

**PAYMENT SYSTEMS  
(OVERSIGHT) ACT  
(CHAPTER 222A)**

**PAYMENT SYSTEMS (OVERSIGHT)  
REGULATIONS**

**Rg 1**

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**PAYMENT SYSTEMS (OVERSIGHT) ACT  
(CHAPTER 222A, SECTIONS 6 (1), 9 (1), 12 (1),  
13 (1), 21 (3) AND (4), 22 (2), 29 (1), 30,  
31 (2), 33 (3), 37 (3), 54 AND 56)**

**PAYMENT SYSTEMS (OVERSIGHT)  
REGULATIONS**

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[23rd June 2006]

PART I

PRELIMINARY

**Citation**

1. These Regulations may be cited as the Payment Systems (Oversight) Regulations.

**Definitions**

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

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

“relevant fee” means a fee prescribed by the Interpretation (Payment Systems (Oversight) Act 2006 — Fees) Order 2006.

**Forms**

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

(2) Any document required to be lodged with the Authority under any provision of the Act or these Regulations shall be lodged in the relevant form and in the manner specified in the website referred to in paragraph (1), or in such other manner as the Authority may specify.

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

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

(5) Where strict compliance with any form is not possible, the Authority may allow for necessary modifications to be made to that form, or for the requirements of that form to be complied with in such other manner as the Authority thinks fit.

## PART II

### REQUEST FOR INFORMATION

#### **Request for information**

4.—(1) For the purposes of section 6 (1) of the Act, a request for information by the Authority to any participant, operator, person acting on behalf of an operator, or settlement institution of a payment system shall be made in Form 1.

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

## PART III

### DESIGNATED PAYMENT SYSTEMS

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

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

- (a) any civil or criminal legal proceeding instituted against the operator or settlement institution, as the case may be, whether in Singapore or elsewhere;
- (b) any disciplinary action taken against the operator or settlement institution, as the case may be, by any regulatory authority, whether in Singapore or elsewhere, other than the Authority;
- (c) any significant change to the regulatory requirements imposed on the operator or settlement institution, as the case may be, by any regulatory authority, whether in Singapore or elsewhere, other than the Authority;
- (d) any failure of the operation of the designated payment system.

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

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

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

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

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

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

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

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

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

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

8. For the purposes of section 21 (4) of the Act, the Authority may have regard to the following matters in determining whether to grant its approval in respect of an application for approval of the appointment of a person under section 21 (1) of the Act:

- (a) whether the person is fit and proper to be so appointed;
- (b) whether the appointment of the person would be consistent with any applicable written law relating to the qualifications for the position or the requirements for the composition of the board of directors of the operator of the designated payment system;
- (c) whether it would be contrary to the interests of the public to approve the appointment of the person.

**Criteria to determine failure to discharge duties or functions by chief executive officer and directors**

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

- (a) ensure the proper functioning of the designated payment system;
- (b) ensure the compliance of the operator of the designated payment system with the Act and these Regulations and any other relevant laws or regulations;
- (c) set out and ensure compliance with written policies on all operational areas of the operator of the designated payment system, including its financial policies, accounting and internal controls, internal auditing and compliance with all laws and rules governing the operations of the designated payment system;
- (d) identify, monitor and address the risks associated with the business activities of the operator of the designated payment system;
- (e) ensure that the business activities of the operator of the designated payment system are subject to adequate internal audit;
- (f) oversee the financial undertakings or exposure of the operator of the designated payment system to risks of any nature, by setting out proper delegation limits and risk management controls; and
- (g) ensure —
  - (i) that the operator of the designated payment system maintains written records of the steps taken by it to monitor compliance with its policies, the limits on discretionary powers and its accounting and operating procedures; and
  - (ii) that every report, return or statement submitted by the operator of the designated payment system to the Authority is complete and accurate.

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

**10.**—(1) A person applying for approval under section 23 (1) or (2) of the Act shall —

- (a) submit to the Authority a written application that sets out —
  - (i) the name of the applicant;
  - (ii) in the case where the applicant is a corporation —
    - (A) its place of incorporation;
    - (B) its substantial shareholders;
    - (C) its directors and chief executive officer; and
    - (D) its principal business;
  - (iii) in the case where the applicant is a natural person —
    - (A) his nationality;
    - (B) his principal occupation; and
    - (C) his directorships;
  - (iv) all corporations in which the applicant has a substantial shareholding;
  - (v) the percentage of shareholding and voting power that the applicant has in the operator of the designated payment system;
  - (vi) the percentage of shareholding and voting power that the applicant is seeking to have in the operator of the designated payment system;
  - (vii) the reasons for making the application;
  - (viii) the mode and structure, as appropriate, under which the increase in shareholding would be carried out;
  - (ix) whether the applicant will seek representation on the board of directors of the operator of the designated payment system; and
  - (x) any other information that may facilitate the determination of the Authority as to whether the applicant is a fit and proper person for the purposes of paragraph (4) (a); and
- (b) pay to the Authority a fee of \$500 for every application for approval.



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

(3) Payment of the fee referred to in paragraph (1) (b) may be made through such electronic funds transfer system as the Authority may designate from time to time, whereby payment may be effected by directing the transfer of funds electronically from the bank account of the payer to a bank account designated by the Authority.

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

- (a) the applicant is a fit and proper person to be a substantial shareholder, or a 12% controller or 20% controller within the meaning of section 23 (3) of the Act (as the case may be), of the operator of the designated payment system;
- (b) having regard to the applicant's likely influence, the operator of the designated payment system will be or is conducting and will continue to conduct its business prudently and in compliance with the provisions of the Act; and
- (c) it would not be contrary to the interests of the public to do so.

### **Business continuity plan**

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

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

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

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

## PART IV

### STORED VALUE FACILITIES

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

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

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

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

- (a) shall not be obstructed or obscured, or embedded within other unrelated writing; and
- (b) shall be of reasonable size and typeface.

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

- (a) when the user or intending user purchases or otherwise acquires the stored value facility;
- (b) when the user or intending user tops up the stored value facility.

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

### **Restriction on soliciting**

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

- (a) whether the offer, invitation or advertisement contains any information specifically relevant to Singapore;
- (b) whether the offer, invitation or advertisement is published in any newspaper, magazine, journal or other periodical publication, or in any broadcast media, which is principally for circulation or reception in Singapore;
- (c) whether the offer, invitation or advertisement contains a prominent notice that no stored value facility or value stored in a stored value facility shall be purchased or otherwise acquired by persons in Singapore, and whether such notice is viewed with or before the advertisement;
- (d) whether reasonable steps are taken to guard against sale of a stored value facility to persons in Singapore; or
- (e) whether the offer, invitation or advertisement, directly or indirectly, states that a stored value facility or stored value in a stored value facility denominated in Singapore currency is available to be purchased or otherwise acquired.

### **Control or influence of person**

**14.** For the purposes of section 33 (3) of the Act, a holder shall be deemed to be under the control or influence of a person (referred to in this regulation as “the person”) if —

- (a) the holder is a company and the person holds not less than 50% of the total number of shares in the holder;
- (b) the holder is a company and the person is in a position to control voting power of not less than 50% in the holder;
- (c) the holder is a company and the directors of the holder are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the person;
- (d) the holder is a company and the person has the capacity to determine the outcome of decisions on the financial and

operating policies of the holder, having regard to the following considerations:

- (i) the practical influence which can be exerted (rather than the rights which can be enforced); and
- (ii) any practice or pattern of behaviour affecting the financial and operating policies of the company (even if it involves a breach of an agreement or a breach of trust),

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

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

### **Application for approval**

**15.**—(1) A holder may apply for approval under section 34 of the Act by submitting Form 4 and paying the relevant fee to the Authority.

(2) A bank in Singapore which undertakes to be fully liable for the stored value of any stored value facility may apply for approval under section 34 (2) of the Act by submitting Form 5 to the Authority.

### **Cancellation of approval**

**16.**—(1) An approved holder may apply to the Authority to cancel the approval granted to him under section 35 (1) by submitting Form 6 and paying the relevant fee to the Authority.

(2) An approved bank may apply to the Authority to cancel the approval granted to it under section 35 (1) by submitting Form 7 and paying the relevant fee to the Authority.

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

- (a) the approved holder holds stored value not exceeding \$30 million or such other amount as the Authority may vary under section 33 (2) of the Act;

(b) another bank in Singapore (referred to in this regulation as the substituted bank) has undertaken to be fully liable for the stored value of the stored value facility concerned in place of the approved bank and the holder for which approval is sought to be cancelled has submitted a separate application under section 34 of the Act for approval to be an approved holder, accompanied by an application by the substituted bank for approval to be an approved bank; or

(c) it is appropriate to do so.

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

(a) the approved bank is intending to wind up or otherwise dissolve, or is likely to be wound up or otherwise dissolved, whether in Singapore or elsewhere; or

(b) it is appropriate to do so.

## PART V

### MISCELLANEOUS

#### **Opportunity to be heard**

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

(a) stating the decision it intends to make that affects him and the grounds for the decision; and

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

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

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

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

### **Offences**

**18.** Unless otherwise provided in these Regulations, any person who contravenes regulation 5 (2), 11 or 12 shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$150,000 and, in the case of a continuing offence, to a further fine not exceeding \$15,000 for every day or part thereof during which the offence continues after conviction.

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