

**Bills Committee on Clearing and Settlement Systems
(Amendment) Bill 2015**

**List of follow-up actions arising from the discussion
at the meeting on 2 March 2015**

The Administration is requested to provide supplementary information on the following issues:

Proposed regulatory regime for stored value facilities ("SVF") and retail payment systems ("RPS")

- (a) the criteria for determining an SVF as multi-purpose vis-à-vis single-purpose, and the work in monitoring single-purpose SVF issuers for bringing them under the Hong Kong regulatory regime when their business expands to cover new lines of business;
- (b) the criteria for determining whether an SVF operating outside Hong Kong is soliciting business from the Hong Kong public, in particular if the SVF does not actively promote its business, or claims that it incidentally attracts Hong Kong consumers to use its services;
- (c) Hong Kong Monetary Authority ("HKMA")'s regulation over a licensed SVF issuer if its systems and operations are located outside Hong Kong;
- (d) determination of the scope of the local business and the float size of an SVF for consideration of exemption from the Hong Kong regulatory regime if the SVF operates in various jurisdictions;
- (e) the coverage or otherwise under the Hong Kong regulatory regime in respect of pre-paid credit cards or debit cards issued in Hong Kong, or those issued outside Hong Kong but accepted for use in Hong Kong;

Liabilities on internet service providers ("ISPs")

- (f) potential legal liabilities on ISPs providing web hosting or other internet services to unlicensed SVF or designated RPS; and details of safe harbour provisions and regulatory/enforcement guidelines under consideration for clarifying the liabilities and protecting the interests of ISPs;
- (g) provisions in other local legislation on the liabilities of ISPs or exemptions from liabilities arising from services provided by the ISPs to unlicensed business operations;

Protection of consumers' interests

- (h) how the Hong Kong regulatory regime for SVF will enhance protection of consumers' interests, in particular in relation to the recovery of the outstanding stored value when an SVF issuer defaults;
- (i) education and publicity measures to promote public understanding of the Hong Kong regulatory regime, including: (i) enhancing public awareness about SVF/RPS licensed/designated by HKMA, given that different subsidiaries/branches belonging to the same international company group may operate SVF/RPS services in various jurisdictions and there may be confusion as to whether their operations in Hong Kong are licensed/designated; and (ii) mechanism for handling complaints/disputes in relation to Hong Kong-issued SVF or designated RPS used by visitors in or outside Hong Kong;

Overseas experiences and cross-boundary cooperation in the regulation of SVF and RPS

- (j) comparison of the proposed regulatory regimes for SVF and RPS with those in major overseas jurisdictions including the United States, United Kingdom, Australia, Singapore, Malaysia and the Mainland, on aspects such as coverage, licensing/designation criteria, supervisory and enforcement powers of the regulators, legal liabilities of service providers (e.g. ISPs) facilitating the operations of unlicensed SVF or designated RPS;
- (k) the non-compliance situation in the SVF and RPS regulatory regime in the Mainland;
- (l) list of jurisdictions HKMA intends to enter into a memorandum of understanding ("MOU") with on the cooperation for exchange of information and enforcement against non-complying SVF issuers and RPS operators, the progress of the discussions, and the major matters to be covered in the MOUs; and
- (m) list of issuers or system operators which have indicated interest in setting up/providing SVF or RPS services in Hong Kong, and details of the current regulation they are subject to in other jurisdictions.