Banks and financial institutions

Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland and Germany),
Solicitor (England & Wales and Hong Kong)
Of Counsel, KGP Legal LLC
alexander.ressos@kgplegal.com.sg
www.ressos.com.sg

We are a Swiss bank, so can we offer crypto custody and trading without a new licence? Yes. A banking licence covers custody and trading of crypto assets as ancillary services, subject to notification to FINMA of the change in business. The bank must comply with the capital treatment of crypto exposures under FINMA's implementation of the Basel standard, with segregation under Art. 16 no. 1bis BankA and with the AML rules for crypto transactions. FINMA expects a risk analysis, a business plan and evidence of the operational capability before the service starts.[1]

We are a Singapore bank, so what can we do with digital assets? Custody and trading of DPTs for customers require an exemption or licence under the PSA, which banks hold by virtue of their banking licence for most payment services, and compliance with the DPT notices. Tokenised deposits and participation in Project Guardian pilots proceed under MAS's sandbox and pilot frameworks. Retail distribution of DPTs is restricted by the consumer access measures, and MAS has discouraged banks from offering DPT trading to retail customers.[2]

A customer wants to deposit the proceeds of a token sale, so what do we ask for? The classification memorandum or FINMA letter, the token sale documentation, the list of purchasers and their onboarding evidence, the on-chain

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

record of the proceeds, the conversion trail to fiat, the tax treatment of the proceeds and the use of proceeds plan. A token sale that onboarded purchasers through a reputable AML provider and that has a FINMA letter is bankable. A token sale that accepted anonymous purchases is not, whatever the amount.[3]

How do we treat a customer's staked ETH for capital and segregation purposes? In Switzerland, FINMA's 2023 guidance allows a bank to treat staked assets as custody assets segregable under Art. 16 BankA under five conditions. The assets remain attributed to the customer, the customer has instructed the staking, the validator is identified, the slashing and unbonding risks are disclosed and the bank does not pool the assets with its own. Assets staked on other terms are deposits and fall into the bank's estate. In Singapore, staking for retail customers is prohibited for DPT providers, while for accredited investors the custody terms must address title and risk.[4]

A customer's wallet is flagged as having received funds from a sanctioned mixer, so what do we do? Treat it as a sanctions and AML alert with a documented investigation. Determine whether the exposure is direct (the customer transacted with the sanctioned address) or indirect (funds passed through intermediate addresses). Direct exposure to a SECO- or OFAC-listed address is a prohibited transaction in Switzerland if SECO has listed it and a serious risk indicator otherwise. Document the analysis, consider a report to MROS or STRO, freeze if the reporting threshold is met and do not inform the customer of the report. The travel rule and wallet screening procedures in Chapter II apply to the investigation.[5]

Do we need to screen the wallets of counterparties for travel-rule transfers? Yes in both countries, although the content of the duty differs. Switzerland requires identification of the counterparty VASP and, for unhosted wallets, verification of the customer's control. Singapore requires counterparty due diligence under PSN02 and risk-based measures for unhosted wallets. A transfer to a counterparty that cannot receive the travel-rule data should be treated as high risk, and many institutions block it altogether.[6]

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

Notes

1. BankA Art. 3 para. 2 and Art. 16 no. 1bis; FINMA's implementation of the BCBS prudential standard on crypto-asset exposures (SCO60) through its circulars; see Part E, Chapter II and Part O, Chapter V. ↩
2. Payment Services Act 2019, s. 13 (exempt payment service providers) and the First Schedule; MAS consumer access measures; see Part K, Chapters III and VII. ↩
3. Part F, Chapter III and Part P, Chapter IX. ↩
4. FINMA Guidance 08/2023 of 20 December 2023; MAS consumer access measures; see Part E, Chapter VIII and Part K, Chapter VIII. ↩
5. AMLA Art. 9 and 10; Embargo Act; CDSA s. 45; see Part F, Chapters V and VII and Part L, Chapters IV and VI. ↩
6. AMLO-FINMA Art. 10; MAS Notice PSN02; see Part F, Chapter IV and Part L, Chapter III. ↩

Disclaimer

This article is provided for general information only. It is based on publicly available sources as at its date of publication. These sources have not been independently verified against licences, regulatory registers or the records of the entities concerned. It is not legal, tax, financial or investment advice. Nor is it a recommendation to invest in, transact with or use the services of any entity mentioned. Law and regulation change frequently, so the content may be incomplete or outdated. To the fullest extent permitted by law, Dr Alexander Ressos and the publisher of SingaporeIQ exclude all liability for loss or damage arising from the use of or reliance on this article. Readers should obtain advice on their specific circumstances before acting or refraining from action.

Names and trademarks of the entities discussed belong to their owners and are used for identification only. Their mention implies no endorsement, affiliation or allegation of wrongdoing. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. Corrections and updates: contact@ressos.com.

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

© 2026 Dr Alexander Ressos. This article may be quoted with attribution to SingaporeIQ (SingaporeIQ.com). Reproduction in full and any commercial use require prior written consent. The Legal Terms at https://singaporeiq.com/legal-terms apply.

Author contact: Dr Alexander Ressos, TEP · contact@ressos.com

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.