### New conduct requirements

4.6 There are three new types of conduct requirements in PSN07 that are not in the MCRBA notices. These requirements are as follows:

- (a) determine how Singapore residency of the customer may be ascertained for the purposes of the definition of “specified e-money” and sections 6, 19 and 24 of the PS Act, as applicable;
- (b) specify the days and hours a licensee, DPS operator or settlement institution must man its place of business or Singapore registered office as the case may be; and
- (c) determine the exchange rate that a major payment institution must apply for the purposes of calculating amount of money that is required to be safeguarded under section 23 of the PS Act

#### *Determining Singapore Residency of Customer*

4.7 Criteria to determine whether a person is resident in Singapore or outside Singapore is necessary for the purposes of the definition of “specified e-money” and for the purposes of ascertaining the scope of payment accounts that sections 6, 19 and 24 of



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the PS Act apply to.<sup>5</sup> PSN07 sets out the way in which the customer's residency may be determined by agreement in writing between the licensee and the customer or determined by the licensee unilaterally. It should be noted that where the customer's residency has not been determined, the e-money issued is treated as e-money issued to a Singapore resident.

*Specifying the Days and Hours that a Place of Business must be Manned*

4.8 Under section 14(2) and 47(2) of the PS Act, a PS Act licensee, DPS operator and settlement institution must appoint at least one person to be present, on such days and at such hours, as MAS may specify by notice in writing, at the licensee's permanent place of business or registered office to address any queries or complaints from any payment service user that uses any payment service provided by the licensee or is a customer of the licensee. We propose to require such a person to be present at the permanent place of business or registered office for at least 10 days a month, and for at least eight hours for each of those days. This is to ensure that the public has ample opportunity to reach the licensee.

*Determining the Exchange Rate to be Applied for the Purposes of Safeguarding*

4.9 MPIs are required to safeguard customer money under section 23 of the PS Act. As an MPI may safeguard customer money in a currency different from that received from its customer, it is necessary to provide MPIs with a standardised form of determining the exchange rate to be used for computing the amount of money to be safeguarded. We propose that the exchange rate to be applied as follows:

- (a) Where the customer money to be safeguarded is in respect of an MPI's e-money issuance service, the amount of money that is required to be safeguarded must be calculated, on a daily basis (since this is a calculation of e-money float), using an exchange rate provided by the MPI's safeguarding institution;

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<sup>5</sup> E-money that has been issued in Singapore to a person whom the issuer of the e-money has not determined to be resident outside Singapore will need to be safeguarded. Earlier proposals on this matter were raised in the Consultation Paper for the Proposed Payment Services Bill in November 2017 (see paragraph 5.25) and Response to that consultation in November 2018 (see paragraphs 3.15, 5.22 and 5.26).

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- (b) Where the customer money to be safeguarded is in respect of an MPI's domestic money transfer service, cross-border money transfer service or merchant acquisition service, the amount of money that is required to be safeguarded must be calculated using an exchange rate offered by the MPI to its customer, or in the absence of which, using an exchange rate provided by the MPI's safeguarding institution.

#### Exchange rate provision in the Payment Services Regulations

4.10 We propose to prescribe the exchange rate that potential licensees and licensees must use to calculate Singapore dollar equivalent of foreign currency amounts for purposes including the determination of licence class under section 6 of the PS Act, as well as in relation to the security deposit requirement under section 22 and personal e-wallet restrictions under section 24. These are largely similar to the exchange rate options for safeguarding of customer money discussed in paragraph 4.9, with an additional option to use an exchange rate provided by any bank in Singapore, as SPIs may not have a safeguarding institution. The proposed exchange rate regulations are published in **Annex H-2** for comments.

**Question 4. Conduct requirements.** MAS seeks comments on the draft PSN07. In particular, please let us have your views on the requirements relating to the transmission of money, the manner of calculating foreign currency, and the proposed operating days and hours.

## 5 Notice on Disclosures and Communications

5.1 PSN08 (Notice on disclosures and communications) sets out disclosure and communications requirements applicable to payment service providers. The specific requirements that apply differ depending on the licence class, scope of exemption and the payment service provided.

5.2 The disclosure requirements aim to give customers accurate information about the extent to which an entity is regulated under the PS Act and whether customer money is required to be protected under the PS Act. The communications requirements aim to give the public accurate information about an entity's status under the PS Act.

5.3 The PS(O)A and MCRBA subsidiary legislation contain the following disclosure requirements:

- (a) requirements on labelling stored value facilities in regulation 12 of the Payment Systems (Oversight) Regulations (the “**PSOR**”);
- (b) display of cautionary statement in MCRBA Notice 3201; and
- (c) risk disclosure requirements for money-changers in MCRBA Notice 3101.

5.4 We intend to replace the requirements in the PSOR and MCRBA Notice 3201 with disclosure requirements that are more suitable for the range of payment services regulated under the PS Act. The risk disclosure requirement that is currently applicable to money changing licensees under MCRBA Notice 3101 will be retained via PSN08.

5.5 We propose to introduce three new types of disclosure requirements for PA Act licensees and exempt payment service providers:

- (a) disclosures by SPIs;
- (b) disclosures by MPIs and exempt payment service providers; and
- (c) disclosures by DPT service providers.

5.6 SPIs are regulated primarily for AML/CFT requirements and are not required to safeguard customer money under the PS Act. MPIs and exempt payment service providers are required to safeguard customer money under the PS Act but not money received for foreign e-money float (e-money that is not “specified e-money”), DPT services and

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money-changing services. The proposed disclosure requirements aim to facilitate better informed decisions by customers when purchasing payment services.

5.7 DPT service providers will be required to provide their customers with a specified risk disclosure statement. The Minister-in-charge of MAS has explained in the Second Reading speech for the Payment Services Bill and in Parliamentary replies that MAS' key regulatory intent with respect to DPTs is to impose AML/CFT requirements to address risks arising from the anonymity, speed and cross-border nature of DPT transactions. The PS Act does not provide customers of DPT the same level of regulatory protection as for e-money. For example, the money that customers pay in exchange for DPT is not required to be safeguarded in a segregated bank account. It is important that customers understand that, by adopting DPTs as a form of payment, they are exposed to the risk of the DPTs losing their value. MAS therefore proposes to require that DPT service providers issue a standard risk disclosure statement to all their customers. This requirement applies to SPIs, MPIs and exempt payment service providers.

5.8 Under PSN08, we propose to require the scope of regulation of a regulated entity under the PS Act to be accurately represented. This is to ensure that the public has a correct understanding of each licensee's scope of regulation under the PS Act. Where MAS alerts any licensee of a third party that has made a false or misleading statement about the licensee's scope of regulation, the licensee will be required to request the third party to correct the statement. For avoidance of doubt, this does not require the licensee to take legal action against the third party.

**Question 5. Disclosure and communications requirements.** MAS seeks comments on the draft PSN08. In particular, please let us have your views on the disclosure requirements as well as requirements concerning false or misleading scope of regulation.

## 6 Guidelines and Payment Services (Saving and Transitional) Regulations

### Guidelines

6.1 Two existing guidelines will be amended for the purposes of the commencement of the PS Act.

- (a) Guideline No. FSG-G01 (Guidelines on Fit and Proper Criteria) will be amended to apply to all licensees. The changes to these guidelines are primarily consequential amendments from the enactment of the PS Act.
- (b) We will make consequential amendments to the E-payments user protection guidelines on the PS Act commencement date as a result of the commencement of the PS Act. These guidelines will be further amended to apply to all MPIs and exempt payment service providers that issue payment accounts which contain specified e-money. We intend to commence the amended E-payments user protection guidelines after an initial period from the PS Act commencement date. We propose to allow for a period of six months.

6.2 Guidelines that apply to all financial institutions such as Technology risk management guidelines, Business continuity management guidelines and Outsourcing guidelines do not need to be amended, and will apply to all regulated entities under the PS Act.

### Savings Regulations

6.3 MAS intends to issue Savings Regulations to smoothly transition existing remittance licensees under the MCRBA to the PS Act in respect of their dealing with customer money for remittance transactions. The Savings Regulations will extend the application of section 26 of the MCRBA beyond the commencement of the PS Act. Details of the Savings Regulations are as follows:

- (a) All remittance licensees under the MCRBA will be grandfathered as MPIs under the PS Act ("**former remittance licensees**"). A former remittance

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licensee will be required to meet all the requirements in section 26 of the MCRBA during a transitional period of 12 months starting on the date of the commencement of the PS Act. After the transitional period, section 26(3) and (6) of the MCRBA will continue to apply to money that is paid into any customers' account during the transitional period, until all money in the customers' account are withdrawn in accordance with section 26(3) of the MCRBA.

- (b) During the transition period, a former remittance licensee may choose to comply with section 23 of the PS Act in lieu of complying with section 26 of the MCRBA. Former remittance licensees are encouraged to take early steps to move towards compliance with section 23 of the PS Act as soon as practicable. Licensees who wish to continue as a MPI after the end of the transition period will need to demonstrate their ability to comply with section 23 of the PS Act.
- (c) A former remittance licensee will be required to comply with section 26(3) and section 26(6) of the MCRBA in respect of customer money that is paid into the customers' account maintained by the licensee before the PS Act commencement date until the day that the money is withdrawn in accordance with section 26(3) of the MCRBA.

**Question 6. Guidelines and Savings Regulations.** MAS seeks comments on the proposed extension of the guidelines to licensees. MAS also seeks comments on the proposed Savings Regulations.

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**ANNEX A: LIST OF QUESTIONS**

- Question 1. Implementation timeframe and general comments.** MAS seeks comments on the implementation timeframe proposed for the notices and guidelines. If you have general comments on the measures proposed in this Consultation Paper, please set them out in response to this question. .... 9
- Question 2. Reporting requirements.** MAS seeks comments on the draft PSN03, PSN04 and PSN04A. In particular, please let us have your views on the arrangements for existing licensees under the MCRBA to comply with PSN04A instead of PSN04 for an initial period of six months after the commencement of the PS Act. .... 12
- Question 3. Technology risk management and cyber hygiene requirements.** MAS seeks comments on the draft PSN05 and PSN06. MAS also seeks views on the implementation timeframe for PSN06..... 13
- Question 4. Conduct requirements.** MAS seeks comments on the draft PSN07. In particular, please let us have your views on the requirements relating to the transmission of money, the manner of calculating foreign currency, and the proposed operating days and hours..... 18
- Question 5. Disclosure and communications requirements.** MAS seeks comments on the draft PSN08. In particular, please let us have your views on the disclosure requirements as well as requirements concerning false or misleading scope of regulation..... 20
- Question 6. Guidelines and Savings Regulations.** MAS seeks comments on the proposed extension of the guidelines to licensees. MAS also seeks comments on the proposed Savings Regulations. .... 22

