

---

**ANNEX 1**

**DRAFT PAYMENT SYSTEMS (OVERSIGHT)  
REGULATIONS 2006**

**DISCLAIMER:** This version of the Regulations is in draft form and is subject to change.

---

**No. S 000 –**

**PAYMENT SYSTEMS (OVERSIGHT) ACT  
(ACT 1 OF 2006)**

**PAYMENT SYSTEMS (OVERSIGHT) REGULATIONS 2006**

**ARRANGEMENT OF REGULATIONS**

**PART I**

**PRELIMINARY**

1. Citation and commencement
2. Definitions
3. Forms
4. Fees

**PART II**

**REQUEST FOR INFORMATION**

5. Request for information

**PART III**

**OVERSIGHT POWERS OF DESIGNATED PAYMENT SYSTEM**

6. Obligation of operator and settlement institution to notify Authority of certain matters
7. Obligation of operator to submit periodic reports
8. Application for appointment of chief executive officer and directors
9. Criteria for approval of chief executive officer and directors
10. Criteria to determine failure to discharge duties or functions by officers
11. Application and criteria for approval to acquire a substantial shareholding
12. Business continuity plan

**PART IV**

**STORED VALUE FACILITIES**

13. Labelling, etc. of stored value facility
14. Restriction on soliciting
15. Aggregation of stored value
16. Application for approval
17. Cancellation of approval

**PART V**

**MISCELLANEOUS**

18. Opportunity to be heard
  19. Compoundable offences
  20. Acceptance of composition of offence
  21. Criteria for Exemption
  22. Offences
- The Schedules

In exercise of the powers conferred by sections 6(1), 9(1), 12(1), 13(1), 21(3) and (4), 22(2), 29(1), 30, 31(2), 33(3), 37(3), 50(1), 54 and 56 of the Payment Systems (Oversight) Act, the Monetary Authority of Singapore hereby makes the following Regulations:

## PART I

### PRELIMINARY

#### **Citation and commencement**

1. These Regulations may be cited as the Payment Systems (Oversight) Regulations 2006 and shall come into operation on [     ].

#### **Definition**

2. In these Regulations, unless the context otherwise requires -

“annual report” means, in relation to the operator of a designated payment system, the audited profit and loss accounts, audited balance-sheet and auditors’ report, by whatever name called.

#### **Forms**

3.—(1) The forms to be used for the purposes of these Regulations are those set out at <http://www.mas.gov.sg> (under “*Payment and Settlement Systems*”), and any reference in these Regulations to a numbered form shall be construed as a reference to the current version of the form bearing the corresponding number in that website.

(2) Where no numbered form is provided for the lodgment of any document with the Authority as required under any provision of the Act or these Regulations, then that document shall be lodged using Form [     ] with such modifications as the Authority may allow under paragraph (5).

(3) All forms used for the purposes of these Regulations shall be completed in the English language and in accordance with such directions as may be specified in the forms or by the Authority.

(4) The Authority may refuse to accept any form that is not completed in accordance with this regulation or not accompanied by the relevant fee referred to in regulation 4.

(5) Where strict compliance with any form is not possible, the Authority may allow for the necessary modifications to be made to that form, or for the

---

requirements of that form to be complied with in such other manner as the Authority thinks fit.

### **Fees**

4. —(1) The fees specified in the First Schedule shall be payable to the Authority for the purposes specified therein.

(2) Payment of the fees referred to in paragraph (1) may be made through such electronic funds transfer system as the Authority may determine from time to time, whereby payment is effected by directing the transfer of funds electronically from the bank account of the payer to a bank account determined by the Authority.

## **PART II**

### **REQUEST FOR INFORMATION**

#### **Request for information**

5. —(1) For the purposes of section 6(1) of the Act, a request by the Authority to any participant, operator or settlement institution of a payment system for information shall be made in Form [ ].

(2) For the purposes of section 29(1) of the Act, a request by the Authority to a holder of a stored value facility for information shall be made in Form [ ].

## **PART III**

### **REGULATION OF DESIGNATED PAYMENT SYSTEM**

#### **Obligation of operator and settlement institution to notify Authority of certain matters**

6. —(1) For the purposes of section 12(1) of the Act, an operator and a settlement institution of a designated payment system shall notify the Authority as soon as practicable after the occurrence of any of the following circumstance:

- (a) any civil or criminal legal proceeding instituted against the operator or settlement institution of the designated payment system, whether in Singapore or elsewhere;
- (b) any disciplinary action taken against the operator or settlement institution of the designated payment system by any regulatory authority, whether in Singapore or elsewhere, other than the Authority;

- 
- (c) any significant change to the regulatory requirements imposed on the operator or the settlement institution of the designated payment system by any regulatory authority, whether in Singapore or elsewhere, other than the Authority;
  - (d) any failure of the operation of the designated payment system.

(2) In the case of any event referred to in paragraph (1)(a), (b) and (d), the operator or settlement institution, as the case may be, shall within 14 days of the occurrence of the event, or such longer period as the Authority may permit, submit a report to the Authority of the circumstances relating to the event, the remedial actions taken at the time of the event, and the subsequent follow-up actions that the operator or settlement institution, as the case may be, has taken or intends to take.

### **Obligation of operator to submit periodic reports**

7.—(1) For the purposes of section 13(1) of the Act, an operator of a designated payment system shall submit to the Authority the following:

- (a) within 3 months after the end of its financial year or such longer period as the Authority may permit, a copy of its —
  - (i) annual report and directors' report prepared in accordance with the provisions of the Companies Act (Cap. 50); and
  - (ii) auditors' long form report;
- (b) a report relating to the business of operating the designated payment system at such time or on such periodic basis as may be specified by the Authority; and
- (c) such other report as the Authority may require for the proper administration of the Act, at such time or on such periodic basis as may be specified by the Authority.

(2) The auditors' long form report referred to in paragraph (1)(a)(ii) shall include the findings and recommendations of the auditors, if any, on —

- (a) the internal controls of the operator of the designated payment system; and
- (b) the non-compliance with any —
  - (i) provision of the Act;
  - (ii) direction issued by the Authority under the Act; or
  - (iii) other relevant laws and regulations.

---

### **Application for appointment of chief executive officer and directors**

8. —(1) For the purposes of section 21(3) of the Act, an operator of a designated payment system may apply for approval under section 21(1) of the Act by submitting Form [ ] to the Authority.

(2) The Authority may require the operator of the designated payment system to furnish it with such information or documents as the Authority considers necessary in relation to the application referred to in paragraph (1) and the operator of the designated payment system shall furnish such information or documents as required by the Authority.

### **Criteria for approval of chief executive officer and directors**

9. —(1) For the purposes of section 21(4) of the Act, the Authority may have regard to the following matters in determining whether to approve or refuse to approve the application to appoint a person under section 21(1) of the Act:

(a) whether the operator has provided the Authority with such information relating to the appointee as the Authority may require;

(b) whether the appointee is an undischarged bankrupt in Singapore or elsewhere;

(c) whether execution against the appointee in respect of a judgment debt has been returned unsatisfied in whole or in part;

(d) whether the appointee has, in Singapore or elsewhere, entered into a compromise or scheme of arrangement with his creditors, being a compromise or scheme of arrangement that is still in operation;

(e) whether the appointee -

(i) has been convicted, whether in Singapore or elsewhere, of an offence involving fraud or dishonesty or the conviction for which involved a finding that he had acted fraudulently or dishonestly; or

(ii) has been convicted of an offence under the Act;

(f) the educational or other qualification, experience or expertise of the appointee, having regard to the nature of the duties he is to perform as a chief executive officer or director, as the case may be, of the operator of a designated payment system;

(g) the financial standing of the appointee;

---

(h) the past performance of the appointee, having regard to the nature of the duties he is to perform as a chief executive officer or director, as the case may be, of the operator of the designated payment system; and

(i) whether the appointee is a fit and proper person to be a chief executive officer or director, as the case may be, of the operator of the designated payment system;

(j) whether there is reason to believe that the appointee will not conduct himself with professionalism or act in an ethical manner in discharging the duties he is to perform as a chief executive officer or director, as the case may be, of the operator of the designated payment system;

(k) whether it would be contrary to the interests of the public to approve the application.

### **Criteria to determine failure to discharge duties or functions by officers**

**10.** For the purposes of section 22(2) of the Act, the Authority may, in determining whether a chief executive officer or director, or any officer who is a person stated in a notice referred to in section 22 (2) of the Act, of an operator of a designated payment system has failed to discharge the duties or functions of his office, take into consideration whether that person has taken reasonable steps to discharge the following duties:

- (a) ensure the proper functioning of the operator of the designated payment system;
- (b) ensure the compliance of the operator of the designated payment system with the Act and these Regulations and any other relevant laws and regulations;
- (c) set out and ensure compliance with written policies on all operational areas of the operator of the designated payment system, including its financial policies, accounting and internal controls, internal auditing and compliance with all laws and rules governing the operations of the designated payment system;
- (d) identify, monitor and address the risks associated with the business activities of the operator of the designated payment system;
- (e) ensure that the business activities of the operator of the designated payment system are subject to adequate internal audit;
- (f) oversee the financial undertakings or exposure of the operator of the designated payment system to risk of any nature, by setting out proper delegation limits and risk management controls; and
- (g) ensure —

- 
- (i) that the operator of the designated payment system maintains written records of the steps taken by it to monitor compliance with its policies, the limits on discretionary powers and its accounting and operating procedures; and
  - (ii) that every report, return or statement submitted by the *operator* of the designated payment system to the Authority is complete and accurate.

### **Application and criteria for approval to acquire a substantial shareholding**

**11.** —(1) Any person applying for approval under section 23(1) or 23(2) of the Act shall submit to the Authority a written application that sets out —

- (a) the name of the applicant;
- (b) in the case where the applicant is a corporation —
  - (i) its place of incorporation;
  - (ii) its substantial shareholders;
  - (iii) its directors and chief executive officer; and
  - (iv) its principal business;
- (c) in the case where the applicant is a natural person —
  - (i) his nationality;
  - (ii) his principal occupation; and
  - (iii) his directorships;
- (d) all corporations in which the applicant has a substantial shareholding;
- (e) the percentage of shareholding and voting power that the applicant has in the operator of the designated payment system;
- (f) the percentage of shareholding and voting power the applicant is seeking to have in the operator of the designated payment system;
- (g) the reasons for making the application;
- (h) the mode and structure, as appropriate, under which the increase in shareholding would be carried out;
- (i) whether the applicant will seek representation on the board of directors of the operator of the designated payment system; and
- (j) any other information that may facilitate the determination of the Authority as to whether the applicant is fit and proper.



---

(2) The Authority may require the applicant to furnish it with such information or documents as the Authority considers necessary in relation to the application and the applicant shall furnish such information or documents as required by the Authority.

(3) The Authority may approve an application made under section 23(1) or 23(2) of the Act if the Authority is satisfied that —

- (a) the applicant is fit and proper;
- (b) having regard to the applicant's likely influence, the operator of the designated payment system will or is conducting and will continue to conduct its business prudently and in compliance with the provisions of the Act; and
- (c) it would not be contrary to the interests of the public to do so.

### **Business continuity plan**

**12.** —(1) An operator of a designated payment system shall maintain at all times a plan of action (referred to in this regulation as a business continuity plan) setting out the procedures and establishing the systems necessary to restore safe and efficient operations of the designated payment system in the event of any disruption to the processes of the designated payment system.

(2) An operator of a designated payment system shall review the procedures and systems referred to in paragraph (1) on such regular basis as may be specified in the business continuity plan.

(3) An operator of a designated payment system shall immediately notify the Authority of any activation of its business continuity plan and of any action taken or intended to be taken to restore safe and efficient operations of the designated payment system.

(4) An operator of a designated payment system shall, within 14 days or such longer period as may be permitted by the Authority, inform the Authority of any material change to the business continuity plan and shall submit, at the request of the Authority, a copy of the new plan to the Authority.

---

PART IV

STORED VALUE FACILITIES

**Labelling, etc. of stored value facility**

**13.** —(1) For the purposes of section 30 of the Act, a holder of a stored value facility, other than a widely accepted stored value facility, shall mark, label or accompany the stored value facility with the statement below in writing clearly and conspicuously:

“Consumer advisory —<Name of holder>, the holder of <Name of SVF> stored value facility, does not require the approval of the Monetary Authority of Singapore. Consumers (users) are advised to read the terms and conditions carefully before purchase.”

(2) The statement referred to in paragraph (1) —

(a) shall not be obstructed or obscured, or embedded within other unrelated writing; and

(b) shall be of a reasonable size and typeface;

(3) Subject to subparagraph (4), the holder shall place the statement or ensure that the statement appears in a prominent position so as to be easily read by a user or an intending user of the stored value facility in the following situations:

(a) when the user or intending user purchases or otherwise acquires the facility; and

(b) when the user or intending user tops up the stored value facility.

(4) Where it is not reasonably practicable for the holder to comply with regulation (3)(b), the holder shall place the statement or ensure that statement appears such that the user of the stored value facility will be able to have sight of the statement when the user first activates the top up service.

**Restriction on soliciting**

**14.** —(1) In determining, for the purposes of section 31(2) of the Act, whether an offer, invitation or advertisement is made or issued to the public or any section of the public in Singapore, regard shall be had to the following considerations:

(a) whether the offer, invitation or advertisement contains any information specifically relevant to Singapore;

(b) whether the offer, invitation or advertisement is published in any newspaper, magazine, journal or other periodical publication, or in any

---

broadcast media, which is principally for circulation or reception in Singapore;

- (c) whether the offer, invitation or advertisement contains a prominent notice that no stored value facility or value stored in a stored value facility shall be purchased or otherwise acquired by persons in Singapore, and whether such notice is viewed with or before the advertisement;
- (d) whether reasonable steps are taken to guard against sale of stored value facility to persons in Singapore; or
- (e) whether the offer, invitation or advertisement, directly or indirectly, states that stored value facility or stored value in a stored value facility denominated in Singapore currency is available to be purchased or otherwise acquired.

### **Aggregation of stored value**

15. For the purposes of section 33(3) of the Act, a holder of a stored value facility shall be deemed to be under the control or influence of a person (referred to in this paragraph as “the person”) if —

- (a) the holder is a company, the person holds not less than 50% of the total number of shares in the holder;
- (b) the holder is a company, the person is in a position to control voting power of not less than 50% in the holder;
- (c) the holder is a company, the directors of the holder is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the person;
- (d) the holder is a company, the person has the capacity to determine the outcome of decisions on the financial and operating policies of the holder, having regard to the following considerations:
  - (i) the practical influence which can be exerted (rather than the rights which can be enforced); and
  - (ii) any practice or pattern of behaviour affecting the financial and operating policies of the corporation (even if it involves a breach of an agreement or a breach of trust),

but excludes any capacity to influence decisions on the financial and operating policies of a corporation where such influence is required to be exercised for the benefit of other persons pursuant to an obligation imposed under any written law, rule of law, contract or order of court; and

- 
- (e) the holder is a person, the holder is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the person.

### **Application for approval**

**16.**—(1) A holder of a stored value facility may apply for approval under section 34 of the Act by submitting Form [ ] to the Authority.

(2) A bank in Singapore who undertakes to be fully liable for the stored value of the stored value facility may apply for approval under section 34(2) of the Act by submitting Form [ ] to the Authority.

### **Cancellation of approval**

**17.**—(1) An approved holder may apply to the Authority to cancel the approval granted to him under section 35(1) by submitting Form [ ] to the Authority.

(2) An approved bank may apply to the Authority to cancel the approval granted to it under section 35(1) by submitting Form [ ] to the Authority.

(3) The Authority may approve an application made under paragraph (1) to cancel the approval if the Authority is satisfied that —

- (a) the stored value of the widely accepted stored value facility is less than \$30 million or such other amount as the Authority may vary under section 33(2) of the Act;
- (b) the approved holder has, in a separate application for approval under section 34 of the Act, applied to substitute the original approved bank with another bank in Singapore and the Authority will be approving the separate application;
- (c) it is appropriate to do so; or
- (d) it would not be contrary to the interests of the public to do so.

(4) The Authority may approve an application made under paragraph (2) if the Authority is satisfied that —

- (a) the approved bank is intending to wind up or otherwise dissolve, or is likely to be wound up or otherwise dissolved, whether in Singapore or elsewhere;
- (b) it is appropriate to do so; or
- (c) it would not be contrary to the interests of the public to do so.

---

PART V

MISCELLANEOUS

**Opportunity to be heard**

**18.**—(1) Where the Act provides for a person to be given an opportunity to be heard by the Authority, the Authority shall post or deliver to that person a notice –

- (a) stating the decision it intends to make that affects him and the grounds for the decision; and
- (b) inviting him to give the Authority, within such period as may be specified in the notice (not being less than 10 days from the date of the receipt of the notice) any written statement, accompanied by relevant supporting documents, as to why the Authority should reconsider the decision it intends to make.

(2) Any written statement referred to in paragraph (1)(b) shall be signed by the person to whom the opportunity to be heard is given, a duly authorised employee of that person, or an advocate and solicitor acting for that person.

(3) The Authority shall consider any written statement and supporting documents referred to in paragraph (1)(b) in making its decision.

(4) In this regulation, “decision” includes any action of, direction by or order issued by the Authority under the Act.

**Compoundable offences**

**19.** The following offences may be compounded by the Authority in accordance with section 42 of the Act:

- (a) any offence under the Act which is punishable by a fine only;
- (b) any offence under section 6(4), 8(2), 29(4) and 32(2) of the Act; or
- (c) any offence under section 51(1)(i) and 51(1)(ii) of the Act, where the non-compliance referred to in that section constitutes an offence which is compoundable under paragraph (a).

**Acceptance of composition of offence**

**20.**—(1) The Authority may compound an offence under section 50 of the Act only if the person reasonably suspected of having committed the offence —

- (a) accepts the offer of composition made by the Authority in writing in the form set out in the Second Schedule; and

---

(b) pays the composition sum to the Authority,  
within 14 days after the offer of composition is made or such longer period as the Authority may specify.

(2) Where the person referred to in paragraph (1) is not an individual, the acceptance of composition shall be made —

- (a) in the case of a body corporate, by an officer of that body corporate;
- (b) in the case of a partnership, by a partner of that partnership; or
- (c) in the case of an unincorporated association (other than a partnership), by an officer of that association or a member of its governing body.

(3) In paragraph (2), “officer” —

- (a) in relation to a body corporate, means any director, member of the committee of management, chief executive, manager, secretary or other similar officer of the body corporate; and
- (b) in relation to an unincorporated association (other than a partnership), means the president, the secretary, any member of the committee of the association or any person holding a position analogous to that of president, secretary or member of a committee.

### **Criteria for Exemption**

**21.** – (1) For the purposes of section 53 of the Act and without prejudice to any other matter that the Authority may consider relevant, the Authority shall, in deciding whether to grant an exemption from section 6 or 7 of the Act, have regard to:-

- (a) whether the payment system is regulated by a regulatory authority of a foreign country;
- (b) whether the payment system is subjected to regulations and standards that are equivalent to those that the payment system would have been subjected to if no exemption were granted; and
- (c) whether the regulatory authority in the foreign country has given or is willing to give to the Authority an undertaking to provide the Authority with information on the payment system for the Authority’s monitoring purposes.

(2) For the purposes of section 53 of the Act and without prejudice to any other matter that the Authority may consider relevant, the Authority shall, in deciding whether to grant an exemption to a holder of a stored value facility or a stored

---

value facility, have regard to whether the stored value that is held on behalf of Singapore residents is equal to or less than \$30 million.

### **Offences**

22. Unless otherwise provided in these Regulations, any person which contravenes regulations 6(2), 12(4), 13 shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$150,000 and, in the case of a continuing offence, to a further fine not exceeding \$15,000 for every day or part thereof during which the offence continues after conviction.

---

## FIRST SCHEDULE

Regulation [ ]

### FEES

- |  |       |
|--|-------|
| 1. For every application for approval to acquire substantial shareholding in an operator of a designated payment system under section 23 (1) or (2) of the Act | \$500 |
| 2. For every application for approval as an approved holder in respect of a stored value facility under section 34 (1) of the Act                              | \$500 |
| 3. For every application under section 37 (1) or (2) of the Act to cancel the approval granted under section 35 (1) of the Act                                 | \$500 |



---

SECOND SCHEDULE

Regulation [ ]

ACCEPTANCE OF OFFER OF COMPOSITION MADE BY THE MONETARY AUTHORITY  
OF SINGAPORE

1. I, \_\_\_\_\_ [Name and NRIC/Passport Number] [If made by an officer of a body corporate, partner of partnership, or officer or member of governing body of unincorporated association, to state his position], acknowledge that the Monetary Authority of Singapore has by way of a letter dated \_\_\_\_\_ made an offer of composition under section 50 of the Payment Systems (Oversight) Act (Act \_\_\_\_\_ of 2005) (the Act) in respect of an offence [or offences] under the Act or any subsidiary legislation made thereunder, committed by \_\_\_\_\_ [myself/my business trading as Business Name/Name of body corporate, partnership or unincorporated association, of which I am a representative authorised by the body corporate/partnership/unincorporated association.].

2. The offer made by the Monetary Authority of Singapore is as follows:

<i>No.</i>	<i>Offence and date of offence</i>	<i>Composition sum offered</i>
1.	(Brief description of the offence, the provision of the Act breached and the date of the breach)	(State composition sum)

3. I agree to the offer of composition as stated above and enclose, with this form, payment of the composition sum.

---

Signature of person accepting  
the offer of composition or  
authorised person accepting the  
offer of composition on behalf  
of a body corporate, a  
partnership, or an  
unincorporated association

Date: \_\_\_\_\_

---

4. If the person to whom the offer of composition is made and who accepts the composition is not literate in English, the person interpreting it shall attest as follows:

I, \_\_\_\_\_ [Name and NRIC/Passport Number], have interpreted this form to the person accepting the offer of composition in \_\_\_\_\_ [state language] and have ascertained that he understands the contents of the form and agrees to the composition.

\_\_\_\_\_  
Signature of interpreter

Date: \_\_\_\_\_

Made this            day of            2006.

HENG SWEE KEAT  
*Managing Director,*  
*Monetary Authority of Singapore*