

THE SVF LICENSING REGIME IN HONG KONG

THE HIGHLIGHTS OF THE REGULATORY REQUIREMENTS AND HOW SIA PARTNERS CAN HELP

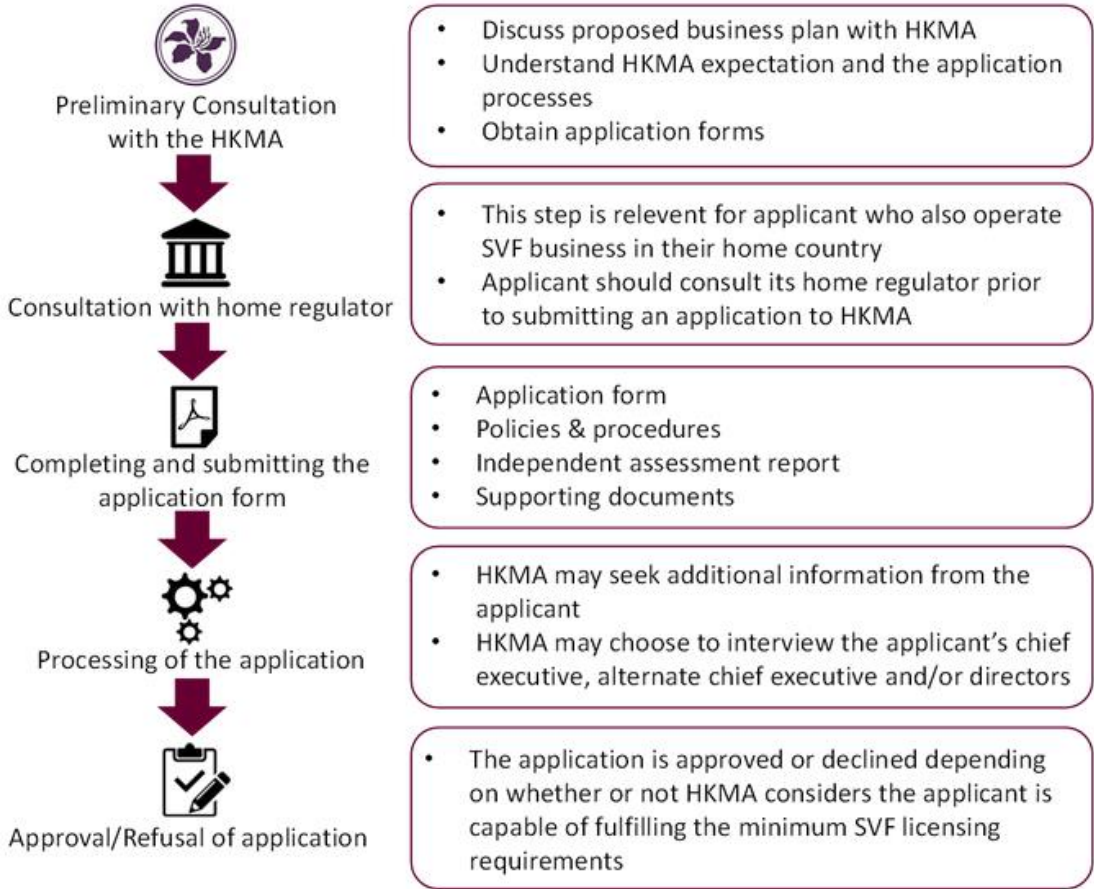


By definition, Stored Value Facilities are means of payment which can be used for storing the value of an amount of money that is paid into the facility from time to time. With the introduction of the Clearing and Settlement Systems (Amendment) Bill in 2015, institutions must now undergo a licensing application process administered by the Hong Kong Monetary Authority (HKMA) before launching a SVF business in Hong Kong.

Overview of the SVF Licensing Regime in Hong Kong

The Application Process

Application for the SVF license takes a long time. Our experience suggests it usually takes 9 months to 1 year to complete the end-to-end process:



Throughout the application process, the independent assessment result is one of the key considerations for granting an SVF license. Hence, when preparing for the application, the applicant should consider every HKMA focus area to ensure the SVF operations and compliance process can be managed effectively.

The Licensing Criteria & Obligation

HKMA has laid out 10 minimum criteria to be fulfilled by a SVF license applicant:

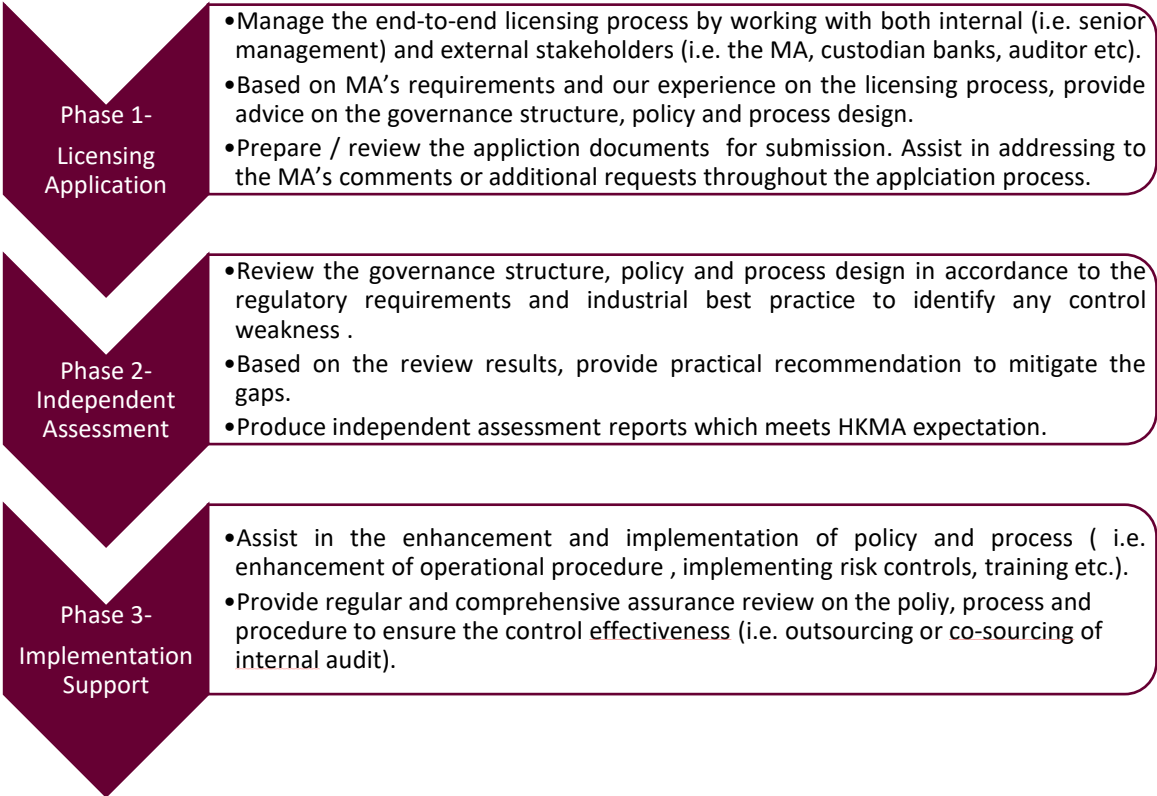
Business Model Setup	Resources Readiness	Risk & Operations Management
<ul style="list-style-type: none"> • SVF as a principal business • Purpose and soundness of the SVF scheme 	<ul style="list-style-type: none"> • Adequate financial resources (no less than \$25 million) • 'Fit and proper' person for the management team • Staff with sufficient knowledge and experience 	<ul style="list-style-type: none"> • Prudential and risk management • Appropriate and adequate AML/ CFT measures • Management of float and SVF deposit • Redemption of outstanding stores value • Prudent & sound operating rules

The license will only be granted when HKMA is being reassured that all the above criteria will be fulfilled. Hence, firms interested to start a SVF business in Hong Kong need to demonstrate that they can meet the minimum criteria and they will continue to meet the criteria after the license is granted.

Getting Prepared to Launch your SVF Business in Hong Kong

We can assist you throughout the application process

The licensing process is a massive exercise which takes a lot of collaboration effort and requires sufficient expertise to support. Sia Partners has the right expertise to help you manage and completed the HKMA SVF licensing process. We have in-depth industry knowledge and experience supported by a robust methodology. Our solution is customisable to best suit your needs.



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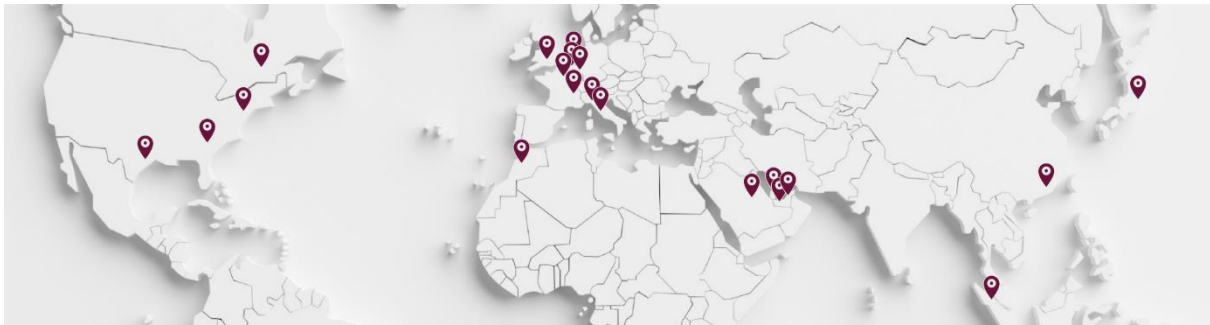
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ABOUT SIA PARTNERS

Founded in 1999, Sia Partners is an independent global management consulting firm with over 850 consultants and an annual turnover of USD 150 million. The Group has 20 offices in 15 countries, including the U.S., its second biggest market. Sia Partners is renowned for its expertise in the Energy, Banking, Insurance, Telecommunications and Transportation sectors.

Our risk & regulatory team in Asia composed of locally staffed financial services professionals with extensive experience on various type of Regulatory & Compliance topics and change management. We could tailor our offerings in order to meet your circumstances and needs.



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