

Press Release

Regulatory regime for stored value facilities and retail payment systems commences operation

Friday, November 13, 2015

The regulatory regime for stored value facilities and retail payment systems under the Payment Systems and Stored Value Facilities Ordinance (the Ordinance) commenced operation today (November 13).

Under the Ordinance, the Hong Kong Monetary Authority (HKMA) is empowered to implement a mandatory licensing system for multi-purpose stored value facilities and perform relevant supervision and enforcement functions. A one-year period is allowed for existing issuers of stored value facilities or new market operators to apply for a licence from the HKMA.

After the expiry of the one-year period (i.e. from November 13, 2016 onwards), it will be illegal for any issuers, unless being exempt, to issue or operate any stored value facilities without a licence. In addition, licensed banks will be deemed to be licensed to issue and operate stored value facilities.

The licensing system will enable the HKMA to exercise supervisory or enforcement actions to ensure the fitness and propriety of issuers, appropriate protection of the float stored in the facilities by users, as well as the reliable operation of such facilities.

In addition, the HKMA is empowered by the Ordinance to designate retail payment systems to ensure their safe and robust operation under prudential regulation.

The Secretary for Financial Services and the Treasury, Professor K C Chan, said, "We welcome the recent enactment of the enabling legislation by the Legislative Council. The new regulatory regime for stored value facilities and retail payment systems will strengthen the public's confidence in the use of these products and services, and foster the development and innovation of the payment industry."

The Deputy Chief Executive of the HKMA, Mr Peter Pang, said, "The new regulatory regime is an important milestone in the development of a

regulatory framework for stored value facilities and retail payment facilities in Hong Kong. The HKMA will implement the regulatory regime to promote the stability and integrity of the financial system and the relevant payment infrastructure."

The HKMA will issue guidance materials to facilitate the industry to apply for relevant licences and comply with the requirements set out in the Ordinance. The guidance materials will also provide examples of the relevant exemptions permitted under the Ordinance.

In addition, public education programmes will be arranged to enhance awareness about the use of these payment products or services, and understanding of the new regulatory regime enforced by the HKMA.

The Legislative Council passed the Clearing and Settlement Systems (Amendment) Bill 2015 on November 4, 2015. Most newly enacted provisions came into operation today upon the gazettal of the Ordinance. The previous Clearing and Settlement Systems Ordinance is retitled as the Payment Systems and Stored Value Facilities Ordinance. Those newly enacted provisions concerning relevant criminal sanctions applying to unlicensed issuers of stored value facilities will take effect from November 13, 2016 onwards.

Ends