Annex A

LIST OF RESPONDENTS TO THE CONSULTATION PAPER ON PROPOSED ACTIVITY-BASED PAYMENTS FRAMEWORK

1. Alipay Singapore E-commerce Pte Ltd, who requested for their comments to be kept confidential.
2. Allen & Gledhill LLP, representing Barclays Bank, Credit Suisse, J.P Morgan Chase Bank (Singapore Branch), OCBC, Standard Chartered Bank, and UBS, who requested for their comments to be kept confidential.
3. American Express International Inc., Singapore Branch, who requested for their comments to be kept confidential.
4. Australia and New Zealand Banking Group Ltd, Singapore Branch, who requested for their comments to be kept confidential.
5. Association of Cryptocurrency Enterprises and Startups Singapore (ACCESS)
6. AXS Pte Ltd, who requested for their comments to be kept confidential.
7. Banking Computer Services Pte Ltd, who requested for their comments to be kept confidential.
8. Bullionstar Pte Ltd
9. Consumers Association of Singapore (CASE)
10. Competition Commission of Singapore (CCS), who requested for their comments to be kept confidential.
11. Deutsche Bank
12. Diners Club (Singapore) Pte Ltd, who requested for some comments to be kept confidential.
13. Docomo Digital (NTT Docomo Group), who requested for their comments to be kept confidential.
14. Dr Sandra Booysen
15. East Springs Investments (Singapore) Ltd

16. EZ-link Pte Ltd, who requested for their comments to be kept confidential.
17. Fintech Alliance, an associate of the Singapore Infocomm Technology Federation
18. Lufthansa AirPLus Servicekarten GmbH
19. M1 Ltd
20. Mastercard Asia/Pacific, who requested for their comments to be kept confidential.
21. MoneyGram International, who requested for their comments to be kept confidential.
22. Network for Electronic Transfers (S) Pte Ltd, who requested for some comments to be kept confidential.
23. OKLink Technology Company Ltd
24. PayPal Pte Ltd (3PL), who requested for their comments to be kept confidential.
25. Rajah & Tann Singapore LLP
26. Red Dot Payment Pte Ltd, who requested for their comments to be kept confidential.
27. RHTLaw Taylor Wessing LLP
28. Ripple
29. Singapore Post Ltd
30. SingCash Pte Ltd ; Telecom Equipment Pte Ltd; Singtel Mobile Singapore Pte Ltd (Singtel)
31. StarHub Mobile Pte Ltd (StarHub)
32. The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch ("HSBC Singapore Branch"); HSBC Bank (Singapore) Limited ("HSBC Singapore"); and HSBC Insurance (Singapore) Pte Limited, who requested for all comments to be kept confidential
33. TransferWise
34. UnionPay International (UPI), who requested for their comments to be kept confidential.
35. United Overseas Bank Ltd

36. Visa Worldwide Pte Ltd, who requested for their comments to be kept confidential.

37. Western Union

38. Wex Asia Pte Ltd, who requested for their comments to be kept confidential.

39. Wirecard Singapore Pte Ltd

40. WongPartnership LLP

41. Respondent A who requested for confidentiality of identity

42. Respondent B who requested for confidentiality of identity

43. Respondent C who requested for confidentiality of identity

44. 7 respondents requested for full confidentiality of their identity and submission.

Please refer to **Annex B** for the submissions.

Annex B

FULL SUBMISSIONS FROM RESPONDENTS TO THE CONSULTATION PAPER ON PROPOSED ACTIVITY-BASED PAYMENTS FRAMEWORK

S/N	Respondent	Responses from Respondent
1	Alipay Singapore E-commerce Private Limited	Requested for all comments to be kept confidential
2	Allen & Gledhill LLP	Requested for all comments to be kept confidential
3	American Express International Inc., Singapore Branch	Requested for all comments to be kept confidential
4	Australia and New Zealand Banking Group Limited, Singapore Branch	Requested for all comments to be kept confidential
5	Association of Cryptocurrency Enterprises and Startups Singapore (ACCESS)	**Question 1** • Our members had a varied opinion about the approach. Some of them believe that the regulation net is cast too wide where the activities that were not initially regulated are now regulated. Some of them believe that regulation is great via an activity approach but were concerned that because there is immense innovation in this space, activities-based regulation will always lag behind the innovation that's actually happening. Consequently, they are concerned that more and more activities will be added, which may lead to over-regulation. • Overall our members would like to know the intent of each activity that is written in this consultation paper. For example, if the primary intent for regulating foreign companies is to prevent companies from using Singapore as a shell company, then the comments will differ compared to if it was used for consumer protection. • Unlike banks, a lot of Fintech companies are experimenting with products to see if there is traction with various product segments. The members therefore are concerned if the Fintech start-ups are too focused on getting a license, it will hinder their productivity time. They have seen many cases where start-ups that focus purely on getting licenses first, end up shutting down because the company has no traction, and the licenses take too long to apply and obtain. There must be a balance. Some members suggested maybe having some sort of multi-tiered system before the Fintech start-ups are required to apply for the licenses.

		• The members would also like to know what sort of requirements are needed for each of the licenses. Most are concerned that the requirements for licenses may be too challenging and time consuming to obtain. The hope is that the requirements are inclusive of new entrants and innovators and not exclusive. • Overall, the main concern of the members as well is whether the proposed regulations aren't too broad. I.e. in instances where activities weren't regulated, it is proposed to be regulated, however, at the same time, without the regulation, it was working productively and efficiently for Singapore. Hence the members would like to know the reason for regulating the already-efficient activities. For example, within the MCBRA, inbound and domestic payment transfers are not considered remittance. But in the current consultation paper these are proposed to be regulated. **Question 2** • Some of the members are concerned that, even when getting the licenses, payment and blockchain related companies still won't get a sustainable bank account. Would there be any way the MAS can help to ensure this? • Some of the members were stating it would be good for Singapore if non-banks i.e. pure online banks would be able to get the same banking licenses, as the ones that have obtained banking licenses in UK and Germany, such as Fidor Bank. • Furthermore the members believe that the definition of "leveling the playing field" should include a regulated Fintech ecosystem where banks and non-banks can compete and where the regulations will be compatible between them. Having a separate one might cause regulatory arbitrages. However this does not mean putting non-banks (including start-ups) under the same regulatory environment as the banks. **Question 3** • The members believe that they should be extended because if they are not there might be regulatory arbitrage. • However, as mentioned in our response to Q1, some sort of multi-tiered system should be put in place so that smaller players and start-ups would have exemptions because they have lower impact on the financial ecosystem. For example, single purpose SVFs do not require licences and SVFs with less than S$30m in customer monies are exempted from licensing. This

		way, we can ensure that innovation continues to happen at the smaller scale, while allowing them to grow upwards with a clear licensing route. **Question 4** • The members believe it's important to know the intent of this question. In other words what is the rationale of this question (what is the reason behind). Is it to prevent Singapore from being a shell company location? Or is it primarily for consumer protection. Regardless, the views are wide ranging. • Some believe that regulation of foreign companies could reduce customer's choices, while others believe that foreign companies should be regulated so that it will be less likely that they would be able to establish shell companies in Singapore. • Either way, most members agree that there should be a multi-tiered based system. If foreign company activities do not cause any systemic financial risk, they should still be allowed to operate. **Question 5** • The members believe it's overly extensive. At this point in time there does not seem to be anything left out. But as Singapore matures to become the Fintech innovative capital of the world, there will be new activities that we will not know of. **Question 6** • Would a bitcoin or any virtual currency prepaid card issuer be considered under activity 1? **Question 7** • Payment instrument should not include apps, websites or portals created by an SVF issuer/ewallet /virtual card provider if it only allows the user to transfer money internally to another user of the SVF/ewallet/virtual card. • This is because technically it is just an internal book entry and not a "payment" to another channel. **Question 8** • Same as above in Q7, if an internet banking app only allows "viewing" or internal transfers within the same bank, it should be exempted from this. In practice, however, most internet banking apps/portals will allow

		transfers to other banks or to pay bills (e.g. tax bills, parking tickets, rent, etc.), and as such, would be considered a payment instrument. • Our members want to know what's the intent behind this question as MAS has made it clear that banks are exempted from this framework, yet this question is related to banking. **Question 9** • What are the properties of instruments such that they would be considered 'anonymous'? Is there scope for instruments to be considered 'pseudonymous'? **Question 10** • Again, a multi-tiered system is important. However, the purpose of regulating this specific activity should be examined and stated with clarity. • For example, it is unlikely that an objective of regulating merchant acquiring is for "consumer protection" because the "customers" of merchant acquirers are businesses that can make such decisions themselves. Creating regulations targeted to "retail customer" level of protection would only stifle merchant acquirers with unnecessary compliance costs. • As we can see, the purpose of regulating this specific activity might be very different from the "consumer protections" as compared to, for example, Activity 3 of retail money remittance service. **Question 11** • The members would like to understand the definition of "Direct Participants of payment systems". Does this mean that companies work directly with the banks to create a payment system? Or payment systems that banks issue themselves? **Question 13** • Virtual currency intermediaries - is this referring to virtual currency exchanges? What's the purpose for regulating this? Will it make a difference when the intent of the business differs? I.e. what happens if the business is using virtual currencies incidentally and its primary business is not the exchange of fiat currencies into and out of digital currencies? **Question 14**

		• The members believe it really depends on the intent of the regulation. **Question 15** • The members are wondering whether there is a need to regulate inbound and domestic money transmission activities when it was not regulated in existing legislation. What is the intent for regulating all three activities? ACCESS does not see the benefit for Singapore to regulate domestic and inbound transfers when these are already efficient. **Question 16** • The members believe that in terms of virtual currencies, there is a contradiction between MAS' definition of virtual currencies and IRAS'. Would it be possible to clarify this? **Question 17** • Again, what is the intent? And are there inefficiencies with the existing money-changing businesses, as far as regulation is concerned? **Question 18** • Please clarify the definition of virtual currencies. Some of our members are stating it should be use-case based and should not blanket all businesses that use virtual currencies as some need the use of virtual currencies but are not dealing with payments. **Question 19** • Non-Fintech use cases of virtual currency **Question 20** • The members believe that the scope may be a bit too wide and may push foreign players to leave the country. **Question 21** • The members believe that it depends on what the intent of regulating activity 4 is.

		Question 22 • The members believe it depends on what the intent of the regulation is. Some members think service and hardware providers, if not customer facing or have an intent to remit money, should not be regulated. **Question 23** • ACCESS has no strong opinion on whether inter-bank messaging should be regulated separately from the existing banking regulations that banks are already subject to. **Question 24** • ACCESS members are concerned that it may hinder innovation. If Singapore requires all start-ups to get a license before testing out experiments, that defeats the purpose of making Singapore a more efficient smart city. **Question 25** • Why is it specifically to mobile wallets? Does mobile wallet refer to native software on the device? **Question 26** • ACCESS members believes only if your business is consumer facing, then you should be regulated. So we do not believe Operating Payment Systems that facilitate on a B2B basis should be regulated. **Question 27** • As stated in our previous responses, the general idea is that only larger payment systems should be subject to regulations because of the systemic risk they pose to the financial industry. Also, licensees who are already subject to the PS(O)A should ideally not be subject to yet another round of payments-related regulations outside of the PS(O)A. **Question 28** • The members think it's not necessary because it is not consumer facing.

		Question 29 • The members believe that it would be important to know what the intent is to regulate this activity. And please define "Internal corporate payment systems". **Question 30** • ACCESS does not believe this should be regulated. But the question is the same, i.e. what is the intent to regulate this activity? **Question 31** • The current definition of "stored value" and "stored value facility" in the PS(O)A is generally wide enough to cover most forms of stored value. However, could MAS please clarify whether "stored value" under Activity 7 would also include general customer deposits for intended potential purchases of non-goods/non-services (e.g. purchase of securities under crowdsourcing platforms, or for pre-funding a remittance account for easier sending of money at a currency and destination to be determined later)? **Question 32** • As above, ACCESS re-iterates that smaller industry players should continue to be subject to significantly lesser regulations because they pose a lesser systemic risk. This allows greater innovation and diversity in the financial sector, which further reduces systemic risk in the entire industry because there will be substitutes to the incumbent monopolies. • Take for example the current S$30m system limit exemption for SVFs. In fact, the current S$30m system limit exemption should be increased to take into account the inflation for the past 10 years since the PS(O)A was enacted. **Question 33** • This is a positive development because it allows businesses and merchants the flexibility to offer other forms of promotions to consumers other than just discounts or buy-one-get-one-free kind of deals.

		Question 34 • ACCESS believes there should be a tiered system. And maybe the existing 30 mil SGD float should be increased. **Question 35** • Segregation of customers' funds is a basic protection feature that can easily be implemented. This reduces the risks for consumers that the SVF holder can misuse the funds, or to make risky investments using customers' funds. This also increases accountability of customers' funds. • The other forms of safeguards (e.g. insurances, etc) should not be mandatory for smaller players because it increases operational costs and reduces the agility of these innovators. • We should not differentiate whether the customer is Singaporean or not. As long as the funds are located in Singapore and being held by the SVF holder, all Users should be afforded the same protections.
6	AXS Pte Ltd	Requested for all comments to be kept confidential
7	Banking Computer Services Private Limited	Requested for all comments to be kept confidential
8	Bullionstar Pte Ltd	**Question 7** • MAS states in paragraph 2.11 of P009: "For the purposes of the PPF, MAS proposes to define a payment instrument as an instrument that provides a user access to regulated funding sources for the purpose of initiating payments. These funding sources include: o Deposit and checking accounts regulated under the Banking Act; o Credit facilities regulated under the Banking Act; and o Stored value facilities currently regulated under the PS(O)A, and subject to clarification as part of this review of the payments regulatory framework." • A company holding a Single Purpose SVF whose only payment function is to allow the customers of that company to pay for goods purchased from the company itself, is completely different to a bank deposit account or bank checking account or a bank credit facility. Including SVFs in the same definition alongside traditional bank accounts regulated by the Banking Act is like comparing apples to oranges. A single purpose SVF is completely different to a

		fractional reserve bank account, the latter of which allows its holder to transfer funds to other accounts, pay for general goods and services, receive deposit interest, and operate an overdraft facility. A single purpose SVF therefore should not be regulated in the same or similar way as multi-purpose banking products that are regulated by Singapore's Banking Act. **Question 32** • We believe that the list of potential licensees is too far-reaching, since according to MAS, it will "concurrently license and regulate the holding of all SVFs, which encompasses the holding of funds on behalf of users. These funds may be used as a funding source for payment instruments. Non-banks will be required to obtain a licence in order to carry out provision of SVFs" • A supplier of goods or services that operates an SVF for the single purpose of allowing customers to pre-pay for goods or services from only that supplier should not be regulated as long as customers cannot transfer funds from, or to, any third parties or from, and to, each other. A SVF offered for pre-paying for goods or services to be purchased by a customer from the supplier holding the SVF is merely a by-product that enhances a company's existing business. • Given the above, we believe that the planned exclusions must be clearly clarified to include Single Purpose SVFs. **Question 33** • If MAS were to license businesses encompassing the holding of funds on behalf of their customers, where customers have pre-paid for future purchases of goods or services, many Singaporean shop owners keeping a simple credit list would be subject to licensing. • For MAS to strike a relevant balance between consumer protection and consumer choice, and so as not to stifle SMEs, a tiered-approach must be adopted. It would be excessively onerous to subject SMEs running a single-purpose SVF, where there is no transaction or remittance element included, and where the customers' purchase of a SVF as a means of pre-paying for goods and services to be supplied by the SVF holder itself, to licensing.
9	Consumers Association of Singapore	**Question 10** • CASE supports the move to regulate the acquisition of payment transactions. ○ Hidden Charges

		▪ Between January 2014 and March 2016, CASE received at least 132 complaints from consumers on a group of e-commerce companies that imposed a “hidden” and a recurring membership charge tied to every transaction made through their websites. ▪ CASE advised the affected consumers to lodge a chargeback with their merchant banks and most of the consumers that had done so reported that they managed to successfully lodge a chargeback with their merchant bank. ▪ However, CASE notes the complexities associated with the operations of such chargeback schemes (issued by the various credit card companies) and often, there is little awareness amongst consumers on the existence and details on the matter (i.e. under what conditions can a consumer lodge a chargeback). ▪ In addition, merchant acquirers and gateway providers all have different terms and conditions governing the usage of their payments systems. For instance, not all payment system providers impose conditions on their merchants to use a secure environment and/or require their merchants to prominently display the total charges that consumers will eventually incur by entering into the transaction. o International Transaction Fee ▪ In addition, CASE has received complaints and understands from several newspaper articles that consumers who purchase products and services from merchants that process their card payments overseas may also be liable to pay additional charges (imposed by the credit card companies). Such charges usually range between 0.8 – 1 % of the total product or services price and are usually not readily apparent to the consumer at the point of checkout.

		▪ Hence, CASE is of the view that consumers should not be required to bear the cost of the international transaction fees given that the geographical location the processing payment provider would not be readily apparent to the consumer at the point of checkout. ▪ CASE understands that there are numerous parties involved in the global payments system and to therefore provide consumers in Singapore with additional protection, consumers who sign-up with a Singapore-based merchant bank should be provided the option of transacting only with merchants or payment acquirers that are subject to the PPF (or merchants and payment acquirers that undertake to comply with the PPF). ▪ CASE notes that such a recommendation would be in line with the industry measures to enhance cards' security whereby the magnetic stripe on credit, debit and ATM Cards can be disabled for overseas usage. **Question 11** • Unless indirect participants of payment systems are regulated, such participants may engage a foreign entity that would not regulated under the PPF. This may have the effect of circumventing any regulations imposed on the direct participants of the payment system. **Question 31** • PREPAYMENTS o CASE is of the view that certain prepayments made to companies should also be covered under the definition of SV (and consequentially, SVFs). o In 2014, 2015 and 2016 (up till September 2016), CASE received a total of 502, 480 and 668 complaints from consumers respectively pertaining to their loss of prepayments resulting from business closure. o In 2016, the closure of California Fitness resulted in the highest number of consumers'

		complaints and losses reported to CASE. Based on the liquidators' report on California Fitness, it would appear that there were around 27,000 members who were now owed $20.8 million in unused gym access and unredeemed personal training sessions. ○ This suggests that for a majority of closures, consumers do not proactively report their losses (arising from business closure) to CASE and the total amount of loss incurred by consumers could be as high as 208 times the amount reported to CASE. ○ From CASE's experience, the industries that have the highest pre-payments losses were: Fitness Clubs, Travel and Beauty. ○ Without regulating certain types of pre-payments, CASE is of the view that consumers may not be in the position to appreciate which aspects of their payments made to business would be regulated under the PPF. For instance, a consumer that makes payment to a SVF (owned by the business) for a SV, intending for the same to be applied to a product or service of a business is likely to be covered under the PPF. However, a consumer who purchases the products and services directly (or make prepayments for products or services) from the business (that may offer such SVF) would not be covered under the PPF. ○ In both instances however, the consumer enters into the transaction intending to receive either the credit (through products or services), products or services at a later date. ○ Hence, CASE is of the view that the PPF ought to provide some protection for certain prepayments and the definition of SV and SVF should be sufficiently broad to accommodate the same. Failing the utilisation of such a broad definition, CASE anticipates that business would otherwise structure such SV as prepayments to avoid any form of regulation. **Question 33** • Based on historical consumers' complaints, CASE is of the view that there may be a less compelling reason to regulate SV that are a by-product from a merchant's enhancement of existing business processes, such as earning points and rewards (i.e. not many consumers' complaints pertain to such SVFs, suggesting that there may be a lower counterparty risk for such merchants

		and such merchants often have a proper dispute resolutions process in place to address consumers' complaints). • Further, regulating such by-products may have the unwanted effect of reducing the incentive for the merchants to offer such earning points and rewards. • If the decision is made to regulate such SVFs, CASE is of the view that such SVF should not be subject to the same requirements as 'normal' SVFs. To state one such possible differentiation, there may not be a need to segregate a portion of the business funds to cater to the unutilised points or rewards. **Question 35** • CASE supports any requirements that would safeguard customers' funds and provide protection for both Singapore and non-Singapore residents. • CASE's experience suggests that businesses that have closed under a financial cloud often have comingled customers' funds with the business' operating accounts, with there being a prevalent pattern of employees managing the business utilising customers' funds to sustain a loss-making business. • While this is, in some situations, unavoidable, CASE is of the view that there is a case to be made for protection mechanisms to be put in place measures to minimise the risk of monies that have been given by customers in exchange for a promise of future services being inappropriately placed at risk in the event of a default. • Such protections can of course be industry-sensitive and specific. For example, CASE currently requires that all businesses operating under our CaseTrust for Spa and Wellness accreditation to obtain pre-payment protection for any prepayments collected (i.e. purchase of spa packages or make a declaration of non-collection of prepayments). Under such a system, business may choose between purchasing insurance provided by our authorised broker (i.e. entitles the business to receive all the monies paid for the packages upfront) or to place any unutilised customers' funds into an account maintained by a third party (i.e. to receive part of the monies first and the rest upon utilisation of the packages).
10	Competition Commission of Singapore (CCS)	Requested for all comments to be kept confidential

11	Deutsche Bank	**Question 1** • We support the MAS proposal to regulate all payment activities under the Proposed Payment Framework (PPF) and the overall approach towards bringing the various payment activities and the entire payment ecosystem under a single framework. This will benefit both the payments industry and ultimately consumers. We anticipate it will encourage innovation and sharing of best practices across the various players, while setting clear regulations to ensure robust controls in each activity, thereby benefitting customers. • We recommend the PPF should be based on a transparent proportionality framework, setting a minimum standard across the industry, with the ability to gradually raise the benchmark as firms grow or become more complex. This will avoid high market entry barriers that keep away all but the larger companies. The minimum standard would also serve to better address cross-cutting issues that all market players need to protect against such as cyber security and technology risk, interoperability, money laundering and terrorism financing and to enhance consumer protection. • We view the PPF as an opportunity to bring new payments technologies – such as virtual currencies and innovative products like electronic wallets - under the regulatory purview in a holistic way. We commend that at present, only intermediaries of virtual currencies are proposed in the scope of the PPF but we seek a clear definition of anonymous instruments, including virtual currency, in subsequent consultation papers. • In our detailed responses, we also highlight several areas where we believe subsequent consultation should clarify that the PPF seeks to complement other existing laws, rules and regulations and does not supersede existing regulations other than the Payment Systems (Oversight) Act (PS(O)A) and relevant sections of the Money-changing and Remittance Businesses Act (MCRBA). This is important to avoid inadvertent overlaps where activity is already (and more appropriately) overseen under other financial sector legislation. • At the same time as spurring innovation, we believe all financial system participants should ensure risks from technology are appropriately mitigated. As such we recommend the scope Technology Risk Management (TRM) guidelines currently applied to financial institutions (FIs) be expanded to include all participants in the payment ecosystem.

		Question 2
		
		• We commend the intent to create a level playing field between banks and non-banks and the requirement to apply only for a single license to carry out multiple activities.
		  ○ A level playing field across banks and non-banks will foster competition and innovation which coupled with a robust control and supervisory mechanism will protect the consumer.
		  ○ A single license regime should ensure an easy process for new entrants and overseas service providers who may want to enter the Singapore market by offering a single activity on a pilot basis before providing the entire range of services. We agree that this requirement should also apply to overseas payments service and communication platform providers.
		• An uncomplicated single licensing process will foster increased competition, leading to innovation in Singapore's payment industry and is essential for consumer protection. Cost efficiency and proportionality as two key basis of licensing are also important to create a level playing field that can foster healthy competition, encourage innovations from smaller or start-up companies, facilitate market access, promote choices for consumers and reinforce financial market integrity.
		• As suggested in response to Question 1, subsequent consultations must clarify how the PPF will interact with other existing financial services regulations, so as to avoid overlaps and duplication. Bringing non-banks in scope of regulations which are currently applicable only to banks (or FIs) or setting a single set of regulations per activity carried out by each category of players will also pave the way for a level playing field.
		
		Question 3
		
		• The designation regime in the PS(O)A covers the payment systems and protects the interests of the public and the Singapore's financial system from systemic risks. In parallel, the systematically important banks are governed by the Framework for Domestic Systemically Important Banks (D-SIBs) in Singapore.
		• Therefore, if existing payment systems designation regime is extended to all payment service providers undertaking payment activities, care needs to be exercised to prevent duplication of other regulations,

		which would be onerous for existing service providers that are already assessed for their systemic importance. [For example, the D-SIB regime already considers a share of payments activity.] • The scope of PPF would also include non-bank payment service providers. Currently, there is no designation regime that includes these and the other new segments that are proposed in scope of the PPF. As such, a consistent approach towards currently regulated providers as well as these future regulated providers will be required. • As suggested in the response for Question 1, the PPF should be based on a fundamental principle of transparent proportionality framework whereby, a new payment service provider or a smaller (start-up) service provider is subject to a minimum level of regulatory requirements, versus a payment service provider that has a material impact to the Singapore financial system and therefore should be subject to a higher level of regulatory scrutiny and requirements. **Question 4** • We support the proposal that foreign payment service providers should be required to apply for a license under the PPF to offer services to Singapore residents and meet all relevant requirements as outlined in the PPF. As outlined in Question 2, we believe the licensing process should be as cost efficient, transparent and proportionate as possible. Local presence requirements should also be cost effective. As Singapore residents can still be "reverse enquiring" and use services from overseas service providers in the borderless digital economy, we think requirements to establish a domestic presence should be based on the Activity and determined by a pre-defined threshold linked to systemic importance. • We anticipate that any automatic localisation requirements of operating infrastructure or data will encumber new entrants and innovation in Singapore. We therefore seek assurance that there is no intent to mandate onshoring of the hardware or software for the foreign service providers for any activity in scope of the PPF. • Finally, we observe that foreign and overseas is interchangeably used in the consultation document, this could cause confusion as a foreign service provider could mean a foreign domiciled but having a presence in Singapore. Clarification is sought regarding definition of foreign service provider and overseas service provider.

		Question 5 • We agree with the proposed activities. **Question 6** • We support the proposed scope of Activity 1. • We agree the PPF should consider Bitcoin as an example of an anonymous instrument and virtual currency. This can facilitate greater acceptance and developments in this area, subject to continuous analysis and understanding of its potential implications in the banking system and effective compliance of regulations that are in line with the Financial Action Task Force (FATF) Recommendations. • However, we recommend including a definition of anonymous instruments, and especially virtual currency, in subsequent consultations on the PPF. Defining virtual currencies would be a step towards creating an anti-money laundering (AML) and counter-terrorist financing (CTF) framework by preventing the misuse of virtual currencies. • That said, care needs to be taken in drafting the specific definition and treatment of virtual currencies in subsequent consultation. For example, the Inland Revenue Authority of Singapore (IRAS) currently does not consider virtual currencies (e.g. Bitcoins) as 'money', 'currency' or 'goods'. Instead, the supply of virtual currency is treated as a supply of services for calculation for Goods and Services Tax (GST) purposes. Whereas using virtual currencies to pay for goods or services is considered as a barter trade by IRAS. We recommend MAS, IRAS (and other agencies as needed) should review and align their definitions of virtual currencies that is consistent in Singapore, but flexible enough to adapt in future as use and risk around virtual currencies may develop in future. **Question 7** • MAS proposes to define a payment instrument as an instrument that provides a user access to regulated funding sources for the purpose of initiating payments. These funding sources include: deposit and checking accounts regulated under the Banking Act; credit facilities regulated under the Banking Act; and stored value facilities (SVF). We support this definition and the proposal that cash and other anonymous instruments, having no identifiable issuer that opens and maintains accounts for users, should not be considered as

		regulated funding sources or payment instruments and must be kept out of scope of Activity 1. • However, while we have highlighted that virtual currencies are not defined in this consultation and since they are also not recognised under the Banking Act, we are unable to determine how, in future, accepting deposits and making payments in the form of virtual currency would be practically managed under the scope of Activity 1. We seek clarification on the approach to future treatment of such potential products. • As Singapore is a leading international financial centre and one of the global Fintech hubs, we would encourage and expect MAS to take a lead in creating a framework for innovative banking products that may stand the test of time. **Question 8** • We agree that internet banking portals must be regulated under the overall MAS regulatory framework. However we recommend that the payment instruments, as approached by the PPF, be clearly distinguished from the technology used to make payments. As such, internet banking portals should not automatically be considered a payment account or a payment instrument. For example, the internet banking portals used by FIs are currently governed under the TRM guidelines. • The MAS Technology Risk Management (TRM) guidelines published in June 2013 sets out technology risk management principles and best practice standards that already cover online systems including internet banking portals, mobile online services and payments security used by financial institutions (FIs). • As suggested in the response to question 1, we propose the scope of the TRM guidelines to be expanded to include all players performing the role of payment service providers. This will ensure uniform minimum technology risk standards across Singapore's payment ecosystem. **Question 9** • We support the approach of linking payment instruments to regulated funding sources. Linking payment instruments to regulated funding sources is a prudent approach to ensure control and oversight at the cash in and cash out stage of the payment life-cycle. This approach would be especially effective for anonymous instruments (such as Bitcoin) which do not

		have an identifiable issuer and for peer-to-peer transfers which do not use traditional payment infrastructure. Oversight on payment instruments through the regulated funding source will further strengthen the AML and CTF regulations. • As mentioned in our response to Question 7, we support the proposal that cash and other anonymous instruments, having no identifiable issuer that opens and maintains accounts for users, should not be currently considered as regulated funding sources or payment instruments and must be kept out of scope of Activity 1 initially. • However, as we believe virtual currencies should be defined under the PPF, we suggest considering allowing sufficient flexibility that future products such as peer-to-peer transfers and other forms of payment using virtual currencies to come under the definition of payment instruments. **Question 13** • We are supportive of the scope of Activity 3. • We strongly commend the inclusion of intermediaries of virtual currencies as this would ensure firms providing exchange services and wallet services of virtual currencies (such as Bitcoin) are brought into the regulatory framework. This is a prudent approach to ensure control and oversight at the cash in and cash out stage of the payment life-cycle and will further strengthen the AML and CTF regulatory framework. • Further as mentioned in the response to Question 6, a clear definition of virtual currencies will clarify the practical impact of the PPF on intermediaries of virtual currencies. **Question 14** • We are supportive of the inclusion of remittance businesses under the PPF. • As suggested in the response to Question 1, care should be taken to avoid inadvertent overlaps where the activity is already (and more appropriately) overseen under other financial sector legislation. For example: interbank remittances carried out by banks on behalf of their corporate clients are governed by existing banking regulations. It should be clarified that only remittance activity subject to the Remittance license under MCRBA is in scope of the PPF. Institutions such as Banks and FIs are governed under other regulations and hence should not also be subject to a separate regime for the same activities under PPF.

		Question 15 • We are supportive of the inclusion of domestic, cross-border, and inbound money transmission activities under the PPF. However as suggested in our response to Question 14, clarification regarding the scope of activities in the PPF is required to avoid inadvertent overlaps in regulation which are currently governed by other, existing regulations. **Question 16** • We are supportive of the proposed exclusion of payments purely for goods and services from the scope of Activity 3. However, if this is used as the basis for the definition of Activity 3, as suggested in our responses to Question 14, 15 and 17, we are concerned that the scope of activities in the PPF could inadvertently overlap with activities which are currently governed by existing regulations. **Question 17** • We are supportive of the inclusion of money-changing businesses under the PPF. • But as mentioned in the response to Question 16, we are concerned that the definition of Activity 3 may inadvertently bring other activities into scope of the PP. For clarity, it should therefore be clearly stated that Banks and FIs performing FX trading should not be viewed as money changing activity under the PPF. We believe the PPF should regulate only the money changers that would hold the Money-Changers license or the Remittance License under MCRBA. FX trading activity by institutions such as Banks and FIs are governed under other regulations and hence not be subject to a duplicative licensing or supervision regime under the PPF. **Question 18** • We strongly commend the inclusion of intermediaries of virtual currencies. In the interest of consumer protection, financial inclusion, healthy competition and economic growth, we are supportive, in principle, of including virtual currency intermediaries under Activity 3 pending the definition of virtual currencies. • As requested in response to Question 6, we call for virtual currencies to be defined in the subsequent consultations of the PPF.

		• As mentioned in our response to Question 13, including virtual currency intermediaries into the scope of supervisory scrutiny will further strengthen the AML and CTF regulatory framework. **Question 19** • As mentioned in our response to Questions 14-17, we seek clarification that activities already (and more appropriately) overseen under other financial sector legislation are out of scope of the PPF and whether the PPF will subsume both the PS(O)A and the Money-changing and Remittance Businesses Act (MCRBA), or just complement the latter. **Question 20** • We support the proposal on the scope of Activity 4. **Question 21** • We agree with your proposal on potential licensees. • As suggested in our response to Question 2, a transparent proportionality framework should be the fundamental basis of the PPF, depending on systemic importance. • As mentioned in our response to Question 4, we disagree that licensing should be automatically linked to local presence for foreign service providers, as this will encumber new entrants and innovation in Singapore. **Question 22** • We support MAS's proposal not to include manufacturers of payment terminals and software developers of payment gateways and processors, where they are not directly involved in providing payment activities in the scope of the PPF. Including manufacturers of payments terminals and software developers into the scope of Activity 4 which are indirectly in scope may have an unintended effect of including manufacturers and developers who have no direct service provision in Singapore into the PPF framework. • In any case, the MAS already has powers to ensure risks from manufacturers and developers are controlled, via the TRM guidelines which currently apply to all Financial Institutions (FIs). As mentioned in our response to Question 8, we suggest that as non-banks will enter the payments ecosystem in Singapore

		in future, all entities providing payments activities in Singapore should be brought into the scope of the TRM Guidelines. This will ensure that the technology adopted by non-bank service providers in the payment ecosystem including technology used in payments terminals and software related to payments in Singapore will be in scope of the TRM guidelines. • As mentioned in our response to Question 2, expanding the scope of regulations which are currently only applicable to banks to cover non-banks will pave the way for a level playing field across non-banks and banks. **Question 23** • We support in principle the requirement of licensing as mentioned in PPF section 2.31 for inter-bank payments messaging platforms to mitigate money laundering, terrorism financing and cyber security risks. However, how this will operate and impact the multiple users of such systems should be further deliberated in subsequent consultations. There are inter-linkages between payment instruments (Activity 1), money transmission and conversion services (Activity 3) and the payment communication platforms (Activity 4). The scope and clear definition of these three Activities needs to be jointly assessed before deciding on the parameters of a licensing requirement for inter-bank payments messaging platforms. • To ensure proportionality, we would suggest that inter-bank payments messaging platforms may be required to apply for a license under Activity 4, so MAS can maintain oversight and supervision on the international service providers without the service providers having to have a local presence. However in line with our proposal to use a transparent proportionality framework as the basis of the PPF, we suggest that systematically important inter-banks payments messaging platform could then be considered under the designation regime under section 2.40 of Activity 6, rather than under Activity 4, and be subject to a higher level of regulatory control and supervision. **Question 24** • We seek clarification on the definition of the payment instrument aggregation services and the application of the requirements in the PPF to such a service. • Similar to our response to Question 8, we suggest a need to allow a distinction to be made between the

		payment instrument aggregation service from the technology used to provide the aggregation service. The aggregation service should be provided only by service providers who are licensed under the PPF and the technology should be governed by the TRM guidelines, regardless of whether the licensee is a bank or a non-bank. Accordingly, we suggest that the technology used for providing payment aggregation services should be governed by the TRM guidelines. • We propose that the transparent proportionality framework should remain the guiding principle when determining the requirements of Activity 5. **Question 25** • Considering the increased proliferation of mobile payments, we agree that in the interest of consumer protection, the activity of mobile wallets should be brought into scope of PPF. However we seek clarification that the definition of mobile wallets is based on the functionality of mobile wallets. Mobile wallets storing user's payment card information could be classified under Activity 5, whereas mobile wallets which may offer a stored value facility may be classified as Stored Value Facilities (SVF) under Activity 7. • In line with our proposal of a transparent proportionality framework as the basis of PPF, we suggest a pre-defined threshold over which payment service providers will be subject to the licensing requirement. Accordingly, similar to the SVF regulations, operators holding more than a pre-defined amount of customer funds must apply for a license under the PPF. • In line with our response to Questions 8 and 25, the technology used to build a mobile wallet should be governed by the TRM guidelines. This will ensure that all providers servicing Singapore residents are licensed by the MAS under the PPF and will be required to meet the uniform technology requirements as set out in the TRM guidelines. This will allow for a standard benchmark across banks and non-banks covering all activities proposed in the PPF. The cyber security risk mentioned in section 2.35 should be addressed in the TRM guidelines. **Question 26** • In principle, we are supportive of the proposed scope of Activity 6. We seek clarification on section 2.41 about the aspects of governance that will be subject to

		the ambit of the NPC, specifically on enforcing compliance by payment service providers as stated in section 3.3 (K). **Question 28** • We support the proposal to include settlement institutions as part of Activity 6. We seek clarification that settlement institutions will mean only cash settlement institutions and not securities or derivatives. Additionally, we seek clarification whether the PPF's proposed designation regime would cover systems which are currently governed under the existing designation scheme but whose underlying activities are governed by other financial sector regulations, such as Continuous Linked Settlement System (CLS) which is governed under the Payment and Settlement Systems (Finality and Netting) Act 2002. **Question 29** • We support the proposal to exclude intra-bank payment systems and internal corporate payment systems. **Question 30** • We support in principle the proposal that international interbank payment and messaging systems must be required to apply for a license. As proposed in our response to Question 23, we think only inter-bank payments messaging platforms over a pre-defined threshold, based on systemic risk, should be covered under section 2.40 under Activity 6 and be subject to an increased level of regulatory control and supervision, to protect consumers' interests. • Including major operators of international interbank payment and messaging systems under Activity 6 will foster competition, encourage innovation and ensure uniform risk mitigation standards across local and international players providing service to Singapore residents. However, we seek clarifications on the approach that MAS will adopt in supervising foreign interbank payment and messaging system owners and consideration should be given as to how an international service provider may be subject to multiple regulatory requirements, which could at times, be conflicting.

		Question 31 • We support the proposed scope of Activity 7. We seek clarification on how digital wallets of virtual currencies might be treated in future under the PPF. Additionally, we seek clarification under what circumstances and criteria will the use of digital wallets could be considered as deposit-taking activity by the digital wallet service provider and therefore potentially subject to the Singapore Deposit Insurance Scheme. • We seek clarification whether section 2.44 will also apply to payment instruments and anonymous instruments such as cash and virtual currencies. **Question 33** • We support the approach not to regulate businesses that allow customers to pre-pay for specific products and services, are of limited purpose in terms of usage or acceptance, or where stored value is a by-product from a merchant's enhancement of existing business processes, such as earning points and rewards, which can be claimed for future redemption. While this may involve the payment systems, it will remain a closed scheme. Definitions and clarifications regarding "...earning points and rewards which can be claimed for future redemption..." will be necessary in the context of "what are virtual currencies" and to our response in Question 6 to avoid uncertainties that may impede industry developments. **Question 35** • We support the proposal that non-banks have to obtain a license in order to carry out the provisions of SVFs. We seek clarification on what is meant by "full bank liability" – for example, whether SVFs that hold more than S$30m of customer funds are a deposit-taking entity and therefore to safeguard consumer's interests, would be subject to the Singapore Deposit Insurance Scheme? We support the proposal to require segregating customer funds from operating funds as these are retail customers' monies. Given that the customers of the SVFs are retail customers, we propose that all customers be protected regardless of where they may be located.
12	Diners Club (Singapore) Private Limited	**Question 1** • Agree with MAS proposed activity based payments framework whereby payment, stored value facility, remittance and virtual currency intermediary are

		consolidated into a national and centralized framework. **Question 3** • Yes, they should be. Increasingly, there are many non-bank payment service providers who are licensed by international card schemes for limited issuance of universally accepted prepaid cards in Singapore. These should be brought under the existing designation regime as they participate in the payment activities as defined in the proposal. **Question 4** • Foreign payment service providers that provide service to Singapore residents should be required to establish a local presence so that foreign service providers can be held accountable under the PPF. Foreign Service Providers should be regulated and similarly licensed under the activity based payment framework. This will level the playing field for all whether local or foreign. This is particularly important from the perspective of AML & CTF oversight. **Question 5** • The proposed activities are comprehensive. **Question 6** • The proposed scope is adequate. **Question 7** • We are satisfied with the proposed definition of payment instruments. **Question 8** • Yes. Internet banking portals should be considered as a payment account and hence payment instrument. In this particular instance the internet banking portals are in fact virtual payment accounts, i.e. Bank Customer routinely uses the portal to pay for various bills. **Question 9** • We need to understand the word “linking” payment to a regulated funding sources? For clarity this needs to be defined.

		Question 10 • We agree with the scope of activity 2. In addition, we put up a case for Singapore to embark on central ownership of UPOS. In New Zealand, the case for central ownership of UPOS is that: • Case Study NZ – POS terminals under Paymark Limited are jointly owned by ASB, WestPac, BNZ and ANZ. Paymark processes over 900 million transactions worth over NZ$48 billion in 2013. More than 75,000 merchants and over 110,000 EFTPOS terminals are connected to Paymark. This has enabled widespread use of EFTPOs terminals for cashless payments in NZ. • In the current Singapore scene – fixed fee riding of SGD11 average per terminal per month per sharer make ubiquitous placement of UPOS to smaller merchant not financially viable. **Question 11** • We agree. **Question 13** • We agree with the proposed scope of activity 3. **Question 14** • Yes. Remittance business to be included. **Question 15** • We agree to the inclusion of domestic, cross-border and inbound money transmission activities. **Question 16** • We agree not to include payments purely for goods and services under the scope of activity 3. **Question 17** • We agree with the inclusion of money-changing business under the preview of MAS as this area of business is more prone to AML activities. **Question 18** • We agree with the inclusion of virtual currency intermediaries under activity 3 in particular due to the

		many reported cases of virtual bitcoin exchange going bust. **Question 19** • No. **Question 20** • The scope of Activity 4 is sufficient. **Question 21** • Yes. The list of potential licensees is comprehensive. **Question 22** • Manufacturers of payment terminals and software developers should not be included in the scope of activity 4 as they are only performing a supporting role for payment industry. **Question 24** • The proposed scope of Activity 5 is adequate. **Question 26** • The proposed scope of Activity 6 is adequate. **Question 27** • The list of potential licensees and exclusion under activity 6 is comprehensive. **Question 29** • We agree that the above activities are not to be regulated as the impact on a failure is of limited scope and not systemic **Question 31** • The proposed scope of Activity 7 is adequate. **Question 32** • Yes it is comprehensive.

		Question 35 • Protection should be applied only to Singapore Residents because it means less administrative cost.
13	Docomo Digital (NTT Docomo Group)	Requested for all comments to be kept confidential
14	Dr Sandra Booysen	**Question 3** • I agree that the distinction between payment services providers and remittance businesses is getting harder to draw and that a streamlined supervisory framework will probably be beneficial to avoid gaps and unwarranted disparate treatment.
15	East Springs Investments (Singapore) Limited	**Question 5** • We would appreciate MAS' clarification on whether the following types of service provider would be considered payment service providers that undertake activities under the Proposed Payments Framework ("PPF"), as well as the activity type that the service providers would be deemed to be undertaking under the PPF: a) A market messaging platform used for the transmission of cash remittance/ payment instructions between financial institutions (e.g. SWIFT); and b) A market trade matching and settlements utility used for the transmission of trade instructions to clients' custodian banks via SWIFT (e.g. OMGEO).
16	EZ-Link Pte Ltd	Requested for all comments to be kept confidential
17	Fintech Alliance	**Question 1** • Fintech Alliance welcomes a new payments regulatory framework for Singapore and looks forward to engaging constructively with the MAS on a balanced framework for the payments industry that will allow Singapore to continue to build its position as the Fintech hub and an attractive place in which to do business. The new framework and its specific rules and regulations should be harmonised with, and compared against, those on similar payment activities in other countries so as to avoid prejudicing payment businesses operating out of Singapore. • As a general comment, Fintech Alliance feels that whilst it is important for the new framework to be comprehensive in covering all the relevant payment activities in the payments ecosystem, a risk based approach towards the extent of regulation would be preferred. There must not be overregulation or disproportionate regulation, particularly for the nonbank service providers and those that are involved

		in activities that do not pose any large or systemic risks. • We would suggest a tiered approach for some of the activities where certain categories of service providers are subject to lighter regulatory requirements or exemptions from certain requirements for e.g., start-ups, businesses that are of a smaller scale or complexity and businesses that handle low transaction volumes. • Also, where KYC/AML/CFT obligations are imposed on providers of regulated activities, the Fintech Alliance would strongly encourage the acceptance of modernised ways of identity verification and authentication. The use of technology like biometrics authentication and Skype should be permitted. • We look forward to providing further comments in the subsequent rounds of consultation where more specific details of the proposed definitions and requirements of each activity are expected to be shared by the MAS. **Question 2** • It depends on what the MAS means by a "level playing field" and whether there will be any difference in requirements for banks and nonbanks under the PPF. • Imposing equal standards and obligations on both banks and nonbanks will not, in our view, create a level playing field as banks are in many ways, in a far more advantageous position than nonbanks. Banks are traditionally providers of payment services and with a banking license can undertake a whole gamut of payment-related services which a nonbank providing only a specific activity within the payment ecosystem typically would not be able to. • To create a true "level playing field" where all players are able to compete fairly and nonbanks are able offer payment services alongside the banks and where innovation is not stifled by the high cost of regulatory compliance, we are of the view that nonbanks and start-ups must be permitted to operate under less stringent or lighter requirements compared to banks. **Question 3** • Fintech Alliance encourages the creation of a comprehensive payments framework that provides clarity on regulations in a changing global payments landscape. However, to have a blanket framework that applies to "all payment service providers undertaking payment activities" could potentially be an overkill,

		depending on the extent of intended regulation in each of the payment activities. • To enable us to better understand the MAS' position and to provide a more meaningful response to this question, we would encourage the MAS to give its reasons and state the specific risks it is looking to address for each of the 7 payment activities it intends to regulate. As far as we are aware, a number of the payment activities are presently not regulated by the major financial centres. **Question 4** • Fintech Alliance is of the view that foreign payment service providers that provide services to Singapore residents should NOT be required to establish a local presence for the following reasons: 1. The provision of cross-border services are becoming more and more common in the era of the internet of things. It would not be practical of MAS to regulate every foreign payment service provider that has Singapore Resident customers. The effectiveness of laws that extend outside of Singapore would also be questionable as enforcement would likely be an issue. 2. Singapore residents may end up being denied the opportunity to access foreign payment service providers that could be providing very useful, more efficient and more comprehensive services than local providers. 3. It would encourage other foreign regulators to react similarly by requiring Singapore companies that provide payment services to residents in their respective countries to do the same. This could potentially lead to reduced market opportunities for Singapore companies and increased costs. **Question 5** • We think that the current list of 7 activities is comprehensive. However, we would like to understand the MAS' reasons and concerns for wanting to regulate each of the 7 activities. Whilst it is obvious that there is a need to regulate certain of the activities e.g., remittance and providing stored value facilities, it is not clear to us why (and how) the MAS is considering regulating certain activities such as payment gateways and account aggregators, etc.

		Question 6 • We appreciate that payment instruments are an essential part of payment systems. However, the issuing and maintaining of payment instruments (linked to regulated funding sources) in itself does not, in our view, generate any big systemic risks. As such, any requirements that are intended to be imposed on service providers engaging in Activity 1 should not, in our view, be over-burdensome. There must be enough flexibility given to encourage the use of various types of payment instruments (including any new forms that may arise from the rapid development of Fintech and mobile payments) that can promote a more efficient economy and to encourage a cashless society. **Question 7** • Internet banking portals, apps and ewallets that are used purely to facilitate the transfer of monies from a regulated funding source to another and not for payment of goods and services, should not be considered payment instruments. **Question 8** • No, we do not think that internet banking portals should be considered payment accounts or payment instruments under the PPF. As internet banking portals would be operated by the banks, any intended regulation on banks relating to the operating of internet banking portals (which generally involve more than just bill payments) would sit better under the Banking Act, rather than the PPF. **Question 9** • We agree that cash and other anonymous instruments should be excluded from the scope of payment instruments. A clear definition of "anonymous instruments" should be given in the PPF. **Question 10** • The scope of "acquisition of payment transactions" seems very wide. We would like to know the main concerns of the MAS and the objective behind the proposed regulation of Activity 2. Unless the MAS intends to be very specific about the types of activities or the specific risks that it is seeking to control/regulate under Activity 2, there could

		potentially be a lot of uncertainty whether certain businesses would be caught. Traditional methods of payments and current models of how and where payment transactions are being acquired are, and continue to be, rapidly challenged and changed to lower costs for merchants and give consumers better payment options. The regulations will need to be flexible enough to allow for changing business models otherwise the PPF might stifle innovation and competition if the net is cast too wide. **Question 11** • It depends on the intended scope and extent of regulation on the participants. • If being regulated means imposing KYC/AML requirements and other procedural, reporting, security and risk management obligations on the participants, we agree that it should be restricted to direct participants. Having too many layers of participants each having to meet their own regulatory compliance requirements would lead to the creation of a very inefficient payments ecosystem. Businesses are increasingly seeking operational efficiency and would expect their payments service providers to do the same. **Question 13** • We do not see the rationale of combining both money changing business and remittance business under a single activity under the PPF. Money changing businesses do not necessarily carry on a remittance business and vice versa. We assume that under the proposed rules, the requirements for a money transmission business and a currency conversion business would be kept separate and distinct and that it would be possible to apply for a money transmission license only without being subject to the requirements relating to currency conversion, and vice versa. **Question 14** • Fintech Alliance welcomes the inclusion of remittance businesses (as currently regulated under the MCRBA) under the PPF. **Question 15** • We do not agree that domestic money transmission activities should fall under the scope of Activity 3.

		• Providers of peer-to-peer domestic transfer services, in particular, should not be subject to licensing and regulatory constraints. Alternatively, if they are so subject, any regulatory requirements should be light on the nonbank providers (particularly start-ups) and those that process low volume transactions so as not to stifle innovation and discourage the move towards a cashless society. The cost, time and effort needed to obtain licenses and ensure ongoing regulatory compliance could create undue burden on start-ups and nonbank providers. **Question 16** • Fintech Alliance supports the intention. Remittance business should continue to be restricted only to transfers of money that are not purely payments for goods and services. Activities related to payments for goods and services are already, in our view, adequately covered under the other proposed activities under the PPF. **Question 18** • If the intention of regulating virtual currency intermediaries is to combat the inherent risks of money laundering and associated financial crimes, we would suggest that Activity 3 regulates only virtual currency intermediaries that enable the conversion of virtual currencies into traditional currency and that allow the anonymous withdrawal of such traditional currency. **Question 20** • Fintech Alliance would like to understand the regulatory intent behind Activity 4. What are the risks that the MAS would like to mitigate and how specifically does the MAS propose to regulate operators of payment gateways, payment kiosk operators and payment processors? Take for example payment gateway operators of payment gateways mainly provide software-only services and are already required by card associations to meet certain industry security and compliance standards (e.g. PCI and ISO). Is it the intention to impose further technical compliance standards on payment gateways? If so, what would be the added benefit?

		Question 22 • Fintech Alliance does not see any merit in regulating manufacturers of payment terminals and software developers. There are already industry standards and certifications these payment terminal and software providers are required to meet by the customers and the card associations. **Question 23** • Fintech Alliance does not see any merit in regulating interbank payments messaging platforms. The users of such platforms are already regulated entities and should be able to verify and ascertain for themselves whether the providers of messaging platforms they engage meet acceptable industry standards on security, data retention etc.. To create an additional layer of regulation within the system would seem counterproductive in a society that is moving towards greater efficiency and lower costs in the payments ecosystem. **Question 24** • Fintech Alliance does not see the rationale for regulating payment instrument aggregation services. If the concern is the risk of data breaches by these providers, there are already strict data privacy laws in Singapore that require a recipient to protect a consumer's personal data that is collected (including a user's payment card information). • Would robo advisors (particularly those that perform automated trading) fall under the scope of Activity 5? **Question 25** • It depends on how involved the "mobile wallet" provider is in the payment process and whether they are really just payment instrument aggregators. For example, mobile wallet operators like Apple Pay and Samsung Pay are purely payment instrument aggregators because they are just providing an additional service on top of the parties involved in the movement of money in a payment transaction. They do not collect payment transaction information that is tied to a mobile user and are also not involved in the movement of the money that is being used for payment. Such mobile wallets should not, in our view, be regulated under the PPF.

		Question 26 • We agree that operators of payment systems (such as the card associations and ACHs) that process large volumes of payment transactions could potentially cause major disruptions to the overall payment ecosystem. They should therefore be regulated. • We are of the view that interbank messaging systems should not be in Activity 6. If regulated, interbank messaging systems, which are purely software, should more appropriately fall under Activity 4. **Question 27** • Fintech Alliance views the list as comprehensive and would encourage the inclusion of exemptions or a lighter touch regime for nonbank players that operate payment systems that deal with low transaction volumes. **Question 29** • Fintech Alliance agrees with the proposed approach. Such systems are self-contained and risks should be left to the relevant stakeholders to manage. **Question 31** • Fintech Alliance agrees with the proposal to clearly define the scope of what is meant by "stored value" and looks forward to the next consultation on the specific definition to be provided by the MAS. We agree that both online and offline SVFs should be similarly regulated. • Fintech Alliance encourages the inclusion of a lighter touch regime for those providers that hold not more than a threshold amount of float as stored value (i.e. similar to (or even higher than) the current SG$30M threshold under the PS(O)A) in order not to discourage innovation in the payments system, particularly in the area of mobile payments. **Question 32** • No, not based on the limited information in the consultation paper. **Question 33** • Fintech Alliance agrees with the approach. Single purpose or limited use prepaid schemes are often

		offered by merchants to enhance their business process and sales and hence risks of abuse are relatively low. Imposing regulatory requirements on such merchants/issuers are likely to increase overall business costs for merchants which will in turn be reflected either as higher prices for consumers or, where merchants cannot cope with the increased costs and are forced to close down, lesser choices for the consumer. Where the commercial activity has little or no bearing on financial stability of the payments system, there should not be regulations that impede it. In addition, major financial centres like UK and HK do not regulate such single purpose or limited use SVFs. **Question 34** • Loyalty rewards and bonus points schemes that allow for dollar redemptions are currently in this grey area. **Question 35** • We agree that there should be some safeguards put in place for the consumer but there must be a balance between wanting to protect the consumer and allowing businesses to make use of prepaid programs to facilitate cash flow and improve their services in an already difficult business environment. Any protection for the consumer should cover all consumers/users of the service, regardless of whether they are Singapore or non-Singapore residents.
18	The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch; HSBC Bank (Singapore) Limited; and HSBC Insurance (Singapore) Pte Limited	Requested for all comments to be kept confidential
19	Lufthansa AirPlus Servicekarten GmbH	**Question 1** • Lufthansa AirPlus Servicekarten GmbH ('LASG') together with its subsidiaries ('AirPlus') is a leading international provider of business travel payment and data management solutions. It has provided payments services to its clients since its establishment in 1989. • AirPlus is active in over 60 countries around the world. It holds payment institute licenses in Germany (with BaFin, based on the EU Payment Services Directive), Italy, United Kingdom, a Money Services Operator license in Hong Kong and an AFS Licence in Australia.

		AirPlus holds MasterCard issuing licenses in Germany, UK, Italy, Austria, Switzerland, Hong Kong and Australia. • AirPlus acknowledges the findings of KPMG in its report 'Singapore Payments Roadmap, Enabling the future of payments: 2020 and beyond' that consumers and businesses are increasingly accepting of electronic payments, and willing to adopt innovative solutions to their payment needs if those payment methods offer both security and convenience. Our experience is that the willingness to adopt non-traditional payment methods is enhanced in jurisdictions where those providers are subject to appropriate levels of regulatory oversight, promoting user confidence in individual providers and the system. • The payments industry is dynamic, and innovation is constant. In any dynamic market it is important that the correct balance is struck between innovation, competition and consumer and market protection. • As a leading international payment provider, AirPlus is supportive of overarching regulation and governance of payment activities in Singapore. • As observed by KPMG, the regulatory framework in Singapore has been centred on risk reduction and management, focussed on providers that present systemic risk to the system. • The prevailing legal framework (consisting of the Payments Systems (Oversight) Act and the Money-changing and Remittance Business Act) has limitations in terms of scope and consistency and does not offer clear pathways for payment services that do not operate business models with the character of those contemplated when these two laws were introduced. • Broadly, LASG welcomes the approach proposed in the consultation paper, being a 'forward looking', 'risk based' framework for payments businesses, designed to: better protect the consumer; provide regulatory certainty to those in the market or proposing to enter the market; and provide a level playing field for market participants. • Such a framework will allow the community, providers and consumers to benefit from the security and certainty that a comprehensive regulatory and governance framework can provide. **Question 2** • The consultation paper notes that MAS envisages that banks will be exempt from a separate licence to conduct payment activities.

		• AirPlus considers that such an exemption is appropriate if there is an equivalence of regulation for payment services for the bank and other providers of payment services. **Question 3** • Under the Payment System Oversight Act, the MAS may designate a payment system as a designated payment system for the purposes of this Act, if: a disruption in the operations of the payment system could trigger, cause or transmit further disruption to participants or systemic disruption to the financial system of Singapore; a disruption in the operations of the payment system could affect public confidence in payment systems or the financial system of Singapore; or it is otherwise in the interests of the public to do so. • For any designated payment system, the MAS may set standards and access regimes for participants, operators or a settlement institutions of the designated payment system, on such terms and conditions as the MAS considers appropriate. The legislation sets out what must be taken into account for setting such standards. This includes: whether the imposition of the access regime in respect of the designated payment system would be in the interests of the public; the interests of the current participants, operator and settlement institution of the designated payment system; the interests of persons who, in the future, may require or desire access to the designated payment system; and such other matters as the Authority may consider to be relevant. • MAS must ensure that the access regime is fair and not discriminatory. • AirPlus is of the view that the existing designation regime should remain. It strikes the right balance between risk to the financial system and individuals, competition and efficiency. The focus for designation should continue to be controlling risks, however this must be balanced with fair access to new participants. **Question 4** • We note that the Consultation Paper indicates that, at present, MAS only intends for licensing to apply to locally established payment service providers. • The proposed regulatory framework promotes a 'risk based' approach. Such approach would be applied to

		not just to the framework itself but to those eligible to particulate in the market. Regulation of the payments industry in Singapore should reflect Singapore's status as a hub for international and global companies and should seek to facilitate the operations of foreign companies working via branch-offices. • An approach that excludes 'foreign' entities as a group fails to recognise the importance of international operators in efficient payments markets. The role of technology means that 'foreign' providers will likely continue to prevalent in the sophisticated markets. These operators will be interested to operate their own efficient structural and governance models. • As a foreign payment service with a Singapore branch, LASG is not in favour of an approach that will require the establishment of a locally subsidiary or locally controlled entity as the licensed entity. • Such a requirement would reduce the efficiency of international operations and, as such act as a barrier to entry for both established and emerging operators, with a likely corresponding impact on the 'take up' by for foreign providers and/or the cost to businesses and consumers. • An approach that envisages acceptance of foreign entities into the regulated framework will enhance involvement in the Singapore payments market by providers with a proven track record of innovation and improvements, such as in product development, security and consumer protection. As such, foreign entities should not be excluded from the scope of the PPF, where they otherwise do not pose an increased risk for the system, businesses or consumers. This risk can be assessment through the application process, and the operating conditions applied to licenced entities. • With these risk measured applied, in the view of LASG, an international provider with a local branch should be a sufficient 'local presence' for regulatory purposes. Accordingly, the terms of the proposed regulation should either include those entities specifically, or be broad enough to accommodate branch-offices of foreign companies with a business presence in Singapore. **Question 5** • MAS is proposing single licence, activities based, regulation. Seven activities are currently proposed. • LASG supports, as a general proposition, a single licence approach. It is also supportive of an approach

		whereby payment activities are regulated distinctly under that licence. This will allow: o Providers to be licensed under one framework, but for activities relevant only to their business model; o Licence variation to add activities as business models change; o Different regulatory measures to apply to different activities depending on the risk posed by those activities. • In the view of LASG, this outcome could be achieved by a framework design that focusses on general licensing requirements and particular requirements for the authorised activities. • However, for the regime to be flexible and adaptive to continued change and innovation in payment services, it will be important for the activities regulated to be broad. An overly granular approach to the description of regulated activities will pose a risk that the regulation will be bound by existing market offerings and services and, as such, may not offer clear regulatory pathways for payment services that do not operate business models with the character of those contemplated in the activities proposed. • Further the process for the variation and addition to authorised activities must be transparent and efficient. Change in business-strategy in the payments industry is fast-paced. If the activity-based licensing model is adopted, mechanisms must also be set down whereby providers can quickly receive approval for an additional category of activities should the company change its business or product strategy. • This is a genuine concern for Fintech companies and providers of innovative technology and the PPF should be drafted in such a way so as to allow for product progression and advancement. • In setting the regulatory regime it should be borne in mind that payment service providers are heavily regulated in many jurisdictions around the world, such as Europe, Hong Kong and Australia. It may prove useful for the MAS to implement a mechanism whereby licences from place of incorporation and/or operation are recognised (whether in a persuasive or binding fashion) so as to prevent over-regulation. For example, holding a licence in a jurisdiction recognised by the MAS as having 'equivalent' regulation should be a pathway to exemption or at least, indicate, or even determine, the company's suitability to operate in Singapore. • We are not aware of any activities at present that are not contemplated by the list in the Consultation Paper,

		noting that the focus of activities appears to be on the provider of facilities that discharge, or facilitate discharge of payment obligations, rather than those that recommend such facilities. • AirPlus is eager for the MAS to elaborate on how additional activity categories are to be established and regulated. **Question 6** • AirPlus is eager to see its primary products incorporated into the regulatory framework of Singapore. As mentioned above, this will allow companies to operate with the knowledge that their services are compliant and that customers have redress to legal relief. • Our activities currently include AirPlus Company Account and Merchant Agreement (based on a three party system). Our customers are generally companies booking travel or accommodation, however, we have agreements with travel agencies as merchants to facilitate acceptance. • AirPlus is planning to also introduce A.I.D.A. in Singapore (a virtual card payments system) in which LASG effectively operates as a (virtual) card issuer in the MasterCard scheme (a four party system). We note that our A.I.D.A. offering is very likely to fall within Activity 1 of the Consultation Paper. • In relation to this proposed activity, in our view, the scope of the payment activity as outlined in the consolations paper is appropriate. • The activity description, once adopted, should clearly include virtual cards and other electronic interface as well as debit and credit 'card' issuing services. In other words, the activity should not be limited to physical card issuance or to issuing of credit through approved card schemes. • For issuing services covered by designated card scheme rules, appropriate relaxation of licence regulations or licence requirements should be considered in order to avoid duplication of regulation under the card scheme rules. **Question 9** • MAS does not intend for regulation of Activity 1 to apply to regulated funding sources linked to payment instruments. Under the PPF, as proposed, it is likely that instruments, such as rewards/points cards, not linked to regulated payment instruments will not be regulated.

		• LASG considers that such an approach should be by way of generic exemptions from the requirements to hold a licence for such instruments that do not pose a systemic risk, rather through a limitation of the defined activities. This would also allow for the regulator to monitor developments in this market and refine exemption terms over time if required. **Question 10** • As stated above in the answer to question 6, LASG is eager to see its primary products incorporated into the regulatory framework of Singapore. • Our activities currently include AirPlus Company Account and Merchant Agreement (based on a three party system). Our customers are generally companies booking travel or accommodation, however, we have agreements with travel agencies as merchants to facilitate acceptance. • AirPlus is planning to also introduce A.I.D.A. in Singapore (a virtual card payments system) in which LASG effectively operates as a (virtual) card issuer in the MasterCard scheme (a four party system). • The consultation paper notes that third party scheme operators will be considered as undertaking Activity 2. As such, our A.I.D.A. offering might also fall within Activity 2 of the Consultation Paper. • In relation to this proposed activity, in our view, the scope of the payment activity as outlined in the consolations paper is appropriate. • The activity description, once adopted, should clearly include virtual cards and other electronic interface with merchants, and well as debit and credit 'card' issuing services. In other words, the activity should not be limited to physical card acceptance or to acceptance of credit through approved card schemes. • For acquiring services covered by designated card scheme rules, appropriate relaxation of licence regulations or licence requirements should be considered in order to avoid duplication of regulation under the card scheme rules. **Question 26** • As mentioned above, LASG is eager to see its primary products incorporated into the regulatory framework of Singapore. As mentioned above, this will allow companies to operate with the knowledge that their services are compliant and that customers have redress to legal relief.

		• Our activities currently include AirPlus Company Account and Merchant Agreement (based on a three party system). Our customers are generally companies booking travel or accommodation, however, we have agreements with travel agencies as merchants to facilitate acceptance. • AirPlus is planning to also introduce A.I.D.A. in Singapore (a virtual card payments system) in which LASG effectively operates as a (virtual) card issuer in the MasterCard scheme (a four party system). • We note that our AIDA offering is very likely to fall within Activity 1 of the Consultation Paper and our company account is likely to be caught, for the acquiring services provided, by Activity 2. Based on the description of Activity 6 in the consultation, in our view, the operation of a three party system will in itself be a regulated activity. • For a three party system this will arguably result in a requirement to be regulated for Activity 2 and 6 for issuing the relevant facility. • LASG submits that unintentional consequences of this outcome should be avoided. **Question 29** • LASG supports this approach. This risk posed by 'internal' systems does not warrant regulation of such systems. **Question 33** • The current approach of MAS is not to regulate business that allow customers to pre-pay for specific products and services, are of limited purpose in terms of usage or acceptance, or where stored value is a by-product from a merchant's enhancement of existing business processes, such as earning points and rewards, which can be claimed for future redemption. • LASG considers that such an approach should be by way of generic exemptions from the requirements to hold a licence for such instruments that do not pose a systemic risk, rather than through a limitation of the defined activities. This would also allow for the regulator to monitor developments in this market and refine exemption terms over time if required.
20	M1 Limited	**Question 31** • MAS stated that it intends to license and regulate the holding of all SVFs under the PPF. In addition, non-banks will be required to obtain a license in order to carry out the provision of SVFs.

		• M1 is concerned that the ensuing onerous requirements will impose disproportionate compliance costs on non-bank institutions who offer SVFs that pose very low risk to the financial system. • M1 currently offers single-purpose SVFs (i.e. mobile prepaid SIM cards) that can only be used for telecommunication services. Under the current regulatory framework, single-purpose SVFs are exempted from regulation and licensing as they pose very low risk for money-laundering and terrorism financing. M1 believes that this should continue to apply under the proposed PPF as the risk factor of single-purpose SVFs has not changed. **Question 33** • MAS stated that the proposed PPF is to be applied on an activity basis to entities, and regulatory requirements will be risk-based and calibrated to specific risks observed in various payment activities. • In line with the above principles, M1 is of the view that the above businesses should not be regulated as they would pose very little or no risk to the financial system. • In addition, there are already strict controls in place (e.g. registration and imposing an upper limit on the stored value and limiting the monetisation of single-purpose SVFs) to reduce any potential money-laundering and terrorism financing risks. **Question 35** • M1 is of the view that the imposition of any such requirements should follow the principle of proportionality in relation to the risks posed and taking into consideration the type of SVFs, its risks and operating controls.
21	Mastercard Asia/Pacific	Requested for all comments to be kept confidential
22	MoneyGram International	Requested for all comments to be kept confidential
23	Network for Electronic Transfers (S) Pte Ltd	Requested for all comments to be kept confidential, except for Question 1. **Question 1** A Singaporean institution • NETS is pleased to participate in the MAS consultation paper with other payments providers in Singapore to share ideas and discussions with MAS with the goal of improving the regulatory and operational environment for payment activities in Singapore.

		• Since its inception in 1985, NETS has grown with Singapore, becoming part of the country's DNA. Evolving to the needs of Singaporeans, NETS now helps one in three Singaporeans make payments every day. • With the introduction of the NETS debit infrastructure, Singapore took the first big step towards cashless payment. It marked the first time bank cardholders could pay with just a card and PIN. The NETS debit infrastructure now enables 10 million debit cardholders from DBS, POSB, OCBC, UOB, Maybank, Standard Chartered and HSBC bank to use their cards for everyday payments. • Singaporeans have more than 95,000 points of sale to use their NETS cards and last year $23 billion in transactions were processed through our systems. • As the backbone of the payment infrastructure in Singapore NETS is continually looking for ways to improve our service and develop new and innovative products for our customers. We look forward to working closely with MAS to improve the relationship between NETS and the legislator. A well-developed regulatory environment • With more than 30 years of trust built between NETS and the Singaporean consumer we are well placed to provide insights into some of the challenges facing consumers, how to create regulations that are fair to all payment players and what needs to be done to ensure that the payment ecosystem in Singapore remains vibrant and focused on growth. • Every day Singaporeans put their trust in NETS for their financial transactions. The large majority of these transactions occur through NETS' Electronic Funds Transfer at Point of Sale (EFTPOS) which is currently well regulated with stringent and specific requirements in place to protect Singaporean consumers. • NETS is always looking for ways to improve transparency, fairness of access, security and stability. Our reinvestment in infrastructure and new technology during the last 30 years has been driven by our belief in improving the transaction experience for our customers. While we welcome greater input from MAS and the proposed National Payment Council (NPC) we want to make sure that regulatory decisions are made with a "light-touch". A level playing field • As the central provider of the NETS EFTPOS service, NETS is concerned that the proposed regulations will dilute its integrity and fragment a stable system in the name of creating a "level playing field." This may erode

		the established trust that Singaporeans place in their electronic payments. Moreover creating a greater regulatory burden for entities that exist only in Singapore without a similar requirement for international players puts NETS and Singaporean providers at a significant commercial dis-advantage. • NETS welcomes competition from a diverse cross-section of international competitors. We believe our home-grown talent and technology can compete with the very best global solutions. Our concern lies that the proposed regulations will allow international competitors to participate in the local market without facing the same, necessary, regulatory oversight. Commercial sustainability • A National Payments Council that brings together a variety of voices in the payment sector is a positive idea. NETS wants to make sure that the mandate of the NPC does not duplicate existing powers currently sitting with MAS. Additionally it should not assume responsibilities that are currently being performed by commercial entities. There is no pressing need for the NPC to provide operational oversight for activities already well serviced by NETS such as customer support. • From a commercial perspective NETS is concerned that the NPC, in its current suggested configuration, will create a situation that makes it difficult for NETS to control its revenue generation. NETS has worked to ensure a balance between commercial viability and continual improvement to its products and services. Legislated direction from NPC in this area could create challenging situations for NETS as we try to maximize investments in future growth and innovation. A partner for Singapore • Overall NETS is supportive of any consultation with the goal of improving the payments framework in Singapore. This includes working with MAS and all payment partners in the coming months to create a system that is beneficial to the Singaporean consumer and allows corporate entities the freedom to operate in a commercially viable manner.
24	OKLink Technology Company Limited	**Question 1** • Respondent believes that establishing a single governance structure would be efficient and effective, especially to balance the needs from centrally overseeing the two separate legislations: the Payment Systems (Oversight) Act and the Money-changing and Remittance Businesses Act.

		Question 2 • Respondent believes that the impact is difficult to quantify at this stage, as the impact will be highly dependent on the commitment of the MAS to a level playing field (i.e. regulating activities rather than technology itself or software/technology providers). Additionally, while risk-based controls are advocated to banks and non-banks, Respondent supports risk-based supervision being practiced by regulators, supervisors and legislatures. **Question 3** • Consistent to above and our introductory letter, Respondent would support innovation and risk-focused supervision by the MAS. A more prudent approach should involve assessing the payment service provider landscape, in terms of consumer protection as well as anti-money laundering/anti-terrorist financing/sanctions risk, to better understand payment activities that are ever changing by the users as well as providers. **Question 4** • In such a global economy, local/physical presence is just one factor. More importantly, MAS should consider a registration (not licensure) framework justified by risk to enable timely communication/contact, as well as a minimum requirement that providers must make themselves available in-person when requested by the MAS with reasonable notice. **Question 5** • Activities appear comprehensive, but perhaps the focus should be on activities that present significant financial industry systemic risk, anti-money laundering/anti-terrorist financing/economic & trade sanctions risk, and/or significant consumer protection risk. **Question 6** • While "Issuing and maintaining payment instruments" is a sound criterion, it should also be risk-based. For example, an issuer of closed-loop proprietary tokens or credits may likely present far less risk than an open-

		loop framework that is widely accepted (and used) in Singapore and other countries. **Question 7** • MAS should consider explicitly addressing proprietary digital tokens or credits (that are not fiat currencies, or backed by any government entity). Based on the draft proposed definition, Respondent believes that digital tokens could reasonably be excluded from the definition. **Question 12** • Respondent favours guidance stating examples of what's likely covered in the scope (i.e. 2.19) as well as what is excluded (i.e. 2.20). Additional insights to examples of activities (or activities-based) that are in or out of scope would similarly be helpful. **Question 13** • Because of the nascent stage of the virtual currency industry, Respondent does not advocate the inclusion of "virtual currency intermediaries which buy, sell, or facilitate the exchange of virtual currencies …" under the scope of Activity 3, "Providing Money Transmission and Conversion Services." MAS should consider the materiality and risks, and may want to provide additional education to the public on the risks of virtual currencies or digital assets (as well as traditional fiat currencies or physical assets such as real estate, commodities, precious metals, etc.) as well as the evolving usage of virtual currencies or digital assets, i.e. investment-speculation purposes, investment diversification purposes, transmission of value, messaging-purposes, settlement purposes between corporates/businesses, date/time-stamping purposes, etc. • If MAS decides to include "virtual currency intermediaries which buy, sell, or facilitate the exchange of virtual currencies" under the scope of Activity 3, Respondent advocates a level playing field with traditional intermediaries that buy, sell, or facilitate the exchange of fiat currencies, aka money remitters and/or money exchangers.

		Question 18 • Because of the nascent stage of the virtual currency industry, Respondent does not advocate inclusion under Activity 3, "Providing Money Transmission and Conversion Services." MAS should consider the materiality and risks, and may want to provide additional education to the public on the risks of virtual currencies or digital assets (as well as fiat currencies or physical assets such as real estate, commodities, precious metals, etc.). • If MAS decides to include virtual currency intermediaries, Respondent kindly asks that MAS better define "virtual currency intermediaries", and utilize the definitions advocated by Coin Center (www.coincenter.org), which describes itself as "a leading non-profit research and advocacy center focused on the public policy issues facing cryptocurrency and decentralized computing technologies like Bitcoin and Ethereum." Specifically, Coin Center has precisely defining factors that may better characterize intermediaries, such as "control" or "custody" of virtual currencies. For more details, please see … https://coincenter.org/entry/letter-to-the-uniform-law-commission. **Question 19** • Respondent appreciates insights into whether MAS believes blockchain network operators or blockchain software/technology providers to traditional remittance businesses would require registration, licensure, and/or supervision. Presently, there are many headlines and innovations touting the use of blockchains. As a member of the Fintech industry, Respondent believes MAS and other country supervisors can provide additional time for the industry to build up these early use-cases prior to implementing regulations. Supervisors could enact a registration process to keep an inventory of service providers in their respective countries and facilitate additional dialogue as necessary to monitor the overall financial and Fintech industry. **Question 26** • Respondent believes that the definition of "payment systems" and "payment systems which facilitate the transfer of funds" should be clarified by defining "funds" to refer to fiat currency or e-money. MAS should consider the scope of a blockchain payment

		system operator that provides software enabling its customers to transfer and receive digital assets (which are not fiat currency or e-money), and moreover, whereby the operator does not control the digital asset as an intermediary or custodian. **Question 28** • Respondent could reasonably foresee certain settlement institutions being systemically important, and therefore, reasonably could be included in the scope of Activity 6. However, MAS should consider whether all settlement institutions should require registration, licensure and/or supervision.
25	PayPal Pte. Ltd.	Requested for all comments to be kept confidential
26	Rajah & Tann Singapore LLP	**Question 1** • We welcome the MAS' consultation paper on Proposed Activity-based Payments Framework and Establishment of a National Payments Council (the "Consultation Paper") and the opportunity to provide our feedback thereon. • The Consultation Paper is timely. Our existing Payment Systems (Oversight) Act ("PS(O)A") and Money-changing and Remittance Businesses Act ("MCRBA") are no longer adequate, given new technologies, the trans-border nature of e-commerce, and the increasingly indistinct delineation between physical and electronic payment services. The incomplete regulatory coverage by the PS(O)A and the MCRBA, the overlap between the two Acts in some respects and the resulting uncertainty of application of those two Acts have often caused difficulties for new entrants or new hybrid product offerings. A PPF which more comprehensively covers the field of payment services, which more clearly delineates the scope of its application between different activities to be regulated, and which resolves the present difficulties with the PS(O)A and the MCRBA would be welcome. • The modularity offered by the different categories of regulated activities under the activity-based PPF will offer payment services providers with greater flexibility with their product offerings and allow for a more calibrated and commensurate regulation. Such modularity has worked well in the case of the capital markets services licensing regime under the Securities and Futures Act. However, we would also caution that the flexibility offered by PPF modularity could lead to greater segmentation of the payments ecosystem and increased number of segmented payment services providers which participate only in a limited portion of

		the payment value chain, and thus pose further challenges for AML/CFT due diligence, compliance and enforcement1. • At a conceptual level, we also make the following general observations: (1) the Consultation Paper makes pervasive use of the expression "payment", but does not expressly define the same. That expression is commonly understood in plain English as the giving of cash or monies to discharge what is due for services done, goods received or debts incurred etc. This is also the meaning presently contemplated in the PS(O)A. Distinctly, money transmission services are presently referred to in MCRBA without being linked to the discharge of any money obligation resulting from, for example, the sale of goods or provision of services. If Activity 3 is to include money transmission "without an underlying exchange of goods and services", then the continued use of the expression "payment" in the PPF should ideally be more clearly defined to extend beyond its plain English meaning; and (2) while it is contemplated that Activity 3 would cover the provision of money services in relation to virtual currency, it is not immediately apparent as to whether MAS intends for payment service providers dealing in non-fiat virtual currency to be similarly regulated under the other Activities under the PPF, or whether the regulation of payment services relating to virtual currency is only limited to Activity 3 under the proposed legislation. In which event, MAS may need to clarify whether such payment service providers would nevertheless attract certain business conduct requirements as unlicensed entities under the PPF (please see our responses to Question 8 and Question 9). • Apart from the general comments above, we have set out our observations and comments in the relevant responses below from MAS' consideration. **Question 2** • The proposal to subject banks to all applicable requirements under the PPF as non-banks in respect of the conduct of similar regulated activities could level the playing field for both banks and non-banks. That said, however, those requirements (even if made universally applicable to banks and non-banks) should not be so onerous as to pose insurmountable barriers to entry for new participants in the payments industry,

		and be counterproductive to MAS' efforts in promoting Fintech firms and growing the Fintech space. These concerns would be minimised if, as MAS indicated in paragraph 2.3, those requirements will be risk-based and calibrated to specific risks in the various payment activities. **Question 3** • Yes, all payment systems operating in Singapore which are sufficiently large or pose systemic or system-wide risk should be subject to designation and thereon subject to closer regulation. Nevertheless, the threshold for such designation may need to be calibrated and set separately for the different Activities. Please see our comments below on whether or not the PPF should extend to foreign payment systems. **Question 4** • We note in paragraph 2.6 of the Consultation Paper that MAS only intends for licensing to apply to locally established payment service providers. If the PPF is limited only to Singapore-based payment service providers, this would distort the playing field in favour of payment service providers based outside Singapore who may be unregulated or subject to lighter regulation. With e-commerce and e-payments becoming increasingly trans-border, the geographical location from which a provider may carry on its business and provide its payment services may not be an impediment to its ability to target Singapore persons. Limiting regulation only to domestic providers will encourage regulatory arbitrage and relocation to jurisdiction with lighter or no regulation, and inhibit indigenous development of the payment industry in Singapore. We would suggest that MAS considers if the PPF could have similar extra-territoriality as the Securities and Futures Act so that certain foreign payment service providers would be subject to Singapore regulation. • Whether or not a foreign payment service provider that provides services to Singapore persons should be required to establish a local presence may depend on the nature of its activities, the risks posed by its activities to Singapore persons, and whether or not effective regulation of a foreign payment service provider in Singapore is possible without establishment of a local presence.

		Question 7 • The proposed definition contemplates "an instrument that provides a user access to regulated funding sources for the purpose of initiating payments". This proposed definition of payment instruments is very wide. As MAS has correctly pointed out, it would include certain instruments such as credit cards and charge cards which are currently already regulated under the Banking Act, as well as cheques, which are governed by the Bills of Exchange Act. The potential overlap between the PPF-related legislation and those other legislation will need to be resolved. • Secondly, the proposed definition is also wide enough to contemplate devices, technologies and means which facilitate the user giving, and the provider receiving, instructions on the operation of the regulated funding source operated/maintained by the provider. We note that ATM cards, electronic wallets, internet banking portals and apps, cheques, cashiers' orders and money orders have been included within the proposed scope of "payment instruments". If other existing means of giving instructions to the providers of regulated funding sources (such as inter-bank giro and telephone-banking) are not also to be caught by the broad proposed definitions, more clarity in this regard should be included in the definition. • We further note that the proposed definition is only limited to regulated funding sources. More guidance would be welcomed as to whether the following would also be considered to be "regulated funding sources": (a) Cash deposits with other financial institutions not regulated under the Banking Act, e.g. merchant banks, finance companies, CMS licensees (brokers, fund managers, custodians); (b) Loan accounts; and (c) Cash held as required margin or as excess margin with CMS licensees. • As stated above, the definition of payment instruments only includes instruments that provide a user access to regulated funding sources. We note paragraph 2.13 states that cash and other anonymous instruments are unlikely to fall within the scope of Activity 1. Could MAS therefore confirm that payment instruments such as electronic wallets that store virtual currencies will not be caught under Activity 1? **Question 9** • It is unclear to us if the exclusion of cash and other anonymous instruments from the scope of payment

		instruments stems from regulating entities carrying out Activity 3 in respect of anonymous instruments like Bitcoin. We would like to clarify why MAS states at paragraph 2.13 that "However, regardless of the activity the entity conducts, any payment service provider that facilitates the acceptance or withdrawal of cash and other anonymous instruments may attract additional requirements to mitigate money-laundering and terrorism financing risks" as it is not clear what the basis of such regulation will be if cash and other anonymous instruments are excluded from regulation under Activity 1. **Question 10** • The nomenclature of this Activity appears to suggest that one must "acquire payment transactions" to fall within this Activity. Can the MAS provide more clarity as to whether this refers to mere "merchant acquisition" without involvement in the acceptance/process of payment instruments? • It is also unclear whether Activity 2 will cover acquisition of payment transactions involving non-fiat currencies (e.g. virtual currencies). Can MAS provide greater clarity? **Question 11** • Please provide clarification and guidance as to what sort of entities would be considered a "direct participant" of a payment system and, in the corollary, what entities would be considered "indirect participants". **Question 12** • MAS may want to consider whether the following business / activities are intended to be covered under Activity 2: (a) the business of factoring or receivables financing; (b) multilateral payment netting arrangements cleared through a central clearing counterparty; or (c) inter-group payment acquisition entities (for example, where a merchant sets up its own payment / collection agent for its related group entities to receive and make payments to third parties). • And, following from our response to Question 11 above, whether any of the above would constitute "indirect participants of payment systems".

		Question 13 • We also note that there are several issues arising from the proposal in relation to the regulation of money transmission and conversion services under Activity 3, we have addressed them in our responses below. **Question 14** • There may some conceptual difficulties in including the remittance business under the PPF. Remittance, or money transmission activities, are distinct from the concept of "payment", which would generally contemplate the passing of money made pursuant to a pre-existing consumer-merchant or debtor-creditor relationship. Remittance activities need not occur within such a limited scope, and as identified by the MAS, would not be dependent on an underlying exchange of goods or services. • Following from which, there is a conceptual rift between the term "payment" and remittance activities. To the extent that entities regulated under Activity 3 are to be referred to as "payment service providers" under the proposed PPF, there may be a need to consider whether the definition of "payment" needs to be included in the relevant legislation to clarify the foregoing use of the term "payment service providers" to entities undertaking Activity 3. Otherwise, MAS may consider introducing specific terminology for the purposes of Activity 3. • The above analysis equally applies to currency conversion. (Please see our response to Question 17 below) **Question 15** • There seems to be an inconsistency in paragraph 2.24, where MAS states that the scope of money transmission activities is regardless of whether the originator or beneficiary is in Singapore, but money transmission will include the facilitation of inbound and domestic payments. In this regard, could MAS clarify whether (a) money transmission services caught by Activity 3 will include payments taking place entirely outside Singapore (in that both beneficiary and originator are outside Singapore) and only the entity facilitating such payments is established in Singapore; or (b) only money transmission activities where either the beneficiary or originator is in Singapore would be regulated under Activity 3.

		• Separately, could MAS clarify whether the following would be considered as undertaking the regulated activity of money transmission services under Activity 3: (a) transmission of monies to a central netting party / clearing house of a net sum, where parties need not transmit the funds to the recipient (ie. multilateral netting); and (b) the collection of money from and the sending of money to the same party / legal entity. **Question 16** • There is some uncertainty in relation to the exact scope of the exclusion. Could MAS clarify whether the following would be excluded under Activity 3: (a) the acceptance of funds and transfer of value carried out to provide a service of paying overseas merchants for the originator's purchases of goods; and (b) entities providing employee payroll services (where such entities are providing money transmission services for payroll purposes, and where such employers or employees may be located in or outside Singapore). **Question 17** • We agree that the regulation of money-changing beyond the physical exchange of notes is a sensible approach in order to increase consumer protection. Can MAS provide greater clarity whether such regulation of money-changing business under the PPF would be limited to physical/non-physical money-changing and foreign exchange transactions on a spot basis or would it also extend to leveraged / non-margined foreign exchange trading generally? • We also seek MAS' clarification as to whether Activity 3 is intended to cover credit card companies (or such other payment services operators) that offer direct currency conversion as a value-added service. **Question 18** • We note that Activity 3 is the only regulated Activity under the proposal where MAS has explicitly included the regulation of transactions involving virtual currency. In this respect, could MAS please clarify if virtual currencies are only to be included under Activity 3? In the event that MAS only intends to limit the regulation of virtual currencies under Activity 3 of the PPF, then care should be taken to ensure that this is

		made clear in the resulting legislation that Activity 3 is distinct from the other regulated Activities in this respect. Alternatively, if MAS intends for such other regulated Activities to include the regulation of virtual currency payment service providers, then this must be clearly provided for and the definition of virtual currency should be considered in further detail to assess whether there will be any difficulties in the provision of such regulation. • We have noted that Bitcoin was given as an example of a virtual currency but the expression "virtual currency" is not otherwise defined. Can the MAS provide more clarity as to what this expression is intended to encompass? In particular, can the MAS confirm that the reference to "virtual currencies" is not intended to include digitized forms of legal tender or fiat currency? The discussions that follow below assume this to be the case. • If virtual currencies are to be included for Activity 3, there are a number of conceptual issues which will need closer consideration: (1) Would the concept of "payment" under the PPF need to be expanded? The expression "cash" or "money" is frequently used in Singapore legislation without definition. Used in the context of "payment", "cash" or "money" is generally understood to mean only legal tender or fiat currency. Virtual currencies (such as Bitcoin) are not generally regarded as legal tender nor fiat currency and as such, would generally be incapable of discharging a "payment" obligation unless the parties thereto agree otherwise to delivery of such virtual currencies in substitution of payment of legal tender. (2) Would there be a re-characterisation of the underlying transaction for goods? If the parties to a sale of goods transaction agree to "payment" in the form of virtual currencies for the goods sold, would this render the transaction a barter rather than a sale, given that virtual currencies are not generally considered to be legal tender or fiat currency? (3) Is the trading or exchange of a virtual currency for another virtual currency or for legal tender or fiat currency to be considered to be foreign exchange trading, leveraged foreign exchange trading or money-changing? • Could MAS clarify what is meant by "virtual currency intermediaries which buy, sell, or facilitate the exchange of virtual currencies" in para 2.25, and whether such intermediaries would include:

		(a) persons who buy or sell or exchange Bitcoin and other virtual currencies for their own proprietary account, whether for investment or speculative purposes; and (b) virtual currency exchanges which act for their own proprietary account as market-maker and central counterparty to investors of virtual currency, or whether the foregoing persons or entities fall within the description of excluded persons described in paragraph 2.26. **Question 20** • We would like to clarify whether Activity 4 will cover the following: (a) dedicated platforms or payment kiosks maintained by a merchant for its own goods and services; (b) an e-commerce marketplace which maintains a payment platform for the purposes of processing the payment instructions and authorisation of payment instruments for the goods or services sold / provided by the merchants listed on said e-commerce marketplace; or (c) internet banking portals or platforms (which may also fall within Activity 1). **Question 22** • We agree that manufacturers of payment terminals and software developers ought not to be regulated under the PPF. While it may be true that the foregoing entities will most likely be responsible in the setting up of the payment communication platforms, they are ultimately only involved in the initial stage of the operations, unless there is an agreement for them to be materially involved in the day to day operations of the payment systems. As these third party contractors would therefore not ordinarily be engaging in financial activity, it would not be necessary for the MAS to have supervisory powers over their operations. Any recourse against these entities should be by the payment operators themselves. By similar reasoning, Internet Service Providers (ISPs) and telecommunication companies merely serve as conduit for data transmission and therefore should not be deemed as operating a payment communication platform.

		Question 24 • We would like to clarify the purpose of Activity 5, which is proposed to cover services relating to the "consolidation of payment instrument information and access". Could MAS please clarify as to why the consolidation of payment information is to be regarded as a touchstone to attract licensing and regulatory oversight under the PPF? • If an app creator creates separate apps for the handling of individual payment instruments separately with the intention that all such apps may be used on the same device (e.g. a mobile phone), would this be considered "consolidation of payment instrument information and access"? Or must the app creator create a singular app for handling two or more individual payment instruments in order to be considered "consolidation of payment instrument information and access". • We would also like to seek clarification as to whether a mobile wallet that only aggregates bank accounts maintained and credit cards issued by the same bank would fall under the scope of Activity 5. **Question 25** • We support the move to regulate mobile wallets under the PPF. We note that more jurisdictions are considering regulation of mobile wallet, especially since such services are generally targeted at the ordinary consumer. Mobile wallets store sensitive financial information and provides a means of access to the funding source and therefore ought to be subject to some form of regulatory oversight, particularly due to the cyber security risks that may arise in relation to the use of such services. In addition to mobile wallets, we kindly seek MAS' clarification as to whether internet browsers that store user's payment card information would or ought to be regulated under the PPF. **Question 26** • As alluded to above, we would like to clarify whether Activity 6 will only cover payment system operators that only deal in fiat currency (and not other types of currency, such as virtual currencies). • We note that there may be potential for payment instrument aggregators that fall within Activity 5 to fall within Activity 6, as it is contemplated that such entities will engage in processing and / or switching of

		payment transactions. Could MAS kindly clarify whether this is intended or, otherwise, how it will differentiate Activity 5 and 6? **Question 33** • We agree that MAS should not regulate the above if it only contemplates a prepayment to the very merchant that is providing the specific products and services and that the stored value referred to above may only be used/redeemed with the same merchant. **Question 35** • We are of the view that the safeguards should cover non-Singapore residents to the extent that such SVFs are either offered to them in/from Singapore, acquired by them in Singapore, or are intended for usage in Singapore.
27	Red Dot Payment Pte Ltd	Requested for all comments to be kept confidential
28	RHTLaw Taylor Wessing LLP	**Question 1** • Respondents appreciate that MAS is proposing a single-licence model for the licensing, regulation and supervision of all payment service providers. The payments industry would benefit from a higher degree of regulatory oversight. This is in tandem with international standards such as the payment systems in the UK, which promotes effective competition, development and innovation in the payments sphere. • However, we would like to highlight that the seven proposed activities under the PPF entail varying nuances of risks. For instance, Network For Electronic Transfers (Singapore) Pte Ltd ("NETS") would have a higher exposure to systematic risks (e.g., public impact) as opposed to merchant aggregators or smaller stored value facility holders. • We would therefore suggest MAS apply a risk-based approach when issuing regulatory obligations on the seven activities, and consider whether having a single platform would impact its ability to apply regulatory oversight over activities with very different risk profiles • Another broad issue is whether MAS should in fact, regulated all of the 7 activities. Respondents at our Roundtable were concerned that the default approach is a blunt one – which is to regulate every player in the payment system, without a more considered approach on whether there are good grounds for regulation in the first instance (e.g. for safety and soundness, consumer protection issues). The general sentiment is

		that MAS is casting the regulatory driftnet very widely and that many players (who are now caught by the 7 proposed activities) have operated largely without any issue of major lapses or consumer-related issues. • We would therefore request for clarification on the underlying principles and the rationale for regulating the seven activities and for centralising such regulations. The seven regulated activities for payments have significantly widened the regulatory net. Platforms that were previously unregulated (Activities 1, 2, 4 and 5) will now be regulated and greatly impacted. • It would also be beneficial if MAS publishes clearer definitions of the seven activities and what it entails. This will help regulations keep pace more efficiently with the rapidly changing market dynamics in the global payments industry. • We recognize that security and trust are the fundamental cornerstones of a payment ecosystem and thus consumer protection is of utmost importance. Nevertheless, a single-licence approach could be onerous for new market entrants such as financial Technology ("Fintech") start-ups and it would stifle innovations in a long run. We respectfully request that MAS would profoundly consider the impact and barriers for payment service providers who are generally small medium enterprises ("SME") and start-ups. **Question 2** • While we note that a single modular framework will relieve providers from having to apply for multiple licences and enable the undertakings of several types of payment services, it could bring about an unequal level playing field. We note that banks are exempt from licensing from the PPF. We suggest that this be reconsidered as the risk for banks entering into payments are distinct from core banking activities. • The regulatory approach does provide a competitive advantage to banks. In fact, Fintech start-ups (with lesser resources) are inherently disadvantaged as they have lesser resources. There is correspondingly an uneven playing field. • We suggest that licensing issues be based on the activities that an entity seeks to perform, rather than on the basis that they are licensed as banks. • We further note that the proposal does not exempt other MAS-licensed entities (e.g. insurance companies, merchant banks, entities regulated under the Payment Systems (Oversight) Act, exchanges, markets, capital

		markets services licence holders, trust companies and financial advisers. It is unclear why banks are treated differently (and accorded different privileges) from these other entities. Against this, presents another measure of unequal playing field. **Question 3** • In furtherance to our comments above, we would like to reiterate that the seven activities are too broad and generic at this juncture. There is no clear demarcation on the scope of the proposed seven activities as there are significant overlaps in all activities. For instance, the issuance and maintenance of payment instruments of electronic wallets as described in Activity 1 would overlap with stored value facilities with electronic wallets under Activity 7. Apart from that, virtual currencies could also be utilised for activities such as acquiring payment transactions other than the provision of transmitting and converting monies under Activity 3. In this regard, the roles of virtual currency intermediaries are still vague under the PPF. • Therefore, we would request for clearer definitions for each activity (and the opportunity to comment on these in separate consultation exercises) and seek further clarification on how the regulations be operationalised throughout for the seven activities. **Question 4** • We are in favour of foreign payment service providers being regulated, as this would create greater transparency on all market participants in the payments industry. This would also create a level playing field between local and foreign entities that offer similar services. However, we would request that MAS set out detailed regulatory requirements governing the local and foreign payment service providers. For instance, there should be distinction between foreign payment services providers that solicit business from Singapore-residents as opposed to genuine cases of reverse enquiry. MAS may consider issuing Guidelines similar to that issued in relation to the extra-territorial clause under Section 339 of the Securities and Futures Act. **Question 7** • Apart from the above comments on the clarity of definitions for each activity, we also would like to seek

		further clarification on the proposed definition of payment instruments.
		• MAS defines in Section 2.11 of the CP that a payment instrument is an instrument that provides a user access to regulated funding sources for the purpose of initiating payments. Where funding sources include:
		  ○ Deposit and checking accounts regulated under the Banking Act;
		  ○ Credit facilities regulated under the Banking Act; and
		  ○ Stored value facilities ("SVFs") currently regulated under the Payment Systems (Oversight) Act ("PS(O)A"), and subject to clarification as part of this review of the payments regulatory framework.
		• Respondents stressed that a service provider holding a Single Purpose SVF whose only payment function is to allow customers to pay for goods purchased from the company itself, should not be compared to a bank that has the provision for bank deposit accounts, bank checking accounts and bank credit facilities.
		• We would request further deliberation if single purpose SVFs would fall within the ambit of the definition of payment instruments and be given similar regulatory treatment under the PPF. We respectfully encourage MAS to classify SVFs into different categories based on how the funds in each type of SVF can be used, and not require the licensing of single purpose SVFs which are merely a by-product of a company's existing business. A tiered-approach could also be used to determine which SVFs should, and should not, fall under the PPF.
		
		Question 9
		
		• Please also refer to our comments to Question 7. We would seek more clarity on the boundaries of this activity as it appears to be rather general at the moment for instance whether single purpose payment which is currently unregulated and exempted would be included in the PPF.
		
		Question 11
		
		• We would request for further clarification on the scope whether it will include service providers who keep credit from customers in its own bank account such as companies that are merely holding pre-paid funds or credit on behalf of customers.

		Question 13 • Please see our comments to Question 3 of the Consultation Paper. **Question 15** • Respondents feel that the proposed regulation casts its net too wide to include domestic and inbound money transmissions given the low volume of small transactions conducted by service providers within the island. This should more appropriately be governed under the payments regime. • We would request for clarification on the basis for inclusion of these activities under the PPF. **Question 18** • Please see our comments to Question 3 of the Consultation Paper. **Question 19** • Please see our comments to Questions 1 and 2 of the Consultation Paper. **Question 20** • Please see our comments to Question 3 of the Consultation Paper. **Question 21** • We would request for further clarification if service providers who provide and deal with non-fiat currency or crypto currency for the purpose of Activity 4 will be regulated under the proposed framework. • We would suggest that the more fundamental question is for a more considered analysis on whether any particular activity should be regulated in the first instance, rather than looking at "comprehensiveness" as a default. **Question 25** • Given that hardware or software providers are intermediaries who are not part of the transaction lifecycle between the account users and banks, we request for further clarification on how these providers will be regulated.

		• We respectfully submit that mobile wallets should be clearly defined. It should be noted that one of the main concerns is whether wallet services that do not store users' payment card information will be regulated as well. **Question 31** • Please also refer to our comments to Question 7 of the Consultation Paper. • As the definition of payment instruments and its scope are still vague, we would also request for clarification whether the current threshold limit for multi-purpose SVF scheme which stands at $30 million under the PS(O)A regulations would continue to be applicable under the PPF. • To limit the impact on business operations, we respectfully propose that the scope of SVF as delineated under the PS(O)A should be migrated to the PPF, bearing in mind that one-size fits all rule is not desirable. • Not all SVFs are alike, or as widely held as others. The scope of payment activities that should be subjected to regulation under the PPF should therefore not follow a one-size fits all rule. **Question 32** • We believe that the list of potential licensees is too far-reaching. It should be noted that a supplier of goods or services that operates an SVF for the single purpose of allowing customers to pre-pay for goods or services from only that supplier should not be regulated as long as customers cannot transfer funds from, or to, any third parties or from, and to, each other. A SVF offered for the pre-paying for goods or services to be purchased by a customer from the supplier holding the SVF is merely a by-product that enhances a company's existing business. • Given the above, we respectfully submit that the planned exclusions must be clearly clarified to include Single Purpose SVFs. **Question 33** • Respondents highlighted that if MAS were to license businesses encompassing the holding of funds on behalf of their customers, where customers have pre-paid for future purchases of goods or services, many Singaporean shop owners keeping a simple credit list would be subject to licensing.

		• We therefore agree that businesses that allow customers to pre-pay for specific products and services, that are of limited purpose in terms of usage or acceptance, or where stored value is a by-product from a merchant's enhancement of existing business processes, should not be regulated. **Question 35** • MAS defines in Section 2.46 of the CP that it is considering whether all SVFs will have to segregate customers' funds from operating accounts and safeguard customers' funds, via mechanisms such as full bank liability, insurance, bankers' guarantees, or trust accounts. • On the other hand, Banks are exempted from obtaining a separate licence to conduct payment activities. It must be noted that these two objectives are contradictory in nature and cannot go hand in hand. Banks are not required to segregate customer funds. Banks currently operate under a fractional reserve banking system with a total capital adequacy ratio of 10% in Singapore. Furthermore, Singapore's three largest banks have leverage ratios of 7-8% in terms of Tier 1 capital compared with their total exposures. • We would like to highlight that a 100% full reserve banking, in which entities would be required to keep the full amount of each deposit's funds in cash, ready for withdrawal on demand, is diametrically different from the current Singaporean banking regulations. A rule of 100% segregated reserves would severely discriminate against SVFs as compared to banks. One may view 100% reserve banking, or 100% asset-backing of customer funds', as a prudent and ethical way of conducting business, but the playing field is certainly not levelled by favouring banks with less stringent rules than those that apply to SME's and start-ups holding an SVF. • The Singapore Government is dedicated to making Singapore a precious metals trading hub. Customers of precious metals dealers in Singapore hold assets in physical precious metals so as to diversify portfolio risk, to insure against monetary system risks, and to safeguard their savings against inflation and the loss of purchasing power. It is important that MAS takes note within any regulation requiring safeguarding mechanisms, to allow SVF holders to hold assets, namely precious metals, and does not limit choice to banking controlled options. • All in all, we are of the opinion that SVFs would not always have the capacity and resources to fully

		segregate customers' funds given the scale of the business. This would therefore put SVFs at a disadvantage in comparison to banks that may readily have the capabilities to do so. Thus, we respectfully suggest that MAS should examine further if such mechanisms are readily available for SVF holders in niche sectors to acquire.
29	Ripple	**Question 1** • Ripple strongly supports MAS' intent to create a unified framework under the PPF. The framework would create a clear, cohesive, and comprehensive set of regulations for participants. Creating a single regulatory framework would ensure consistent treatment and protections across all payment types, especially for important issues such as consumer protections, money laundering, and terrorism financing. • Ripple strongly supports MAS' intent to require only one license from covered entities. Regulated activities may have overlapping requirements which result in redundant licensing obligations, possibly restraining what would otherwise be safe and responsible innovation. Ripple believes that requiring only one license and having licensees update their applications to reflect additional activities will increase the efficiency and effectiveness of Singapore's payments framework. • With the exception of points raised later in the letter, this proposal would reduce barriers to innovation while ensuring a safe, thoroughly regulated payments sector. **Question 4** • A clearly-defined definition of "payment service provider" is needed to limit unintended consequences. As MAS crafts detailed definitions and the scope of the PPF, we urge MAS to (1) define the types of entities considered "payment service providers" and (2) highlight the risks it seeks to mitigate through requiring providers to have a local presence. Requiring a local presence may be an appropriate way to address the risks posed by activities of some types of payment service providers. • Yet, it may not be appropriate or necessary to require some types of payment services providers – especially providers of underlying technology – to establish a local presence. This requirement may not be helpful in mitigating the risks posed by these activities, and could limit both innovation and the entry of new companies into Singapore.

		• Ripple does not interpret "payment services providers" to encompass providers of software and infrastructure. These companies are presently subject to technology and vendor management guidelines, which we feel is appropriate given their activities and risk. Yet, we cannot know for sure how PPF impacts technology providers until a definition of "payment services provider" is confirmed. While the graphic on page 7 of the Consultation Paper does list seven activities, other activities such as inter-bank messaging platforms are listed elsewhere in the paper and not represented on this graphic. Providing additional clarity in future drafts will remove uncertainty and ensure a properly tailored framework. • By defining the terms and the risks it seeks to mitigate, MAS can ensure requirements for establishing a local presence are applied to the firms that pose those specific risks. This approach ensures requirements are calibrated and targeted where necessary, without creating burden on unrelated companies. **Question 5** • Ripple believes that the activities encompassed under the PPF as currently drafted are comprehensive. However, Ripple is concerned that the covered activities may be overly inclusive. • Specifically, Ripple is concerned about the inclusion of inter-bank messaging platforms within the scope of Activity 4. We do not feel regulating a communication platform under a payments framework is the most effective way to mitigate the risks posed by these technologies. The risks posed by interbank messaging platforms differ from the risks of the other payment activity captured within the PPF. We feel technology and vendor management guidance is the preferred way to address the technology-specific risks posed by these platforms. Please see the response to Question 23 for a detailed explanation. **Question 18** • Ripple agrees that it is appropriate to include virtual currency intermediaries that present consumer risk under Activity 3. Over the last several years, consumers have adopted virtual currencies as a means of exchange and store of value. In response, many jurisdictions have sought to bring virtual currency intermediaries and exchanges within regulatory bounds in order to mitigate consumer and money

		laundering risk. We feel the inclusion of these activities within the PPF is appropriate and prudent. • To date, virtual currencies have been used by consumers in place of fiat, government-issued currencies. Yet, new use cases of virtual currencies are developing as financial institutions consider their potential. • Ripple features an optional digital asset/virtual currency called XRP. Instead of being used by consumers to replace fiat currency, XRP is designed to be used by financial institutions to source fiat currency for cross-border payments. In instances where a financial institution needs to send a payment to a currency or counterparty that it does not have an account (nostro account or existing liquidity relationship), XRP can be exchanged between the financial institutions to secure the fiat currency needed in the destination country. After this, the financial institutions make a fiat-to-fiat payment for their customer. It is important to note that the financial institution remains responsible for compliance with all payment-related regulations, including KYC and AML. • In this design XRP is used to secure fiat currency efficiently and quickly, not replace fiat currency as is seen in the use of other virtual currencies. XRP is only exchanged between the financial institutions; the customers' payments are not exposed to XRP. XRP is used to support the liquidity between fiat currencies, not eliminate their use. • While this use case is still developing, Ripple partnered with R3 CEV and twelve banks to explore XRP's use as a liquidity sourcing tool. The banks were specifically interested in using XRP to access and scale liquidity more efficiently, reducing the costs of cross-border payments. This use case demonstrates the willingness of financial institutions to utilize digital assets in enterprise use cases that pose little or no risk to consumers. • The risk in this use case is different from the risks that stem for consumers' use of virtual currencies. Noting this, it may not be appropriate to consider these two different use cases under the same regulatory framework. Ripple looks forward to discussing XRP in greater detail with MAS, and wanted to take this opportunity to note the emergence of new uses cases for virtual currencies. **Question 23** • Ripple believes technology service providers offering interbank payments messaging platforms should

		remain outside the scope of Activity 4. Such entities pose technology risks which are appropriately regulated under existing technology and vendor risk management guidelines. Generally, the providers of interbank messaging platforms do not pose money laundering or terrorist financing risks, the primary purpose behind MAS' consideration to include these services within PPF. • For instance, Ripple licenses its interbank messaging software to financial institutions. All payment information sent via Ripple's software is private and viewable only to the financial institutions that are part of the payment. Ripple (the company) neither receives nor is able to view the messages sent between financial institutions. This design limits data breach vulnerabilities and ensures protection of consumer data. • The financial institutions maintain the customer relationship, including providing a front-end service, authenticating customers, and holding their funds. As the provider of a payment service to customers, the financial institution is responsible for compliance with Know Your Customer rules, consumer protection requirements, anti-money laundering obligations, safety and soundness requirements, and all other relevant regulatory expectations. These activities and compliance requirements properly fall within the scope of the PPF. • However, Ripple (and other similar interbank messaging services) do not pose consumer protection, money laundering or other payment-specific risks. At no point does Ripple custody funds, obtain or retain consumer information, or establish a business relationship with any party beyond the financial institution. Therefore, including interbank messaging services within the scope of PPF would not enhance the oversight of money laundering or terrorist financing risk. • Technology service providers do present technology and cybersecurity risks, which we feel are best governed under existing guidelines. While interbank messaging services do not present payment-related risks, they do create technology and cybersecurity risks that should be mitigated. Technology and cybersecurity risks are inherently different from the payment-related risks discussed above. • We feel the risks posed by interbank messaging systems are best governed by MAS' Guidelines on Outsourcing and Technology Risk Management Guidelines. These frameworks address the risks and

		outline the duties of those providing technology, including interbank messaging systems. • Ripple urges MAS to treat separately the technology risk posed by messaging platforms from the consumer protection, terrorist financing, and money laundering risks posed by providers of payment services. • Regulating messaging platforms within PPF would hinder innovations aimed at reducing money laundering. Including messaging platforms within PPF would not improve the oversight of payment-related risks, yet would limit innovation and adoption of new services. • Technology companies, including Ripple, have developed new messaging capabilities that allow financial institutions to better detect and reduce risk. Today, cross-border messaging services are one-directional and provide limited payment information. Ripple has developed a next generation messaging capability that allows a two-way conversation between the financial institutions. Ripple's messaging service uses standard formats (ISO 20022) yet provides extensible fields to share additional contextual information about the payment. Financial institutions can use the two-way messaging capability and additional information to better identify and resolve compliance concerns, errors and failed payments. • New services like Ripple enable providers to more efficiently and accurately address fraud and money laundering risks. As discussed above, Ripple feels the technology risk inherent in its messaging service is best governed by the technology and vendor management guidelines. If the service was subjected to PPF – which we do not feel necessary or appropriate – it would place undue burden on technology companies, and hinder both innovation and adoption of new capabilities. • Ripple believes that because technology providers are already subject to both institutional and regulatory frameworks that ensure safety, soundness, and resilience, it is not necessary or appropriate to include them in the scope of Activity 4.
30	Singapore Post Ltd	**Question 1** • Singapore Post Limited ("SingPost") supports the regulation of "payment activities". • Once an activity has been identified as a "payment activity", any person wishing to engage in such activities should be licensed. • We propose that holders of such licences be corporations with at least one responsible officer ordinarily resident in Singapore.

		• In order not to burden the holder of a licence with undue paper work, we propose that once a licence is issued, it is good and valid for as long as the holder conducts the regulated activity until such time: (i) the holder ceases to carry on business in every type of payment activity to which the licence relates (and it is incumbent on the licensee to notify MAS and complete the necessary declarations); or (ii) MAS notifies the holder that its licence has been revoked. • We propose MAS publishes and updates its website, the list of licensees and the type of payment activity for which the licensee has been licensed for. **Question 2** • SingPost proposes that a distinction be made between a bank and a non-bank even with regard to the same payment activity. The distinction could be based on considerations such as money held at any time, the type of customers and the volume of transactions. We propose that MAS adopts a risk-based approach in this aspect. • As compliance costs have increased the burden of doing business, we would urge MAS to bear this in mind. **Question 4** • SingPost proposes that no distinction be made between local and foreign service providers. Besides imposing a capital requirement, foreign service providers at a minimum ensure that there is a resident individual who is designated a responsible person to oversee and be accountable for the actions undertaken. **Question 5** • SingPost proposes that the following payments be excluded from the PPF o Purchases of goods with payment via NETS and Credit Cards where the collection is solely for goods of the merchant eg. the purchase of postal goods such as stamp, first day covers o Collection on behalf for large organisations for bill payments of agency services for example, fines imposed by LTA, IRAS, CPF, Telcos and Singapore Power (for utilities) o Collection of deposits and withdrawals of monies by customers from their own account

		at licensed withdrawal points, other than ATMs eg. 7-Eleven stores, Post Offices. **Question 6** • SingPost seeks clarification whether the scope applies to transactions conducted in Singapore but the beneficiary is outside of Singapore. • Currently, foreign nationals living in Singapore are able to top up the prepaid mobile cards for persons outside of Singapore at any of SingPost's post offices island-wide to 11 countries. **Question 8** • SingPost supports this proposition. **Question 9** • SingPost is of the view that the approach of linking payment instruments to regulated funding sources is useful for identification and verification of customers in the tracking of anti-money laundering and terrorism financing activities. • Cash and other anonymous instruments to be excluded from the scope of payment instruments as there is no identifiable issuer that opens and maintains accounts for users. **Question 13** • SingPost is of the view that the inclusion of trading by virtual currencies with Money-Changing and Remittance Business is appropriate. The business of exchanging of currencies at rate of exchange is similar in nature as Money Services. **Question 14** • SingPost supports the proposition but adds that licensing regime should be differentiated based on the volume of cash held, the volume of transactions and the nature of customers. Entities that are not banks should not be subject to the same regime as banks. **Question 16** • SingPost supports this proposition.

		Question 20 • SingPost seeks clarification on whether the operation of e-kiosks where the collection of payments is solely for the provision of goods and services and/or regulated penalties imposed by identified corporations/regulatory bodies should be within the ambit of the PPF.
31	SingCash Pte Ltd ; Telecom Equipment Pte Ltd; Singtel Mobile Singapore Pte Ltd (Singtel)	**Question 1** General comment: • Singtel welcomes the MAS decision to review the regulatory and licensing framework for payment. As the MAS itself has pointed out, there are many components to the payment platform and it is therefore timely that a review of the applicable framework be taken. • Singtel notes, however, that the MAS consultation is still relatively high level at this stage. It is not clear, for example, what the regulatory and licensing obligations are for parties who wish to operate the specific activities. As such, a more meaningful discussion is only possible when the MAS provides a more detailed framework that covers the specific regulatory obligations that it intends for parties to assume when they operate the activities. • Furthermore, Singtel is concerned as to how the new regulatory and licensing framework may affect the development of various markets that are still in a gestation stage. To encourage innovation, Singtel feels that the new framework should offer clarity and yet allow for a light-touch approach towards regulating the various sectors in the payment industry, e.g. in areas like stored value facilities, payment systems etc. • Singtel also feels that sectors that are already subject to sectoral regulation, eg telecommunications, should not be subject to further regulation in the proposed framework. **Question 2** • Singtel agrees with the proposal that whilst banks may not require a licence under the proposed payment framework, similar obligations and requirements should be imposed on banks who operate activities outlined in the MAS proposal, whether by way of inclusion in their individual licences and /or some other way. • Singtel agrees that where every party that offers a service is treated largely similarly will provide for consistency; however, Singtel also notes that for the

		Fintech market to develop, it is important for MAS to keep in mind that smaller and newer companies / set-ups need support in the form of a lighter touch framework given their lack of infrastructure and scale. • For example, the need for newer companies/set-ups to take on licences for specific types of activities that clearly are meant to meet demand for e-commerce using technology may stifle their growth. We cite as example, the need for a player who wishes to allow for payments for goods and services rendered overseas to be a remittance licensee. • We point out as an example, that in the telecommunications market, the regulator has differing frameworks for larger facilities-based operators which have large infrastructure and service offerings (with differences in quality regulation, licence fees and level of obligations) as compared to resellers (services-based operators). We believe the MAS can establish a similar differentiating framework. **Question 3** • Singtel notes that currently, only payment systems that are large and /or pose systemic or system wide risks are designated as payment systems (under the Payment Services (Oversight) Act) / (PS(O)A). Singtel supports the proposal to continue with this approach. • However, Singtel notes that the criteria by which the MAS designates a payment system could be made clearer, e.g. if MAS intends to designate systems of a specific size, then it could identify how it measures the size and /or risk before the system becomes subject to designation. This provides more transparency to the market and avoids situations where the service providers have to consistently check with the MAS. • Furthermore, it is also not clear from the proposal regarding Activity 6 whether MAS intends that non-designated payment system providers also need to be licensed. This would constitute additional regulations for parties and in fact, Singtel notes there may be practical difficulties given that some of these providers may not even be headquartered in Singapore. **Question 4** • Singtel believes that it will benefit the industry if foreign payment service providers that provide services to Singapore residents are equally regulated under the proposed framework; these include global wallets like Apple Pay, Samsung Pay, Android Pay etc.

		• That said, as we have mentioned above, it is not clear to Singtel how MAS intends to enforce this. As such, the MAS may wish to consult again on the proposed framework for foreign service providers. **Question 5** • Singtel notes the proposed activities are fairly exhaustive. However, there is still a lack of information and clarity on the regulatory and licensing obligations for parties who wish to operate the specific activities. Singtel asks that MAS carries out another consultation on the proposed licensing and regulatory obligations that may apply to parties who wish to offer services. **Question 6** • MAS has identified payment instruments as deposit and checking accounts, credit facilities and SVFs regulated under the PS(O)A. • It is not clear whether there is any merit in separating the regulation of payment instruments from activities like the running of a Stored Value Facility which was separately identified in Activity 7. • Singtel agrees with the MAS proposal that instruments not linked to a regulated funding source such as reward points/cards, top up cards, paper based vouchers should not be considered for regulation under the proposed framework. **Question 7** • Again, in relation to SVFs, it is not clear to us why MAS has decided that the offer of a SVF would fall under both Activities 1 and 7. No specific details have been given to identify the different obligations and conditions that would apply in relation to Activity 1 and 7. **Question 8** • Whilst the query relates to the portals operated by banks, we note that portals operated by financial institutions could serve a variety of purposes, including providing information, responding to queries or in fact be a portal to link to other information. Portals that serve these functions should not be regarded as payment instruments.

		Question 10 • Singtel agrees with the proposed framework for payment transactions in that it applies to merchant acquirers, banks, three-party scheme operators, merchant aggregators and master merchants etc. **Question 11** • Singtel agrees with this approach. **Question 12** • Singtel enquires whether MAS intends for Activity 2 to apply strictly to payment for goods and services. **Question 13** • Singtel notes that Activity 3 will capture the activities that are currently regulated by MAS under the Money Changing and Remittance Business Act (MCRBA) and thus has no specific issues. • Specifically, Singtel notes that MAS has stated it does not intend to cover payments purely for goods and services; by this, Singtel assumes that MAS does not intend to cover the activity of money transmission to persons overseas where it is clear that the payment is solely for the purpose of goods and services. Singtel welcomes this proposal as the current framework is restrictive in that it requires parties who simply wish to enable payments for goods and services overseas to remittance licensees. Singtel feels that the current approach is not necessary and in fact limits the market potential. It currently restricts parties who wish to offer payment services for goods and services to those who are licensed money remitters. • Singtel also notes that the transmission of money domestically have been traditionally left out of scope of the MCRBA and MAS should continue to leave these out of scope of Activity 3. **Question 14** • See response to Q13 above. **Question 15** • See response to Q13 above.

		Question 16 • See response to Q13 above. **Question 20** • Singtel notes that in Activity 4, MAS intends to regulate and licence payment platform operators. It is not clear to us whether there is any overlap with Activity 6; in any case, the comments here would also apply to Activity 6. • Singtel has to assume that in Activity 4, MAS envisages that a platform is operated for a payment service that is listed in either Activity 1 or 3. Under such circumstances, it appears from the definition that payment platform operators who are offering services to banks and money remitters would in fact be caught under this framework. • Whilst Singtel notes that MAS' concern is to mitigate money laundering and terrorism financing as well as cyber security risks, given that many of such parties are not incorporated and /or headquartered in Singapore, it is not clear to Singtel how MAS intends for them to be licensed and /or regulated. • Nonetheless, Singtel welcomes the MAS proposal to regulate such parties so as to provide the entire payment eco system some level of assurance against money laundering and associated risks. **Question 21** • See response to Q20 above. **Question 22** • Singtel is concerned that such additional regulations may result in added costs to such parties and become a barrier to entry to such parties. Singtel asks that MAS calibrates the regulation applicable to ensure that these parties do not choose to exit or avoid the Singapore market. **Question 23** • See response to Q20 above. **Question 24** • MAS is considering whether providers of wallet services such as mobile wallets, which store users' payment card information, should be regulated under

		this activity. Given that stored value facilities are another form of mobile wallets, it is also not clear the difference between this and Activity 7. We seek clarification as to whether the mobile wallet envisaged by MAS will or will not contain funds or value or merely functions as an account to be managed by the operator or financial institution. • We have in the preceding section(s) also indicated that foreign service providers like Apple Pay, Samsung Pay etc. should be subject to equivalent regulation when targeting Singaporeans. Hence whilst it is not clear to us that such parties hold funds (in which case they should be subject to obligations envisaged for Activity 7), they equally store payment information and should be regulated under Activity 5. **Question 25** • See response to Q24 above. **Question 26** • Singtel notes that currently, only payment systems that are large and /or pose systemic or system wide risks are designated as payment systems (under the Payment Services (Oversight) Act). Singtel supports the proposal to continue with this approach. • However, Singtel notes that the criteria by which MAS designates a payment system could be made clearer, e.g. if MAS intends to designate systems of a specific size, then it could identify how it measures the size and /or risk before the system becomes subject to designation. This provides more transparency to the market and avoids situations where the service providers have to consistently check with MAS. • Furthermore, it is also not clear from the proposal regarding Activity 6 whether MAS intends that non-designated payment system providers also need to be licensed. This would constitute additional regulations for parties and in fact, Singtel notes there may be practical difficulties given that some of these providers may not even be headquartered in Singapore. **Question 28** • See response to Q20 above. **Question 29** • Singtel agrees with this approach.

		Question 30 • See response to Q20 above. **Question 31** • Please refer to our responses to Q6 and Q7. • It is not clear to us whether there is any merit in separating the regulation of payment instruments from activities like the running of a Stored Value Facility which was separately identified in Activity 7. **Question 32** • We refer MAS to our comments in Q33 below. **Question 33** • First, Singtel recommends that MAS does not include SVFs which are essentially prepayments for specific services and products like telecommunication services. In this regard, Singtel emphasises that the prepayments by telecommunication customers to their providers are not necessarily just for prepaid airtime but essentially goods and services that are offered by their telecommunication providers. As such, the exclusion should cover all prepayments to the telecommunication service providers for their goods and services. • Under the current framework set out in the PS(O)A, such prepayments are considered single purpose SVFs and they are essentially payments for services that already fall under sectoral regulation, i.e. prepaid telecommunication services like IDD services, mobile services, payphone services and /or any other goods and services offered by the telecommunication service providers. • Any AML/CFT concerns that MAS may have do not relate to, or are not relevant to, the prepayments for telecommunication services for the following reasons: (i) Telecommunication service providers are already regulated by the Info-communications Media Development Authority of Singapore (IMDA), i.e. they are already subject to sectoral regulation, which is further elaborated below; (ii) telecommunication service providers today comply with strict requirements relating to quality, service resiliency, outage reporting, consumer standards etc. All telecommunication service providers are required to comply with the requirements set-out in the

		Telecom Competition Code including mandatory contractual requirements with their end-users; and (iii) any prepayment is for the purpose of goods and services provided by or through the licensee; there is little AML/CFT risk involved. • It is therefore more appropriate for MAS to carve out telecommunication prepayments from the proposed payment framework. • Second, Singtel notes that the exclusion of single purpose SVFs from obligations set out in the PS(O)A should continue. MAS had clearly excluded these for good reasons, particularly as these are meant to be pre-payments for goods and services offered by or through the holder themselves. As such, it is not advisable to now consider regulating them in a more restrictive manner when there has been no failure in this market sector thus far. • Third, Singtel believes that MAS could consider a situation where the threshold and/or conditions for where a multi-purpose float could render the float a Widely-Accepted SVF (WASVF) should be reconsidered. • In the case of the prepayments to the telecommunication service providers, the customers generally would wish to use these also as a convenient means to engage in e-commerce activities. This would reduce the number of SVFs or wallets that a consumer would need to have. • These prepayments, if they are used for purchases of goods and services offered by other parties instead of the holder of float, would largely become WASVFs under the current PS(O)A. • However, the current threshold for when an SVF becomes a WASVF was set up several years ago and has not yet been reviewed. With the prevalence of Fintech and the demand for convenient financial instruments, it is timely to review an adjustment of the threshold upwards so that consumers who have made pre-payments to telecommunication providers can also enjoy the use of such prepayments for goods and services apart from telecommunication services. • Alternatively, MAS could consider situations where certain categories of service providers who are already subject to sectoral regulation are automatically exempted from the requirements to seek approval for the WASVF, e.g. telecommunication service providers. **Question 35** • Singtel notes that MAS' current framework under the PS(O)A already provides some form of protection in terms of the safeguarding of float.

		• For single purpose SVFs, e.g. prepayments of telecommunication services, there are already sectoral regulations in place to ensure consumer protection. Singtel refers MAS to the Telecom Competition Code that outlines the consumer protection mechanisms etc. We believe that no additional conditions, including imposing needs to safeguard floats, should be imposed. • In the case of multi-purpose SVFs, there are existing obligations that accord consumer protections, e.g. consumer advisories are set out to ensure that consumers are aware of the risks involved. Only when a float exceeds a specific threshold is there a need for the holder to undertake certain measures, e.g. segregating the funds from working capital funds, placing the value in a bank account in trust for end-users etc. • Singtel believes the framework is still largely relevant but also refers MAS to our comments to Q33 for our views.
32	StarHub Mobile Pte Ltd (StarHub)	**Question 1** • StarHub is keen to see the payments market in Singapore flourish. We are encouraged by MAS' stated goal of promoting electronic payments in Singapore. This goal must be reflected in MAS' review, which should aim to: (a) remove regulations where it is no longer required; and (b) seek to encourage more innovation in payment services, to the benefit of consumers. • We believe that some of the current regulation in the Singapore market may have had the unanticipated effect of reducing innovation and choice in the Singapore payments market. • StarHub agrees that certain safeguards are needed in the market to instil consumer confidence in payment services, and protect against risks such as money laundering and terrorism financing. However, a calibrated approach is necessary in order to prevent over-regulation, which stifles the market and reduces product and service innovation. Requiring existing payments service providers to comply with additional regulatory obligations would also increase the costs of providing services in Singapore, which would ultimately translate to a reduction in choice, and higher costs for consumers in general. • StarHub's detailed comments are set-out below. We also note that MAS' consultation is scoped at a very high level, and MAS intends to consult on specific regulations at a later date. StarHub appreciates the

		further opportunity to provide its comments on the matter. **Question 3** • We submit that there needs to be some differentiation in the regulations applied to the various payment systems in Singapore. For example, today MAS adopts a relatively light-touch approach to the regulation of single-purpose stored value facilities ("SPSVF"). We believe that such an approach should continue under MAS' new regime. We note that MAS is considering removing regulation for stored value facilities ("SVF") that allow customers to pre-pay for specific products and services (such as prepaid telecom airtime). We fully support such a proposal. • We would also encourage MAS to relook the rules in relation to multi-purpose stored value facilities ("MPSVF"), to reduce regulation that is no longer needed. This will promote competitive entry into the market, and provide consumers with greater choice. • An additional point is whether different licence fees will be payable depending on the types of activities undertaken. Today, providers of SVF do not pay any licence fees to MAS. We believe that this should be the practice going forward, to avoid unnecessary business costs being imposed. **Question 4** • We believe that foreign payment service providers should be required to establish a local presence, and be subject to the same regulation as operators in Singapore. If MAS regulations are not applied to foreign payment service providers, this could encourage companies (even existing companies) to site their payments operations offshore, in order to circumvent local rules. This would disadvantage Singaporean users, and discourage growth and innovation of companies based in Singapore. • Mandating that foreign payment service providers establish a local presence will: (a) make it easier for MAS to enforce its regulations against the various entities; and (b) help to ensure that a "level-playing field" exists between locally-based and international-based payment service providers.

		Question 5 • StarHub believes that the proposed activities comprehensively cover the payments services market as we know it today. • However, we note that there is an overlap in the definitions used, which would result in certain types of payments services falling within multiple categories. For example, a SVF could be classified as both Activities 1 and 7. It is not clear whether MAS' intention is to subject certain payment services to multiple sets of regulatory requirements (and potentially multiple sets of licence fees). We are concerned that this would result in excessive regulation being imposed on certain groups of service providers in the market. • We look forward to MAS providing clarity on this point, and further information on the specific regulatory requirements that would apply for each set of the proposed activities. **Question 6** • As highlighted above, we would encourage MAS to maintain the current set of regulations for SPSVF. These rules have served the market well, and we have not observed any adverse impact to consumers. We would also encourage MAS to review its current rules for MPSVF, removing regulations where they are no longer necessary. **Question 7** • The definition of payment instruments appears to be very broad, and specifically includes SVF currently regulated under the PS(O)A. As noted above, this could result in multiple sets of rules being applied to a single payments service. This would be unnecessarily onerous and increase regulatory compliance costs. We strongly submit that MAS should set these definitions to avoid capturing single activities (such as the provision of SVF) under multiple categories. **Question 9** • The definition of payment instruments appears to be very broad, and includes SVF (which are already covered under Activity 7). As commented above, it is unclear if MAS' intention is to categorise certain payments services in multiple categories, and have them subject to multiple sets of rules. We believe that this would be unnecessarily onerous.

		• We would also seek clarity on MAS' comments that anonymous instruments exclude virtual currencies such as Bitcoin. Given the concerns over the use of Bitcoin as a virtual currency, we would encourage MAS to review whether further regulations need to be imposed on the usage of Bitcoin in Singapore. If MAS is keen to regulate payment service providers (to combat crime and money-laundering), it is unclear why currencies such as Bitcoin should then be exempted from those regulations. **Question 11** • StarHub proposes that Activity 2 should only be restricted to direct participants. **Question 12** • We note that MAS intends to consult on the specific definition of payment acquisition at a later round of public consultation. This definition is important in determining whether there could be any non-payment businesses that may be inadvertently regulated under the scope of Activity 2. **Question 16** • StarHub agrees with this proposal. We would also suggest that MAS consider relieving regulatory obligations imposed on MPSVF that only allow payments purely for goods and services, given the lowered risk of such transactions. **Question 20** • StarHub is concerned about any new regulatory requirements imposed on providers of Activity 4, in particular, new requirements imposed on payments communications platforms which relate to the sale and top-up of SVF. • StarHub is unaware of any adverse consumer feedback on such payments communications platforms, and any additional regulatory requirements could unnecessarily increase costs for the providers of such platforms (which would in-turn be passed-on to existing customers). We strongly submit that regulatory obligations should only be imposed where there is a clear market failure or a serious risk that endangers Singapore financial stability. As SVF do not fall within either category, we can see no reasons to impose new

		regulatory requirements imposed on providers of Activity 4. **Question 22** • StarHub is concerned with the imposition of additional regulatory requirements on such manufacturers and developers. This would increase their costs, which would end-up being passed-on to their customers (i.e., payments service providers), and ultimately to consumers in Singapore. **Question 24** • StarHub submits that mobile wallet services should be excluded from the scope of Activity 5. There is no clear case for setting additional regulatory obligations on this service. In fact, the provision of such services is nascent in Singapore, and any additional regulatory requirements could significantly deter innovation and stifle the introduction of such services. **Question 25** • Please see our comments to Question 24 above. We would also note that mobile wallets may not necessarily store users' payment card information. In many cases, a tokenisation technology is utilised. Tokenisation creates a significantly more secure environment, and reduces the risks inherent in using the mobile wallet. **Question 26** • StarHub would appreciate if MAS could provide more examples on the types of providers which could be classified under the scope of Activity 6. This would provide greater clarity to the industry on the matter. **Question 29** • StarHub agrees with MAS' proposed approach not to regulate intra-bank payment systems and internal corporate payment systems. **Question 30** • We would appreciate if MAS could provide more details on the types of providers which could be classified under "operators of international interbank payment and messaging systems under Activity 6".

		Question 31 • StarHub would be concerned with any proposal to impose more regulatory obligations on providers of SVF in Singapore. We believe that the current regime for SPSVF has worked well, and has not resulted in any adverse impact on consumers in Singapore. • We would also suggest reducing the regulatory obligations imposed on MPSVF, to promote innovation in this market, and provide consumers with greater choice. **Question 32** • We note that a critical issue is MAS' clarification on the scope of what is meant by 'stored value'. We would be happy to provide more comments on this, once MAS' clarification is issued. • We would also agree with MAS' proposal not to regulate SVFs that allow customers to pre-pay for specific products and services (such as telecom airtime). Given the limited reach of such services, addition regulation is unnecessary. Furthermore, the providers of prepaid telecom airtime are already heavily-regulated by the telecoms industry regulator (the Infocomm Media Development Authority of Singapore). • As a suggestion, we believe that MAS should also provide a distinction between: (1) peer-to-peer electronic wallets; and (2) mobile wallets that store tokenised card details. Mobile wallets that stored tokenised card details provide a more secure transacting environment, and should be subject to less stringent regulations. **Question 33** • StarHub fully agrees with this proposal, and note that this is in-line with international best practice. As MAS has correctly noted, services such as prepaid telecom services are of limited usage and acceptance, and should be exempted from regulations. In addition, as noted above, prepaid telecom services are already subject to sector regulator oversight. **Question 34** • As noted above, StarHub agrees that SVFs that allow customers to pre-pay for specific products and services should not be covered under Activity 7.

		Question 35 • StarHub has grave concerns over this proposal. There is no identified risk to justify this proposal, and imposing such an onerous obligation would result in all SVF providers having to incur excessive operating costs in order to provide services in Singapore. We are not aware of any international best practice which recommends such a method to safeguard customers' funds. We therefore strongly disagree with this proposal.
33	TransferWise	**Question 1** • We support the move towards an activity-based model of regulation. We believe this affords MAS the opportunity to better tailor requirements to the various business models operating in this sector. For example, cash-based remitters present a higher risk than bank-bank remitters, and the AML requirements should be tailored accordingly. Overall, we urge MAS to take an outcomes based approach, that puts the onus on firms to determine their own compliance model that is appropriate to the business. A focus on outcomes, rather than prescriptive rules, should ultimately lead to more effective regulation and ensure that as technology changes the nature of risks, firms are able to adapt their compliance framework to appropriately manage those risks. **Question 2** • To ensure a true level-playing field between banks and non-banks, ultimately non-banks must be able to achieve direct access to the national payment infrastructure. This should form part of the reformed regulatory regime in Singapore – the ability for licensed payment firms who meet certain criteria to plug directly into FAST and other relevant payment systems. • Until this is achieved, non-banks will always be competing with suppliers, an unhealthy dynamic that leads to outcomes such as e.g. excessively priced services, inability to shop around, de-risking, stifling of innovative business models (bank has the ability to veto as supplier), and sharing of sensitive information with a competitor. • Overall, the introduction of PPF could be a welcome step in this direction, but unless the PPF includes provisions for improved direct access to payment systems, the playing field will remain biased towards banks.

		Question 4 • We believe that it is possible to effectively run an online payments business across jurisdictions. Therefore, a local presence should not be considered a pre-condition. **Question 6** • MAS should work with card schemes to ensure that in future, firms with permissions to carry out Activity 1, also have the ability within the card schemes' rules to become direct members, thus permitting them to issue cards. **Question 13** • Existing remittance licensees should be 'grandfathered' into this new framework, to avoid the cost of requiring additional licensing. If existing licensees wish to add additional Activities to their licence, some priority in the "queue" should be given. Alternatively, the licensing regime should be sufficiently resourced to avoid excessive delays. A target timeframe should be published by MAS for applications of all types under the new framework and statistics published regarding MAS' performance against the targets. This will reduce the barriers to entry, therefore promoting competition and ultimately leading to better outcomes for consumers. **Question 14** • We believe that, if the new framework is outcomes-focussed, this is a chance to modernise existing remittance legislation and promote more innovative, consumer-friendly solutions. **Question 31** • Where firms have similar licences in other jurisdictions (e.g. an Electronic Money Institution in the UK), this should be taken into consideration in licensing decisions under Activity 7. Some form of fast-tracking would encourage innovation in this area, ultimately leading to better quality and lower cost products for Singaporean consumers.

		Question 35 • We believe that placing reliance on mechanisms such as a 'bank guarantee' will introduce unnecessary cost for licensees, and a reliance on banks to ensure compliance (potential competitors). A more practical solution would be to enable safeguarding to take place directly in a settlement account with MAS. Alternatively, that firms simply commit to segregating client funds, and MAS supervises against this requirement. Ensuring funds are segregated should ensure that even in the event of a default, customer funds could be easily identified and returned. • Insofar as residents vs non-residents is concerned, MAS should take care to avoid introducing 'double safeguarding' requirements. MAS should consider safeguarding rules as implemented in other jurisdictions and recognise that safeguarded funds in an equivalent jurisdiction (e.g. UK or Australia) should be deemed to satisfy Singaporean safeguarding rules.
34	UnionPay International (UPI)	Requested for all comments to be kept confidential
35	United Overseas Bank Ltd	**Question 1** • In general agreement with MAS' proposed approach for an activity-based framework as the payment landscape has evolved together with technological advancements. With the rise of Fintech, a framework is needed to protect consumer interests as well as to safeguard the soundness of the payment systems. • With technological advancements and the advent of Fintech: o Lines between various payment systems, SVFs and remittances are blurring rapidly; o Payments ecosystem has become more complex and integrated; o Addressing New risks – fraud, data privacy, data theft, cyber risks etc. is needed • Considering the above, activity based framework that covers existing and emerging players will now give MAS control and flexibility in regulating and supervising the payments ecosystem. This will also extend the oversight to all players including non-FI(s) who offers remittance and payment services. **Question 2** • Note that banks will be exempt from need to have separate license for payments services as this is the core service of banks provide to customers.

		• We welcome that there should be a level playing field and regulations between banks and non-banks to safeguard payment systems and end-users/consumers. It will ensure risks and national interests are protected; whilst encouraging technology innovation. • This approach should extend the regulatory oversight to all players including non-FI(s) who offers remittance and payment services. **Question 3** • Clarification on how PPF will be applied in the payments regime: Para 1.14(a) advised that PPF will complement the existing supervision of DPS under the PS(O)A. However, Para 2.3 advised that PPF will supersede the PS(O)A. • Based on assumption that the existing designation regime is referring to both Payment Systems (Oversight) Act ("PS(O)A") and Money-Changing and Remittance Businesses Act ("MCRBA"): The existing designation regime should be extended to apply to all payment service providers to ensure a consistency across the industry. • In addition to the issues illustrated in Para 2.3, the following are other areas for non- bank/ financial institution payment service providers to be regulated. Data secrecy protection • The data secrecy related requirements imposed on financial institutions in Singapore should be extended to all non-bank/ financial institution payment service providers not subjected to similar data secrecy protection requirements (e.g. Banking Secrecy under the Banking Act) to ensure the same safeguards that users are offered through the various financial institutions in Singapore are not lost with non-bank/ financial institution payment service providers. The need for a quasi-Basel requirement to be imposed • For SVF, Banks in Singapore are either required to comply with the Basel requirements or maintain with the MAS a security of certain value to manage settlement risks. MAS should correspondingly apply to the non-bank payment service providers given that they would be engaging in the same activities and likely to be susceptible to the same or perhaps more severe risks.

		Question 4 • To protect end users, banking and national interests, MAS' oversight on foreign payment service providers is necessary. This will ensure consistency and regulations to promote a level playing field within our local payment ecosystem. • In this regard, foreign payment service providers should be required to establish a local presence. The essence of the need to establish a local presence should be to assist the regulatory oversight of foreign payment service providers. If a local presence is not required, how would MAS regulate these foreign service providers without a local presence, to safeguard Singapore consumers' interest? **Question 5** • The 7 activities listed may require clarity in definition; and perhaps principles of what kinds of services would constitute regulations to each of the activity to be regulated. • The clarity in the proposed activities and principles will allow its application in the ecosystem, even as technology changes. At the same time, would allow existing players to review their activities. • MAS need to cater for possible expansion of activities when the payments ecosystem and technology advances in the future. MAS should also take into consideration the extensiveness of compliance required, based on each activity's risks level. **Question 6** • MAS may want to consider if Singapore will allow post-paid billing accounts (e.g. mobile bill) as one of the payment instruments. Post-paid billing accounts are technically not considered as a funding source for customer's payment. However, in the payment industries there are payment service providers that are tapping onto this post-paid billing account as one of the source to facilitate payment of goods and services. For example, payment service provider such as boku.com uses the customer's post-paid mobile bill as a payment instrument to facilitate payments. Another example is "Spotify" where they bill the monthly subscription fee under the mobile phone bill. Likewise, SVF and e-wallets should be considered as regulated funding sources. • MAS should also consider including digital currencies in the proposed scope for Activity 1. Payment portals,

		internet banking and apps are “online channels” much like “physical branches”; and are not payment instruments per se. **Question 7** • Under PPF, MAS has categorised internet banking portals and apps as payment instruments under “payment account”. Since Activity 1 is focusing on payment instruments, would it be more appropriate to regulate and supervise internet banking portals and apps under Activity 4 as these are channels to facilitate customers’ instructions, and not payment instruments. • Agree that instruments such as rewards/points cards, closed loop paper-based vouchers, are not to be considered as payment instruments under Activity 1. **Question 8** • Yes, if based on the proposed payment instruments. **Question 9** • If regulated funding sources means depository and credit facilities held by banks; we are supportive of the approach to link payment instruments to regulated funding sources. However, MAS should consider including post-paid billing accounts as these function as payment instruments funded by credit facilities; and including SVF. • If the additional requirements to be imposed on all payment service providers, that facilitate acceptance or withdrawal of cash and other anonymous instruments, are adequate to mitigate money-laundering and terrorism financing, we do not think that excluding cash and other anonymous instruments from the scope of payment instruments will introduce additional risk. We would need more information on the additional requirements mentioned in Para 2.13 before we can comment further. • MAS should also consider digital currencies within the scope of payment instruments. While cash is considered excluded from the scope of payment instruments, MAS should consider the regulation of activities where cash can be accepted by physical channels to fund payment instruments.

		Question 10 • We assume that Activity 2 is also extended to companies who acquire but do not process payment transactions? Such as Apple Pay? • The scope of Activity 2 should cover all companies that seek to acquire merchants to accept transactions using their payment instruments. **Question 11** • We seek clarity on definition of direct and non-direct participants. • As above, the scope of Activity 2 should cover all companies that seek to acquire merchants to accept transactions using their payment instruments. **Question 12** • There could be non-payment business that may inadvertently be regulated under the scope and hence MAS should clearly define non-payment businesses that should be regulated under PPF; as also clarity need for Q11. • eMarketplace operators, eCommerce platform, payment consolidators and providers acting as Master merchants need to be regulated to ensure the entire transaction processing are localised and proper trusted accounts are created to safeguard consumer interest via regulated banks. • MAS may need to consider the impacts on non-payment business such as crowdfunding business. For example, a crowdfunding business which is offering a platform to promote the ultimate beneficiary's ideas, collecting funds from the public, lifting fees (for their service provided) and transmitting the funds to the ultimate beneficiary. The crowdfunding business did not acquire any payment transaction. However, it added an additional layer in the payment flow which increased the challenges for parties processing the payment to do a thorough screening on the flow of funds. **Question 13** • The proposed scope is comprehensive as it covers remittance and currency exchange, both online and bricks-and-mortar including virtual currency intermediaries. However, there are some overlaps between Activity 2 and Activity 3 i.e. acquiring and/or processing payments transaction.

		Question 14 • We agree that remittance businesses should be included under PPF. The PPF should be a framework which that covers all types of payments. **Question 15** • We are for consistent regulation and supervision on all payments activities. **Question 16** • We are supportive as the nature of payments for goods and services differs from remittances. However, MAS should ensure that any exclusions are clearly stated. **Question 17** • Peer-to-Peer money changing business is fast growing in the Fintech industry. So if PPF is using a risk and activity based approach to regulate and supervise the payment space, there is a need to include money-changing businesses (including online money- changing businesses) under this framework. **Question 18** • It is crucial to include virtual currency intermediaries in PPF. **Question 19** • Cash withdrawal services through non-bank counters e.g. 7-11; fx trading by large corps and banks; accredited investors, etc. **Question 20** • MAS may want to define a bit more clearly the difference between Activity 2 and Activity 4; as acquiring a payment transaction requires a payments communications platform of sorts. Though we agree that non-banks providing any payment processing should be regulated. **Question 21** • As above Q20.

		Question 22 • The manufacturers of payment terminals and software developers (who do not themselves undertake Activity 4) are likely to take instruction from their customers who would be held liable if regulatory requirements are not met. There does not seem to be a need to apply a "secondary regulatory oversight" over the manufacturers of tools and devices when their end users are subjected to regulatory oversight. Onus should be on regulated payment service providers to ensure that any regulatory requirements are met by these 3rd party vendors. **Question 23** • Similar to our response to Question 22, on inter-bank payments messaging platform such as SWIFT already has its own standard and guidelines (e.g. RMA due diligence standards). Participants within such inter-bank network will need to adhere to these standards and guidelines. Hence, it may not be necessary for MAS to regulate the platform to process these systems. **Question 24** • Recommend that clarity is provided if Activity 5 will cover the aggregation of information if it is just used for display i.e. non-payment activities. **Question 25** • We agree that services such as mobile wallets should be regulated. • Mobile wallets are fast gaining popularity with the merchants as well as the consumers as key payment instrument. A typical user would not know how vulnerable the mobile wallet is until it has been breached and the user suffers certain form of loss, e.g. monetary loss or identity theft. If unregulated, the user may be further shocked to realise that the mobile wallet provider would not be subjected to any penalty because it is not regulated, and the cost of seeking one's own legal recourse may be more than the value of the actual loss. • Given that payment instrument aggregation services would be regulated, there seems to be little merit not to regulate mobile wallets given the potential risks it pose. There would be a need to ensure that, amongst other things, customer's information which banks and

		other regulated entities worked hard to protect would not be lost. **Question 26** • The scope for Activity 6 is very clear. The critical role of the payment systems is to ensure efficient transmission and processing of financial transactions. **Question 27** • All underlying payment systems transmitting financial transactions should be included in Activity 6. **Question 28** • Inclusion of settlement institution is important as the infrastructure and capabilities to support settlement efficiency, certainty and security is critical to completing payment processing timely and accurately. **Question 29** • Agree, no further comment. **Question 30** • Refer to response to Q23. **Question 31** • With the increase of businesses accepting stored value facilities as a means of payments and the functionality improvement (example, easier loading and unloading), the utilisation of stored value facilities will grow significantly. The inclusion of all stored value facilities under PPF Activity 7 will provide a more comprehensive protection to all consumers. **Question 32** • MAS should consider all forms of stored value facilities that accept customer's payments in cash in exchange for other form of tokens (example, reward points, cards) which allow consumers to use these reward points to exchange for goods or rebates or cash in future.

		Question 33 • We suggest to continue applying the exclusion in Para 2.1 of the MAS Notice PS(O)A-N02 to determine whether businesses that allow customers to pre-pay for specific products and services and which are of limited purpose in terms of usage or acceptance ("the said businesses") should be regulated. While there may be businesses where the issued Stored Value card can only be used to purchase products from the same establishment, e.g. Coffee Bean or Starbucks cards and etc. ("Business A"), which should not be regulated, there are other businesses providing Stored Value card/facility that operate an online shopping platform with merchants therein located outside Singapore ("Business B"). Although the Stored Value card/ facility issued by Business B may also be pre-paid for specific products and services but given that the merchants on the online platform are so diversified, one would generally not deem it to be "of limited purpose in terms of usage or acceptance". • If we apply the exclusion therein Para 2.1 of the MAS Notice PS(O)A-N02 as the determinant, Business A should be excluded from the definition of a relevant stored value facility. If it is not excluded, there should be merits to treat it as a stored value facility, and subject it to regulation, despite it being described otherwise. **Question 34** • One example is Frequent Flyer Programme offered by Airlines. **Question 35** • From the perspective of safeguarding customers' funds, there should not be any distinction between Singapore and non-Singapore residents. The protection should cover all customers of any Stored Value Facility regulated by the MAS. • As long as the SVF is regulated in Singapore, it should not matter whether the consumer is a resident of Singapore.
36	Visa Worldwide Pte Ltd	Requested for all comments to be kept confidential
37	Western Union	**Question 1** • PPF should provide processes for applicants who decide to undertake any Activity subsequently (not

		specified at the time of application) or decide to discontinue any Activity. • Time lines for regulator responses to proposals for service offerings should be clarified • Along with time lines, an escalation procedure should be provided if a response is delayed. **Question 3** • Yes, it should apply. • As traditional boundaries between various payment services are getting blurred, the designation regime shall help in building and retaining trust in the payment eco system. **Question 4** • WU supports MAS' present intent to limit licensing to locally established payment service providers. So long as a foreign payment service provider works through a locally established payment service provider who provides the services in Singapore, the foreign payment service provider should not be required to itself establish a local presence. • The locally established payment service provider will be responsible to customers and to MAS for the service. **Question 5** • Clarity should be given on models such as white labelling. • Foreign exchange (FX) derivatives, such as forward exchange contracts and FX options, are products that are used by many businesses that import and/or export goods and services to hedge their foreign currency payments and receipts. When these products are used by a business to hedge a payment, they are directly connected to that business's international payment requirements. Non-bank providers such as Western Union Business Solutions (WUBS) provide these products to businesses solely for the purpose of hedging their payment requirements. • FX hedging products are currently regulated as leveraged foreign exchange contracts under the Securities and Futures Act (SFA). Entities that engage in leveraged foreign exchange trading under the SFA must hold a Capital Markets Service license authorising this activity. The SFA and its associated regulations make no distinction between FX hedging products and speculative FX products notwithstanding their different

		purposes and risks. Indeed, much of the regulation seems to be geared towards speculative products. This creates difficulties for hedging providers. • FX hedging is directly connected to a business's international payment requirements and as such is part of the international payment ecosystem. Consequently, FX hedging products should be regulated as an activity under the PPF (either under Activity 3 or as a separate activity) instead of the SFA with regulation that specifically deals with the use of such products for hedging purposes. **Question 6** • There appears to be crossover between Activity 1 and Activity 7. In particular, any issuer of a stored value facility (SVF) that holds stored value appears to be captured by both activities. • WUBS operates a holding facility that a customer can use to temporarily hold foreign currency amounts that it has purchased or received pending further remittance and/or conversion instructions. This facility is therefore ancillary to the FX and remittance service that WUBS provides. • A WUBS customer in Singapore can direct WUBS to pay funds from this holding facility to a beneficiary's bank account or to the holding facility of a customer of a WUBS affiliate in another country. • This facility is currently regulated under the PS(O)A as a SVF. The consultation paper suggests that the intent is to regulate it under Activity 7, but it also seems to fall within the scope of Activity 1. • Is the intention to regulate all issuers of a SVF who also hold stored value under both activities? This may need to be clarified further. If the intent is to capture issuers that hold stored value under both, care will need to be taken to ensure that such a provider is not subject to multiple and potentially conflicting requirements. **Question 7** • Stand-alone apps that assist initialization of a transaction should not be construed as a Payment Account or other payment instrument. • Only when an app is directly associated with an underlying bank card or other instrument holding monetary value should an app be considered a Payment Account.

		Question 8 • When looking at comparable legislation internationally, the European Payment Services Directive provides a similar frame of reference that has been implemented since 2009. • A "payment account" is defined as account held in the name of one or more payment service users which is used for the execution of payment transactions. Thus the focus of the regulation and supervision of payment accounts is with the accounts themselves, whether these are held at banks, payment institutions, e-money institutions or other regulated entity. Thus, we question the necessity to separately regulate internet banking portals and apps. • Our position would be to separate the supervision of accounts from the supervision of account information services as in the EU Payment Services Directive. **Question 9** • We agree that cash should not be regulated as a payment instrument. Consumers will of course continue to choose cash to avail of some regulated Activities. **Question 14** • Including the remittance business under the PPF is fine. • As technological developments blur the boundaries of remittance services, it will be important that regulation both allows room to innovate and ensures a level playing field among all activities that constitute remittance. **Question 15** • All three varieties of money transmission can be regulated under the PPF. The regulations will need to differentiate among the three when applying requirements. • For example, where trust requirements are imposed on funds sent, the undifferentiated inclusion of inbound money transmission services would create difficulties under the existing customer trust account requirements, particularly for global providers. • WU Business Solution for instance operates a global network of foreign currency accounts for the purpose of facilitating inbound money transmission services for clients across a number of countries. Segregating and designating funds received for conversion and

		payment to Singapore clients as Singapore customer trust funds may be difficult. We would support a broader range of options to ensure customers in Singapore are protected including financial requirements similar to those applied to financial services licensees in Australia. • Also, domestic money transmission activities, especially those relating to payments, could appropriately have differentiated requirements. **Question 16** • Payments made directly by purchasers to the providers of goods and services should not fall under the scope of Activity 3. • Payment services provided to purchasers by payment services providers may appropriately fall under the scope of the Activity. Small and medium business houses, who are sadly neglected by larger financial entities, as well as consumers often avail those payment services. **Question 17** • WU supports including money changing businesses under the PPF. • Not all regulations will apply equally or in the same way to remittance and to money changing. **Question 18** • Virtual currencies are not a substitute for remittance and thus will require different rules than remittance. • They need appropriate regulation and higher amount of diligence. **Question 19** • White labelling models could be explored. **Question 20** • In order to comment on the proposal to include "processing of payment instructions," we need to understand more clearly what that phrase would include and exclude. • Some examples would help us offer our comments.

		Question 24 • In order to comment on the proposal to include "Payment Instrument Aggregation Services," we need to understand more clearly what that phrase would include and exclude. • Some examples would help us offer our comments. **Question 25** • We await clarity (as discussed in response to Question 24 above. **Question 26** • Please clarify that the scope of Activity 6 does not extend to international money transfer operators who provide the international network to which the local remittance service providers will connect. **Question 33** • We agree with the MAS approach not to regulate stored value that is a by-product of other products and services. Most loyalty programs should be excluded under that approach. **Question 35** • We support a broad range of options being made available to providers of SVF's (and licensees generally) to safeguard customer funds in the interests of ensuring that providers have flexibility to implement an option that best suits their particular business.
38	Wex Asia Pte Ltd	Requested for all comments to be kept confidential
39	Wirecard Singapore Pte Ltd	**Question 1** • Wirecard will respond in accordance to the various listed activities. **Question 6** • Does it include white label cards? If card product was issued on behalf of another entity and carries the name of the entity then which party needs to seek the license? **Question 8** • Is it only for personal internet banking or includes corporate internet banking?

		Question 9 • Prepaid card top-up channel? Cash or bank account or credit card source? Is bank account originated outside SG a regulated funding source? **Question 10** • Is 3rd party scheme operator TPP? Is acquiring processing included? **Question 11** • Define direct participants. Does that include entities who are providing, operating and maintaining any form of payment systems? **Question 13** • Define money transmission? Cross-border remittance? Local funds transfer? Peer-to-peer electronic (Paylah?) **Question 14** • Is Alipay, Tencent pay included? **Question 15** • Regulate but don't restrict. MAS remittance regulations is an obstacle to our partnership with EZ Link on enabling top-up of funds for EZ Link and Touch N Go dual interface cards. **Question 17** • Define this as DCC or money changer? **Question 18** • DCC and MCP? **Question 21** • Okay for Wirecard. **Question 22** • Agree to exclude terminal manufacturers and software developers. Wirecard does software development and

		will operate the software for payment gateways as well. How is that affecting our operations? **Question 24** • Is linking mobile commerce tokenisation tagged to credit card source of funds included? **Question 25** • If mobile app only reflects physical card use history, is that in scope? **Question 27** • Is on-us credit card routing considered as switching? **Question 32** • If WD doesn't hold SVF float, will it need to apply for license? **Question 35** • Yes should be.
40	WongPartnership LLP	**Question 1** • We welcome MAS' proposal to combine the current money changing, remittance, payment systems and stored value regulatory frameworks to create a single, streamlined activity-based payments regime. Given that new payment service providers ("PSPs") in the industry often provide more than one type of payment service, we agree that an activity-based framework would be appropriate in ensuring that the level of supervision and regulation to which a PSP would be subject is commensurate with the risk that it poses to Singapore's financial system. **Question 2** • The proposal to regulate both banks and non-banks under the PPF will mean that non-bank PSPs that are currently not regulated under the existing regime(s) will become subject to licensing and on-going conduct of business rules to which banks and other financial intermediaries are currently subject. This may be burdensome for smaller start-ups which could in turn discourage them from operating in the Singapore market. In order to balance and recognise the constraints faced by smaller start-ups, it would be

		necessary to ensure that the framework for the regulatory sandbox as proposed in the Consultation Paper on FinTech Regulatory Sandbox Guidelines (issued 3 June 2016) is implemented so that smaller players are able to operate without being subject to the full gamut of the PPF under controlled conditions. **Question 3** • We believe that the existing designation regime set out in Part IV of the Payment Systems (Oversight) Act (Chapter 222A of Singapore) ("PS(O)A") could be extended to all PSPs undertaking payment activities in order to preserve MAS' power to designate licensed PSPs in the event any of the circumstances set out in Section 7 of the PS(O)A arises. • However, we think that the additional obligations which are currently contained in Part V of the PS(O)A and the additional oversight by MAS as set out in Part VI of the PS(O)A should apply only to designated PSPs. This ensures that smaller PSPs that do not pose significant risks to Singapore's financial system will not be subject to the same provisions as those that do. **Question 4** • PSPs which offer money transfer services across different countries would be more attractive as a means for money laundering and terrorist financing. Consequently, the imposition of a requirement for PSPs to establish a local presence in order to service Singapore residents would enable MAS to assess if such PSPs have a robust framework to combat money-laundering, terrorist financing and proliferation financing, and to supervise such entities on an ongoing basis. However, it is possible that such an approach may discourage foreign players from entering the Singapore market. In this regard, one possibility could be to allow foreign entities with a local presence to operate in Singapore if they are subject to licensing and anti-money laundering / countering the financing of terrorism ("AML/CFT") requirements that are equivalent to the Singapore requirements. In order to do so, it would be necessary for MAS to provide clear guidance on the jurisdictions with equivalent regimes. • Separately, we would point out that Section 31 of the PS(O)A currently states that no person outside Singapore shall whether by himself or through any person in Singapore offer or invite or issue any advertisement containing any offer or invitation to the public or any section of the public in Singapore to

		purchase or otherwise acquire a stored value facility ("SVF") or the value stored in a SVF whether in Singapore or elsewhere. However, it does not state explicitly that only an entity with a local presence may provide and operate a SVF. It would be necessary to enhance these provisions in the new PPF if the intention is to allow only an entity with a local presence to provide payment services. **Question 5** • The activities proposed to be regulated under the PPF appear to cover most of the activities in the payments value chain. **Question 6** • Subject to our comments under Question 24 below, we are generally supportive of MAS' proposed scope of Activity 1. **Question 7** • We note that MAS proposes to define a payment instrument as "an instrument that provides a user access to regulated funding sources for the purposes of initiating payments". While the definition of "funding sources" was clarified in the Consultation Paper, there was no proposed definition for "initiating payments". In this regard, MAS may wish also to consider including a definition for the phrase "initiating payments". • As an example, we would point out that the European Union ("EU") has recently revised its Payment Services Directive ("PSD2") to regulate the provision of "payment initiation services". The PSD2 defines "payment initiation service" as a service to initiate a payment order at the request of the payment service user with respect to a payment account held at another payment service provider. "Payment order" is in turn defined as an instruction by a payer or payee to its payment service provider requesting the execution of a payment transaction. **Question 8** • If the underlying intent of Activity 1 is to regulate PSPs that allow users to create an online account (linked to regulated funding sources) for the purpose of making payments or transferring funds, then we think that internet banking portals should not be regarded as a payment account, and hence a payment instrument.

		Instead, the user account from which payments are made that is accessible via the internet banking portal should be regarded as the payment account, and hence the payment instrument. **Question 9** • The proposed approach of linking payment instruments to regulated funding sources such as bank accounts and consequently excluding cash from the scope of payment instruments appears logical given that the payment instrument would be the payment account (such as an electronic wallet or mobile wallet) through which payments instructions are made. The exclusion of anonymous instruments like Bitcoins from the ambit of payment instruments also appears sensible insofar as there are no identifiable issuers of such instruments. **Question 10** • Regulating PSPs involved in the acquisition of payment transactions appears sensible where such PSPs could introduce a risk to Singapore's financial system where they receive or hold funds on behalf of their users and/or receive, hold or store sensitive information (such as credit card information) from users and/or third parties. **Question 11** • Perhaps another way to approach the issue of whether a participant (whether direct or indirect) should be regulated under Activity 2 is to assess the level of risk introduced by such a participant to the Singapore financial system. **Question 12** • We agree that businesses (such as shops, restaurants, and travel agents) which use merchant acquirers and gateways to accept payment instruments from customers should be excluded from the scope of Activity 2. **Question 13** • Subject to our comments below, we are generally supportive of MAS' proposed scope of Activity 3. **Question 14**

		• We support the inclusion of remittance businesses under the PPF so as to create a streamlined activity-based regime. **Question 15** • We support MAS' inclusion of domestic and cross-border money transmission activities under Activity 3 of the PPF. However, the regulation of inbound money transmission activities would mean that foreign remitters with no presence in Singapore could also become subject to regulation in Singapore under the PPF, and this may discourage foreign remitters from processing remittances into Singapore. As indicated above in our response to Question 4, one possible approach could be to allow such foreign remitters to operate if they are subject to licensing and AML/CFT requirements that are equivalent to the Singapore requirements. **Question 16** • We agree with MAS' approach to exclude the transmission of payments purely for goods and services from the scope of Activity 3 as such payments do not pose the same level of AML/CFT risks as remittances and should not be subject to the same type of regulation. We also understand from experience that MAS has granted exemptions from the requirement to hold a remittance business licence for facilitating payments purely made in respect of goods and/or services. Creating a class exemption for PSPs which facilitate payments purely for goods and/or services would codify this exemption and provide more regulatory certainty to the payments industry. **Question 17** • We support the inclusion of money-changing businesses under the PFF so as to create a streamlined activity-based regime. **Question 18** • We agree with MAS' approach to include virtual currency ("VC") intermediaries under Activity 3, given that VC intermediaries that facilitate the exchange of VC in and out of fiat currency are likely to present money-laundering and terrorist financing risks.

		• Given the increased incidences of cyber theft involving VC exchanges, MAS may wish to require such intermediaries to ensure that necessary measures are in place to minimise the risk of loss to customers due to security breaches. **Question 19** • We agree that businesses (such as shops, restaurants, and travel agents) which accept payment instruments from customers should be excluded from the scope of Activity 3. **Question 20** • We are supportive of MAS' proposed scope of Activity 4. As payment communications platforms which process payment instructions would necessarily receive, hold or store sensitive information such as credit card details, it is important to ensure that such platforms are regulated and subject to regulation on technology risk management. **Question 21** • We do not have further comments to the list of potential licensees. **Question 22** • We agree that manufacturers of payment terminals and software developers of payment gateways and processors should not be regulated under the PPF, insofar as they do not operate the terminals or software for merchants and/or acquirers. **Question 24** • We note that MAS proposes to regulate under Activity 5 services which allow users to access multiple bank accounts and payment cards through a single portal (e.g. an app) and initiate payment instructions ("Aggregation Portals"). In this regard, the operator of an Aggregation Portal would be regulated under Activity 5. However, it also appears possible that an operator of Aggregation Portal would also be regulated under Activity 1 as an issuer of a payment instrument, since an Aggregation Portal may itself be deemed to be a payment instrument by virtue of being a payment account (see paragraph 2.12(b) of the Consultation Paper).

		• It would be helpful if MAS could clarify the overlap in the scopes of, and whether it intends for Aggregation Portals to be regulated under both, Activities 1 and 5 of the PPF. • We would point out that the EU's PSD2 separately regulates: (a) the provision of "payment initiation services" which is defined under PSD2 as "a service to initiate a payment order at the request of the payment service user with respect to a payment account held at another payment service provider"; and (b) the provision of "account information services" which is defined under as "an online service to provide consolidated information on one or more payment accounts held by the payment service user with either another payment service provider or with more than one payment service provider". Under PSD2, account information service providers are subject to lighter regulation than payment initiation service providers. • If the underlying intent of Activity 5 is to regulate services which provide consolidated information on one or more payment accounts held with the service provider itself or with other service provider, then perhaps Activity 5 could be limited only to the provision of payment account information services and not to the initiation of payment instructions which could be captured under Activity 1. The provisions contained in PSD2 provide an example of this. **Question 25** • Our feedback to Question 24 similarly applies here as the provision of mobile wallet services would also fall within Activity 1. **Question 26** • We are supportive of MAS' proposed scope of Activity 6, but would add the following comments: (a) to avoid overlap, the operation of payment communications platforms such as payment gateways which process payment instructions should not fall within Activity 4; and (b) we note that there have been developments involving the use of digital currency technology in international inter-bank settlements e.g. the recent successful trial announced in October by Ripple and a consortium of banks using XRP (digital currency) for international settlements. In light of such developments, it may be necessary to ensure that the

		final definition of Activity 6 is robust enough to capture such systems. **Question 31** • Subject to our comments below, we are generally supportive of MAS' proposed scope of Activity 7. Tiered approach to SVF regulatory regime • While we welcome the change for MAS to extend the licensing regime to all SVF holders, we would highlight that single purpose SVFs with a low SVF charge limit per account would pose a very different risk profile compared to other SVF service providers which provide widely-accepted SVFs without account charging limits. Having a one-size fits all licensing approach for all SVF holders regardless of their charging limits and stored value float may potentially subject small-scale SVFs to unduly onerous regulatory standards, and does not otherwise accord with MAS' general risk-based regulatory approach and its policy intent to balance consumer protection on one hand and the need to encourage innovation on the other. • In this regard, we would suggest that MAS adopt a tiered approach to the regulation of SVF holders which could resemble the current regulatory regime for fund managers under the Securities and Futures Act (Chapter 289 of Singapore) where fund managers could be subject to either a licensing or registration regime depending on the amount of assets under management they manage and the type of customer they provide their services to. Further, within the licensing regime, licensed fund managers are also subject to different risk-based capital adequacy requirements, base capital requirements and other risk management requirements depending on the scope of their activities. Similarly, it could be possible for MAS to consider applying different sets of regulatory standards to SVF holders depending on factors such as: (a) whether the SVFs provided are multi-purpose / single purpose; (b) the amount of stored value float they hold; and (c) whether such SVFs are made available for retail (individual user) or business payments (business users). • Moving forward, if MAS adopts such risk-based regulatory approach for SVF holders depending on the amount of "stored value float" they hold, it would also be beneficial if the MAS could clarify how such "stored value" would be computed for the determination of whether any prescribed regulatory threshold amount is exceeded. For example, further clarity could be provided on whether there is a prescribed time period

		for computing such "stored value" float (on an annual basis / biannual basis). Control or influence in computation of stored value float for determining whether a prescribed monetary threshold is exceeded • We note that currently, in determining whether a SVF holder has exceeded the S$30m threshold for the purposes of Section 33 of the PS(O)A, such SVF holder would have to aggregate all stored value of SVFs held by other persons over which it has control or influence ("Controlled/Influenced Holder") under Regulation 14 of the Payment Systems (Oversight) Regulations ("Reg 14"), such as its wholly owned subsidiaries. This could potentially result in the scenario where the Singapore-incorporated SVF holder would be required to aggregate the stored value held by its overseas subsidiaries, even where the stored value held by such overseas subsidiaries (a) do not relate to the Singapore incorporated SVF's business in Singapore, (b) are held solely outside Singapore, and (c) do not belong to the SVF holder's users resident in Singapore. • In this regard, it would appear unduly onerous for SVF holders in Singapore to have to aggregate the stored value held by their overseas Controlled/Influenced Holders especially where such stored value held (a) do not relate to the Singapore incorporated SVF's business in Singapore, (b) are held solely outside Singapore, and (c) do not belong to the SVF holder's users resident in Singapore. In many circumstances, such foreign-incorporated Controlled/Influenced Holders are already subject to analogous foreign regulatory regimes. Hence, requiring the local incorporated SVF holder to aggregate its overseas Controlled/Influenced Holders' stored value would, amongst other things, impose additional regulatory requirements on such players that would increase their compliance costs which could otherwise be channelled into innovation and development. • In light of the reasons above, it is respectfully submitted that if Reg 14 is preserved under the PPF, MAS should amend Reg 14 accordingly to consider excluding the need for local SVF holders to aggregate the stored value float held by their foreign Controlled/Influenced Holders where such stored value held (a) do not relate to the Singapore incorporated SVF's business in Singapore, (b) are held solely outside Singapore, and (c) do not belong to the SVF holder's users resident in Singapore.

		Question 33 • We support the proposal not to regulate these businesses. **Question 34** • We are not aware of any existing business models that may inadvertently or unfairly be considered as undertaking Activity 7. **Question 35** • We note MAS' proposal to provide for mechanisms for licensees to safeguard customers' funds by segregating customers' funds via full bank liability, insurance, bankers' guarantees or trust accounts. We would point out that in certain jurisdictions (such as in Germany) the concept of a trust does not exist. It would follow then that it would not be possible to place customers' funds in a trust account in those jurisdictions if a SVF in Singapore provides services to users in those jurisdictions. MAS may wish to consider providing that SVF holders may implement other arrangements to ensure that customers' funds are segregated and held separately for the benefit of the customers although such arrangements may not regarded as trust accounts under the law of those jurisdictions.
41	Respondent A who requested for confidentiality of identity	**Question 3** • Yes, solutions from Fintech companies on electronic wallet as a multipurpose wallet should understand risk and abide by the regulatory guidelines on payment activities. • Inefficiency in the current payment scene especially in remittances is making users suffer in terms of convenience and location limitation (i.e. queuing for 1 - 2 hours to be in front of a remittance counter just to move their money cross-border). Users are ready with Smartphones enabling feature rich app but this sector is not fully optimising this area to facilitate the flow of money. **Question 4** • Yes, generally users are used to having an avenue to resolve any issues that they encounter while they enjoy the payment convenience. Minimally, foreign payment SP should have an office for customer service when users encounter any problem.

		Question 6 • Maintaining payment instruments such as electronic wallets should be allowed as long as users provides information that is identifiable, for example, their mobile number with OTP verification so that they can be identified. **Question 8** • Yes, as it is convenient for use as payment account. **Question 9** • While we move towards a cashless society, at this point of time, users should still be allowed to use cash or crypto-currency as a mode of funding the wallet and providing more information such as declaration of source of funds if amount goes beyond a defined amount (e.g. $1,000). • Just like cash deposit machines operated by banks, the source of cash continues to be unknown. **Question 10** • See answer 11. **Question 11** • No, it should not. • Ecosystem providers such as linking suppliers to businesses to consumers and they should be able to facilitate the payment flow between parties involved. **Question 14** • Facilitating money service should be part of payment services. **Question 17** • Money changing business is going virtual with Fintech solutions therefore, it should be also regulated under PPF. **Question 19** • Multi-Currency wallet operators

		Question 20 • See answer 23 **Question 21** • Yes **Question 22** • Software developers are usually the payment developers who are required to understand the risk of developing payment platforms (such as cyber risk), hence they should be included. **Question 24** • Partners or providers of e-wallets should open up their communication and API to allow users to maintain one platform for all his/her wallet needs, for example, just like having many credit cards in one wallet yet enjoying discounts depending on the benefit of the various wallets. **Question 25** • Yes, there should be clear risk and guideline for wallet operators to mitigate users risk. **Question 31** • For wallet providers, transactions are clearly defined in reports of the micro transaction flowing through the system. Prepayment in small amounts of less than $1000 could facilitate any micro transactions happening on the account and it should be up to users' discretion. **Question 33** • Usually loyalty are for benefits to the users, it should be based on user's discretion **Question 35** • Yes, both.
42	Respondent B who requested for confidentiality of identity	**Question 1** • This is a necessary strategic rethink of how financial institutions are managed by the MAS. It appears that we are progressing from a historical vertical silo

		approach with very little overlap between different financial sectors, to a more horizontal approach with AML/CFT and now Payments running across all previous divisions. • New products and processes continue to emerge that could prove either disruptive or beneficial to our country and economy. A different approach that includes regulatory structure, guidelines, and strategic vision is required, that will incorporate the changes and opportunities for the payments market. Uniform assessment of a risk based approach needs to be applied across all participants. **Question 2** • If every Financial Institution adhered to the regulatory framework with the same level of compliance, then levelling the playing field would inevitably introduce more competition and favour the stronger, larger and innovative players. However, compliance adherence varies greatly across sectors. • What would help is tiered licensing, linking the capability (as assessed by MAS audits) to the transactional values and volumes and the scope of license granted. **Question 3** • The existing system does not allow flexibility for the current payment systems to integrate or expand, let alone new ones to be adopted. So, yes an overhaul of the regulatory framework is overdue, so that Singapore can remain competitive whilst not being infiltrated by a parallel system of unregulated payment systems. **Question 4** • Absolutely yes, this is fundamental to the mitigation of Singapore's intrinsic financial risk. Not just a token local presence, but adequate capital, management and execution capability so as not to create dependency on a foreign entity over which little or no control could be exerted. • Licensing should be a pre-requisite to all relevant payment service providers, whether they are locally owned or not. **Question 5** • Activity 3 should refer to "value" rather than just "money", so as to include air-time top-up and other

		non-money transfers. There are a number of non-money transfer activities that can be re-sold or provided a cash out option. **Question 6** • The scope should include anonymous instruments, not just the interaction between anonymous instruments and the cash or banking market. See Response 7 below. **Question 7** • It is possible to earn a salary paid in Bitcoins, to use those Bitcoins for everyday expenses (accommodation, food, transport) and to send those Bitcoins abroad, without ever touching the cash or banking markets. In this case, issuing a virtual current is a payment funder and should be included appropriately. (Note that the canton of Zug is now accepting Bitcoin payment for government services.) • Cash, is most certainly a payment instrument, but since the issuer is the MAS, it could be exempted. However, cash has a significant circulation cost and alternatives would increase payment efficiency, transparency and traceability. **Question 8** • Banking or transaction portals, via computer or mobile are simply a method of effecting transactions on the underlying funding sources. It is not possible to use a banking portal without being a client of the underlying financial institution, and the portal itself does not transact, merely passes transaction requests to the institution. **Question 9** • No, this is not a good idea. There are two objectives here; the first to provide comprehensive and sustained incentives to remove cash from the system (as identified in the NRA), and second to avoid anonymous instruments replacing cash, unless specific conditions are met. • Block-chain technology is perhaps the most important AML/CFT tool that the MAS could take advantage of, by simply creating non-fungible traceability. This has to be incorporated into the same framework as existing payment instruments.

		• Block chain authentication technology cannot just be excluded because it is difficult to create a homogenous environment in which it can be regulated alongside conventional payment systems. **Question 10** • The scope is adequate. **Question 11** • If non-direct participants are entities such as hosting, communication or hardware companies participate, then a different set of non-financial regulations should apply. Greatly clarity is required to differentiate between direct and non-direct participants. **Question 12** • The default position should be that all related providers to the transaction processing are included unless specific exemption is sought and granted. **Question 13** • The scope is comprehensive, but specific reference must be made to include telcos that provide remote top-up or value transfer services. **Question 14** • Yes, these should be included by the very nature of the business that they undertake. See Response 39. **Question 15** • Yes, they should all be included but different criteria apply to each of these categories and they should not be judged together. • There is an implicit assumption that once money is within Singapore, having arrived by any means, that it is clean and its source identifiable but this is not always the case. • The level of scrutiny should be applied on a tiered basis with the greatest for inbound transmission, then outbound and lastly domestic. • Large cash transactions in any category should require sight of the ICA cash declaration, or bank withdrawal slip as appropriate.

		Question 16 • Domestic goods and services are already covered under payment instruments and therefore should not be included, unless the services relate to financial institutions or their products or services. **Question 17** • With the updates to MCRBA and 3001, money changers and remittance companies operate within the same regulatory framework. Remittance companies provide currency exchange only in connection with the transmission of funds cross border. • However, money changers now provide substantial remittance operations in the cash market. Again with reference to the NRA, this practice needs to be addressed. • The proposal to have a general license that allows specific activities needs to redefine the difference between remittance operators and money changers and limit the business of each accordingly. **Question 18** • Most certainly. As virtual currencies gain traction in our economy, they need to be regulated as any other provider would be, who is currently operating in the conventional current cash & banking market. **Question 19** • There will inevitably be other businesses that fall within the scope of this activity, but that is not such a bad thing. Careful consideration must be made to the drafting and, by default, include everything that can possibly be exempted later. It would be much harder to retrospectively include previously excluded activities. **Question 20** • There needs to be a distinction between kiosks that are primarily Internet portals of the underlying business activity, and those that act as clearing houses for other parties. • MacDonald's food ordering kiosks or SQ check-in kiosks should fall out of the scope of this activity. If AXS provides a direct interaction between NETS and the underlying services that it displays on its portal, then they too would be exempt.

		• Once the kiosk forms part of the clearing side of the value chain, then they would be included. • Telecommunications companies (Telcos) should fall under the scope of Activity 4. Telcos are facilitating domestic and international payments and offer credit and deposit facilities (storage of value) in both prepaid and more importantly post-paid accounts and at present there is little regulatory control of these activities. • Cash and other anonymous negotiable instruments sent by mail would therefore include the postal and courier services under this activity. **Question 21** • In the case of a kiosk acting as an Internet touch point, then the same principle would apply to an equivalent process on a mobile device. As referred to in Response 20, once the kiosk or mobile service does more than connect authorised payment sources to underlying authorised services, only then should they be included. **Question 22** • These should not be included, unless there is proprietary technology that is not owned by a Singapore entity that forms part of any AML or CFT process. For large providers that may prove a systemic risk to the country, then a Quality of Service regulation should apply. **Question 23** • This should not be included, providing that the messaging systems only allow regulated and licensed financial intermediaries as members. The bank should already be aware of the source of funds, the originator and the beneficiary details. Adding a layer to the domestic process would unnecessarily complicate the process. • As recommended to the MAS last year, the concept of full transaction ledger reporting would be a much more sensible option. **Question 24** • As soon as an aggregator service has transactional capability, then it needs to be regulated in the same way that any of the underlying services that it is aggregating are individually regulated.

		Question 25 • If the mobile wallet simply stores credit card or bank details, then it should not be included. Once the wallet contains any stored value, then it should be included. **Question 26** • The scope is adequate. **Question 27** • As referred to in Response 39, all should be included by default and exemption only granted on a case by case basis. **Question 28** • Yes, this is relevant. Take for example the recent SWIFT hack in Bangladesh. Inclusion should be mandatory by default. **Question 29** • This should only be regulated in the case that a payment is cross border, or involves a change in ultimate ownership or licensed entity. **Question 30** • If there is significant representation, control or influence exerted by a Singapore linked entity or person, then they should be included. If there is not, then regulatory influence would be difficult and to some extent pointless. **Question 31** • The scope is adequate and should include any service that stores value. If the value of funds has to rest with a licensed banking entity, then there needs to be an obligation to support the stored value providers, with mechanisms to stop one class of participant excluding another. E.g. the current systemic de-banking re-risking scenario. **Question 32** • Stored value should include on-line loyalty programs where transactional turnover generates benefits or

		value that can be exchanged for goods or services, e.g. KrisFlyer loyalty points. **Question 33** • This is too general and not all these examples can be grouped together. Specific prepayment need not be included as the scope of the services offered are already covered in other Activities. However, points of value that can be exchanged or resold for goods and services should be included. **Question 34** • The default position should be that all stored value providers are included unless specific exemption is sought and granted. **Question 35** • The provision of capital to back any stored value deposits should be applied with reference to the size and credit worthiness of the provider. The provider's track record and MAS audit findings should dictate the amount of cover required. • The risks presented are insurable therefore instruments such as insurance bonds should be acceptable as cover rather than segregated capital assets or security deposits for a non-bank class of providers.
43	Respondent C who requested for confidentiality of identity	**Question 2** • Banks are already subject to more stringent regulatory requirements compared to non-financial institutions or other financial institution licenses. • The bank supports MAS' suggestion to promote a level playing field for similar activities. However, this should also mean that banks should be allowed to comply with less stringent requirements when they apply to specific activities under the PPF which the banks are performing. The bank will continue to adhere to the stricter standards when it pertains to core banking activities. Bank seeks to confirm with MAS whether such an approach to a level playing field and more conducive environment for innovation is what the regulator is proposing.

		Question 3 • Policy objectives should be clearly set out for the designation regime and the licensing regime to co-exist only successfully. • To maintain a level playing field, a regulated DPS pursuing a new line of business under the PPF should not be subject to more stringent requirements than a start-up or an entity that is not regulated as a DPS. Thus, the regulatory requirements on a DPS should be focused on its systemic or system-wide nature, and should not restrict its ability to offer new and innovative services to compete with new entrants in the payments landscape. • Notwithstanding the above, small payment providers, when viewed collectively, could pose a systemic risk. **Question 4** • Yes, principally foreign payment service providers should be required to establish a local presence and be regulated (e.g. currencies restrictions, fraud, storing and usage of customers' data, data privacy) under the PPF if they are deemed to be conducting the same activities as a local payment service provider. • This is especially so for funds used globally on ubiquitous payment service providers (e.g. Venmo/Paypal). **Question 5** • Clarity on some of the definitions of the proposed activities would be useful - clearer descriptions could be set out in future consultations. • Areas where there may be gaps include: addressing services (e.g. CAS), tokenization services (e.g. VTS, MDES), Payment messaging protocols or messaging services (e.g. SWIFT, Ripple, new blockchain protocols), international schemes (e.g. Visa, MasterCard) **Question 6** • There should be clarity on the definition of "internet banking portals and apps" and how these may constitute a payment instrument (e.g. electronic wallets such as ApplePay/SamsungPay). If electronic wallets are considered as regulated activity, there should be consideration given to: (a) the period which the funds could be held, (b) the threshold, (c) where the funds are held.

		• Internet banking portal and apps are an initiation channel and should not be considered a payment account of a payment instruments. Please refer to our response to question 8 for details. **Question 7** • A prepaid account that is funded via top-up from CASA or cash to purchase virtual currencies (without conversion or an intermediary) but subsequently may be accepted or withdrawn outside of Singapore, thereby facilitating a cross-border payment or money transfer appears to be excluded from the definitions. • Examples include prepaid accounts of Bitcoin where the purchase may not be via an intermediary or a purchase from an issuer of virtual currency such as gaming currency. Please also refer to our response to question 18 **Question 8** • Internet banking or mobile banking portals are channels or means for the Bank's customers to access their accounts for various purposes other than payments. The portal itself does not constitute a payment capability. • Availing internet and mobile banking channels should not be considered as a payment account. • We propose that MAS clarify the definition to exclude such digital channels from being classified as payment instruments. **Question 9** • We would like to seek clarity on the definition of "regulated funding sources". • As with stored value facilities, there should be thresholds on these payment instruments. This is especially so with the ubiquity of new payment providers. **Question 11** • We seek clarity on the definition of a master merchant or a merchant aggregator. • Today there may be many merchants who in effect resell items but are fully liable for those goods or services (e.g. a low cost carrier may be acquired as a single merchant but could in effect be selling travel insurance, hotels, and other ancillary services). Marketplaces have also started to be acquired directly

		as single merchant of record, even though some or most of their underlying goods and services may be supplied by third-parties. MAS should clarify such definitional issues so it is clear if acquiring banks or gateways can and should require that specific master merchants be licensed by MAS before acquiring services can be provided to them. **Question 13** • Electronic wallets should be included in scope of Activity 3. **Question 14** • We would like to clarify if the current moneychanging/remit license will continue to apply. If subsidiary's parent firm has a banking license, will the subsidiary still be required to obtain a separate remittance license. • Agree that remittance business should be included under the PPF. **Question 15** • We agree that domestic, cross-border and inbound money transmission activities should be included under PPF. This will also provide clarity on whether banks should engage with and provide banking services for new entities providing such services. **Question 16** • Fungible goods e.g. gold/silver e-credits should be excluded under the scope of Activity 3. • However, it is not always possible to differentiate a transfer meant for payment of goods and services from a pure transfer. We would like to clarify how this can be enforced. Entities may circumvent regulations by declaring or ask their customers to declare that their payments are for underlying goods and services when it may not be. **Question 17** • Money-changing business should be included under the PPF. **Question 18** • Refer to our response for question 7.

		• Virtual currency intermediaries should be included under Activity 3. Rules should also cover entities that are not intermediaries but sells virtual currencies or cryptocurrencies directly (e.g. online game providers, bitcoin wallet providers). **Question 19** • Other businesses which may unintentionally fall under the scope of Activity 3 include new businesses that evolved goods/services to accept funds. E.g. an online store which was in the business of selling gold expands into offering fungible dollars/point concepts. **Question 21** • Licensee list should include other bill payment aggregators that do not operate with payment kiosks, but work with distribution outlets or channels such as convenience stores and mobile apps. **Question 22** • By regulating or certifying terminal providers who wish to provide their terminals in Singapore, MAS may create potential merits by reducing the due diligence and risk management work required at every bank and acquirer that will need to do when working with these providers of payment terminals. **Question 23** • We believe there are some merits as there are new messaging and payment protocols such as Ripple, or new standards with existing messaging platforms such as SWIFT. Given the latest security incidents surrounding SWIFT gateways, there may also be merits to regulate messaging platforms as a class so as to formalize best practices around AML, CFT, and cyber security risk management. **Question 24** • MAS should clarify whether merchants that keep payment instrument information stored in order to access them for payments at a later stage (e.g. card on file) will be regulated as having performed this activity. As consumer confidence and security issues may arise in such cases, MAS may want to consider regulating such merchants as they would essentially be replicating

		the same activity as some wallets or gateways but may not be regulated if they fall outside the scope. **Question 25** • Yes. As there may be a myriad of mobile wallet choices for consumers, it is envisioned that regulating or licensing non-banks in this space can build public confidence and impose relevant industry standards, such as tokenization. **Question 30** • Should be regulated as domestic payment switches and schemes may be subject to rules under these regulations. To maintain a level-playing field, similar requirements should be imposed insofar as the international payment systems also operate within the domestic arena. **Question 31** • MAS may wish to review the following: (a) Can the value of SVF be withdrawn? (b) If possible, is there a requirement for SVF card to be disabled? This may potentially impact the withdrawal of funds from NETS FP and EZlink. • MAS is proposing to license and regulate the holding of all SVFs. Under the current PS(O)A regulations, SVFs that hold more than S$30m of customer funds are required to engage a bank in Singapore to be fully liable for all customer funds (i.e. Approved Bank). Could MAS clarify whether the requirement to appoint an approved bank to be fully liable for all customer funds is expected to extend to all licensed SVFs? • In the case where an Approved Holder and Approved Bank has already been approved by MAS, would such arrangements be grandfathered? **Question 32** • Over time, SVFs are akin to funded digital wallets. • Referring to our response in question 2, bank-operated p2p wallets should be subject to similar regulatory requirements as non-bank-operated p2p wallets under the PPF to ensure a level-playing field. As banks are subject overall to higher standards of security or regulations or approval processes under the Banking Act, we suggest that the PPF legislation can be accompanied by amendments to the Banking Act

		allowing for risk-adjusted regulations for payment activities that banks engage in defined under the PPF. **Question 33** • We believe paper-based SVFs should also be regulated to avoid any potential regulatory arbitrage leading to more paper-based instruments rather than digital ones. Paper-based instruments generally involve more manual, paper, and cash processes, including purchase, redemption, refunds, and reporting. To truly drive the digital and cashless agenda, these instruments should come under regulation and relevant best practices as well. • We suggest that MAS also regulates points and reward providers where the providers are third parties and not actual merchants simply enhancing their business processes. We understand that individual merchants may employ their own loyalty or rewards program, which need not be regulated. However, where there are multiple merchants involved, a rewards or points or pre-payment system becomes akin to a SVF used as payment instruments. **Question 35** • We are of the view that MAS should require SVF holders to have in place mechanisms to safeguard customer's funds, regardless of whether the customers are Singapore residents. While an SVF may be used by non-Singapore residents, there could be a systemic impact if a foreign SVF holder defaults on its payment to merchants in Singapore.


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