# RESPONSE TO CONSULTATION PAPER

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| --- | --- |
| **Consultation topic:** | Proposed Payment Services Bill |
| **Name1/Organisation:**  1if responding in a personal capacity |  |
| **Contact number for any clarification:** |  |
| **Email address for any clarification:** |  |
| **Confidentiality** | |
| I wish to keep the following confidential: | *(Please indicate any part of your submission you would like to be kept confidential, or if you would like your identity to be kept confidential. Your contact information will not be published.)* |

**General comments:**

**Question 1.** **Activities regulated under the licensing regime**

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

<Please fill in your response to each question in the blank space below the question.>

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

**MAS seeks comments on whether the definitions of e-money and virtual currency accord with industry understanding of these terms. MAS also seeks comments on whether monetary value that is not denominated in fiat currency but is pegged by the issuer of such value to fiat currency should also be considered e-money.**

**Question 3. Virtual currency services**

**MAS seeks comments on whether the scope of virtual currency services is suitable given our primary regulatory concern that virtual currencies may be abused for ML/TF purposes.**

**Question 4. Limited purpose e-money**

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

**Question 5. Loyalty programs as limited purpose e-money**

**MAS seeks views on whether there are other characteristics of a loyalty program that should be included in the exclusion.**

**Question 6. Limited purpose virtual currency**

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

**Question 7. Regulated financial services exclusion**

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

**Question 8. Excluded activities**

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

**Question 9. Single licence structure**

**MAS seeks comments on the proposed single licence structure and whether this approach is beneficial for potential licensees. MAS also seeks views on the proposal to regulate Standard Payment Institutions primarily for ML/TF risks only.**

**Question 10. Three licence classes**

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

**Question 11. Designation criteria**

**MAS seeks comments on the proposed new designation criteria.**

**Question 12. Licence and business conduct requirements**

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

**Question 13. Specific risk migrating measures**

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

**Question 14. AML/CFT requirements**

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

**Question 15. User protection measures**

**MAS seeks comments on the user protection measures proposed.**

**• In particular, MAS seeks views on whether relevant licensees will be able to comply with the proposed float and funds in transit protection measures, the likely cost of such compliance and what float and funds in transit protection measures your business currently employs. Please substantiate your response with data if possible.**

**• MAS also seeks comments on what other options MAS should include for float and funds in transit protection measures, and what type of secure low risk assets would be suitable for safeguarding of float and funds in transit.**

**• With regard to the safeguarding of e-money float that is collected from Singapore residents (with residency status to be decided between the e-money issuer and the e-money user), MAS seeks views on whether the following alternative scope of e-money float is more appropriate.**

**The e-money float comprises:**

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

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

**Question 16. Personal e-wallet protection**

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

**Question 17. Disclosure requirement for Standard Payment Institutions**

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

**Question 18. Interoperability powers**

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

**Question 19. Technology risk management measures**

**MAS seeks comments on the proposed approach to technology risk management regulation.**

**Question 20. General powers**

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

**Question 21. Exemptions for certain financial institutions**

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

**Question 22. Transitional arrangements**

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

**Question 23. Class exemption**

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