Classification in practice: a decision sequence

Dr Alexander Ressos, TEP
Of Counsel, KGP Legal LLC
Attorney-at-Law (Switzerland and Germany), Solicitor (England & Wales and Hong Kong)

Checklist

Apply the following steps, in order, to any token and record the answer to each: 1. Does the holder have a claim against any identifiable person? If yes, go to step 2. If no, the token is a payment or utility token (Switzerland) and a DPT if it is used as a medium of exchange (Singapore). 2. Is the claim for money in a fixed currency? If yes, the token is a stablecoin and Chapter IV applies. 3. Is the claim for a share of profits, assets or a pool? If yes, the token is an asset token (Switzerland), a capital markets product (Singapore) and a financial instrument (EU). 4. Is the claim for access to a service that exists now? If yes, the token is a utility token and outside securities law in all three systems, subject to AMLA and PSA consequences if it also serves as payment. 5. Is the service not yet live? If so, treat the token as an asset token in Switzerland until it is. 6. Does the token confer voting rights only? Examine whether the vote can allocate economic value to holders and whether it has done so. 7. Is the token unique and non-fungible? Examine what it represents and whether it is part of a series or fractionalised. 8. Date the analysis and diarise a review when the protocol changes.

The steps are deliberately simple. The difficulty in practice lies in establishing the facts at step 1, which requires the technical review set out at the end of Chapter I, and in resisting a client's wish to be told that a token is a utility token when its white paper promises price appreciation.

Copyright © 2026 Dr Alexander Ressos, TEP – Of Counsel, KGP Legal LLC. SingaporeIQ is an information website and gives no legal advice. For Singapore law advice through KGP Legal LLC, please write to alexander.ressos@kgplegal.com.sg