

Off to the races: The commencement of the Payment Services Act

16 January 2020

After a long lead-up, the Singapore Prime Minister's Office has now confirmed that the Payment Services Act 2019 (the Act) (other than sections 111, 113, and 114) will imminently come into force on 28 January 2020 (the commencement date).

Alongside this notification, the Monetary Authority of Singapore (the MAS) published numerous instruments to accompany the Act, most of which will take effect from the commencement date:

- **Five regulations** – this includes the main regulation (i.e., the Payment Services regulations 2019), as well as two regulations that relate to the transitional period;
- **Twelve notices** – six of which relate to conduct, disclosure, and reporting requirements; four of which relate to requirements for anti-money laundering and countering the financing of terrorism (AML/CFT requirements); and two of which relate to technology risk and cyber hygiene requirements; and
- **Three guidelines** – all of which relate to conduct requirements.

Although there is a huge amount of information to digest, a key takeaway point is that from the commencement date, all persons conducting regulated activities under the Act will need to hold an appropriate license, unless exempted or excluded, although the exact application will depend on whether an entity is currently licensed by the Payment Services (Oversight) Act or the Money - Changing and Remittance Businesses Act (the Existing Regime).

Broadly speaking, deeming provisions will apply to current licence holders. For example, a licensed entity carrying out stored value facility activities under the Payment Services (Oversight) Act will be deemed to be a major payment institution licence holder under the Act. The licensed entity will then need to pay attention to the inter-operability, customer safeguarding, user protection, and anti-money laundering requirements of the Act.

In respect of entities that are currently conducting activities that are not regulated under the Existing Regime, such as domestic money transfer or merchant acquisition activities, licensing grace periods may apply provided an organization informs the MAS of their payment activities by 27 February 2020 via the lodging of the necessary forms, which should specify the processes and rules that the entity intends to implement to comply with the Act. Digital payment service

providers will be given a grace period of six months, whilst all other service providers will be given a grace period of one year.

The guide below sets out a high-level summary of the publications recently released.

Instrument	Summary	Scope of application
<p>Regulations</p> <p><i>Regulations refer to the subsidiary legislation issued by the MAS and typically spell out in greater detail the requirements that apply to specified persons. Subsidiary legislation has the force of law and contravention of regulations can result in civil or criminal offences.</i></p>		
Payment Services regulations 2019 ¹	The main set of regulations for persons regulated under the Act, focusing on the requirements to be met by regulated persons in respect of their licence, business conduct, designated payment system, as well as rules around the application of exemptions.	All payment service providers
Payment Services (composition of offences) regulations 2019 ²	Sets out the compoundable offences under the Act.	All payment service providers
Payment Services (Singapore dollar cheque clearing system and interbank giro system) regulations 2019 ³	Sets out requirements for the Singapore dollar cheque clearing system and interbank giro system.	All payment service providers
Payment Services (Exemption for specified period) regulations 2019	Sets out exemptions that apply during certain transitional periods from the commencement date.	All payment service providers
Payment Services (Saving and transitional provisions) regulations 2019	Sets out the saving and transitional arrangements for entities regulated under the Act.	All payment service providers

¹ Singapore Statues On line: available [here](#).

² Monetary Authority of Singapore: available [here](#).

³ Singapore Statues On line: available [here](#).

Instrument	Summary	Scope of application
<p>Notices</p> <p><i>Notices have legal effect and primarily impose legally binding requirements on certain regulated institutions or persons.</i></p>		
<p>Notice PSN01</p> <p>Prevention of money laundering and countering the financing of terrorism⁴</p>	<p>Sets out requirements for most payment service providers on AML/CFT requirements, such as risk assessment and mitigation, customer due diligence, record keeping, and reporting of suspicious transactions.</p>	<p>All payment service providers, other than digital payment token service providers</p>
<p>Notice PSN01A</p> <p>Prevention of money laundering and countering the financing of terrorism⁵</p>	<p>Set outs the AML/CFT requirements in order to facilitate the transition of existing stored value facility holders.</p>	<p>Existing stored value facility holders during the transition period</p>
<p>Notice PSN02</p> <p>Prevention of money laundering and countering the financing of terrorism⁶</p>	<p>Sets out AML/CFT requirements for digital payment token service providers.</p>	<p>Digital payment token service providers only</p>
<p>Notice PSN03</p> <p>Notice on reporting of suspicious activities and incidents of fraud⁷</p>	<p>Sets out the requirements for reporting suspicious activities and incidents of fraud, as well as the form of reporting.</p>	<p>All payment service providers</p>
<p>Notice PSN04</p> <p>Submission of regulatory returns⁸</p>	<p>Sets out the periodic regulatory requirements of information in relation to the licensees' Payment Services. The standard forms are also found in this notice.</p>	<p>All payment service providers</p>
<p>Notice PSN04A</p> <p>Notice on submission of statement of transactions and profit/loss⁹</p>	<p>Reproduces the existing requirements under Notice 3003 (Submission of statement of transactions and profit/loss) applying to existing money-changing and remittance licensees until 31 December 2020.</p>	<p>Money-changing and remittance licences</p>

⁴ Monetary Authority of Singapore: available [here](#).

⁵ Monetary Authority of Singapore: available [here](#).

⁶ Monetary Authority of Singapore: available [here](#).

⁷ Monetary Authority of Singapore: available [here](#).

⁸ Monetary Authority of Singapore: available [here](#).

⁹ Monetary Authority of Singapore: available [here](#).

Instrument	Summary	Scope of application
Notice PSN05 Technology risk management ¹⁰	Sets out the requirements on technology risk management to ensure a high level of reliability, availability, and recoverability of critical information technology systems.	All payment service providers
Notice PSN06 Cyber hygiene ¹¹	Sets out the requirements on cyber hygiene, such as securing administrative accounts, establishing baseline security standards, and strengthening user authentication.	Designated payment system, remittance, money changer, relevant stored value facility, widely accepted stored value facility, single purpose stored value facility
Notice PSN07 Notice on conduct ¹²	Sets out the requirements on the conduct of all entities regulated under the Act, and this notice is organised based on the activity of the licensee.	All payment service providers
Notice PSN08 Notice on disclosure and communications ¹³	Sets out the requirements for licensed and exempted payment service providers to provide specific disclosures to customers, as well as potential customers.	Licensed and exempted payment service
Notice PSN09 Notice on specified matters and forms ¹⁴	Sets out regulatory forms and other administrative matters for payment service providers, operators of designated payment systems, and settlement institutions of designated payment systems.	Payment service providers, operators of designated payment systems, and settlement institutions of designated payment systems
Notice PSN10 Prevention of money laundering and countering the financing of terrorism ¹⁵	Sets out the AML/CFT requirements for exempt payment service providers in relation to the provision of Payment Services for specified products that involve account issuance, domestic money transfer, or e-money issuance services.	Exempt payment service providers
Guidelines <i>Generally, guidelines issued by the MAS set out the principles/best practice standards that govern the conduct of certain regulated institutions or persons. Guidelines do not have legal effect and a contravention of these guidelines is not a criminal or civil offence.</i>		

¹⁰ Monetary Authority of Singapore: available [here](#).

¹¹ Monetary Authority of Singapore: available [here](#).


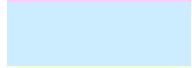
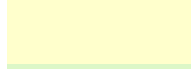
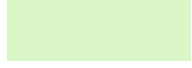
¹² Monetary Authority of Singapore: available [here](#).

¹³ Monetary Authority of Singapore: available [here](#).

¹⁴ Monetary Authority of Singapore: available [here](#).

¹⁵ Monetary Authority of Singapore: available [here](#).

Instrument	Summary	Scope of application
<i>However, failure to observe the guidelines may have an impact on MAS' overall risk assessment of such regulated institutions or persons.</i>		
Guidelines for e-payments user protection ¹⁶	Sets out guidelines on issuing and operating a protected account, the duties of account holders, and account users of protected accounts. One set of guidelines takes effect from 28 January 2020, whilst the other takes effect from 5 September 2020.	Financial institutions that issue or operates protected account, account holders, and account users
FSG-G01 Guidelines on fit and proper criteria ¹⁷	Sets out the fit and proper criteria that apply to persons regulated under the MAS. Among others, such person is expected to be competent, have honesty, integrity, and be of sound financial standing.	Persons regulated under the MAS

	Apply during the transitional period
	Relate to AML/CFT requirements
	Relate to conduct, disclosure, and reporting requirement
	Relate to technology risk and cyber hygiene requirements

¹⁶ Monetary Authority of Singapore: available [here](#).

¹⁷ Monetary Authority of Singapore: available [here](#).

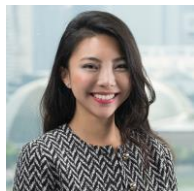
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