Founders

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I am building a protocol, so should I incorporate in Zug or in Singapore? For the protocol foundation and the token issuer, the answer in most cases is Zug. Swiss law offers the foundation as a dedicated non-commercial vehicle, the DLT Act gives the token a clear legal footing and FINMA's classification practice is predictable. For the operating company that employs engineers and serves Asian customers, Singapore, provided it performs no regulated activity without a licence. The common pattern is a Zug foundation holding the treasury, a Zug or Swiss operating company for development and a Singapore subsidiary for Asia, with a Singapore MPI licence only if Asian customers will be served directly.[1]

Do I need FINMA's blessing before I sell tokens in Switzerland? Not as a matter of law, but as a matter of practice, because FINMA's assessment letter is what exchanges, banks and SROs ask for before they deal with you. If your token is clearly a payment or utility token with a live platform, counsel's opinion may suffice. If there is any investment element at the time of sale, obtain the letter, because the cost of being wrong is a FinSA prospectus violation or, for a stablecoin, unlicensed deposit-taking.[2]

Can I pay my developers in tokens instead of salary? Yes in both countries, although the tax and employment law consequences differ and must be planned before the first payment. In Switzerland tokens paid to employees are salary at market value on receipt, subject to income tax and social security, with Circular 37 governing plans that include vesting conditions. In Singapore tokens received for services are income at market value when received. The QEEBR scheme can defer tax on employee token plans that qualify. Contractors in either country are taxed on receipt as business income.[3]

What happens to my foundation if the project fails? The foundation continues to exist with its purpose until the supervisory authority dissolves it or approves a change of purpose under Art. 86 CC. The assets cannot revert to you or to the operating company under any circumstances. In practice, a failed protocol foundation either redirects its remaining assets to a successor project with a compatible purpose, with ESA's approval, or is liquidated with the assets going to another tax-exempt entity. Founders who treat the foundation treasury as a reserve for the operating company are the ones who end up in dispute with ESA.[4]

My token has a governance function and the protocol collects fees, so is it a security? This is the hardest classification question in current practice in both jurisdictions. If the fees flow to token holders, in Switzerland the token confers a claim to revenue and is an asset token and therefore a

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security. If the fees flow to a treasury the holders govern but have no right to receive, FINMA has so far treated the token as outside the securities definition, although the position is under review. MAS looks at substance and would treat a token whose value derives from a right to protocol revenue as a capital markets product. Design the fee mechanism before the token, because it is the fee mechanism that determines the classification.[5]

Can I run an exchange from Zug without a FINMA licence? A spot exchange for payment tokens and utility tokens that holds client assets is a financial intermediary under the AMLA and needs SRO affiliation but no FINMA licence, provided it does not take deposits in the banking sense. The custody of client crypto must be structured for segregation under Art. 242a DEBA. Fiat must be held in settlement accounts within the 60-day exemption or at a bank, and no securities tokens may be traded on the platform. Listing a single asset token converts the business into a securities firm or trading venue.[6]

Can I run an exchange from Singapore without an MPI licence? No. Dealing in or facilitating the exchange of DPTs is a payment service under the PSA, and MAS has granted no exemption for small exchanges. The only alternative is not to operate from Singapore at all, which after 30 June 2025 means that no digital token service may be provided from a Singapore place of business to anyone.[7]

How do I get a bank account for a crypto company? In Switzerland, approach the banks that have a crypto desk (several cantonal banks, Sygnum, AMINA, a few private banks) with a complete file. The file contains the business plan, the SRO membership or application, the AML concept, the founders' source of wealth and the company's source of funds with on-chain evidence. In Singapore, DBS, OCBC and UOB open accounts for licensed or in-principle-approved DPT providers and for unregulated technology companies in the group, with the same file. Expect two to four months and at least one refusal before an account is opened, and read Part P, Chapter IX for the questions banks ask.[8]

Notes

1. The entity patterns are set out in Part P, Chapters II to IV; the DTSP problem that limits the Singapore subsidiary's role is at Part K, Chapter V.
2. FINMA ICO Guidelines of 16 February 2018; see Part E, Chapters I and XII.
3. FTA Circular No. 37 of 30 October 2020 on employee participation; IRAS e-Tax Guide, Income Tax Treatment of Digital Tokens; see Part G, Chapter IV and Part M, Chapter VI.
4. Civil Code Art. 86 and 88; see Part P, Chapter II.
5. The governance-token analysis is at Part E, Chapter IX and Part K, Chapter IX.
6. AMLA Art. 2 para. 3; BankO Art. 5 para. 3 lit. c; FinMIA Art. 73a ff.; see Part E, Chapters II and V and Part F, Chapter II.
7. Payment Services Act 2019, First Schedule, Part 3; FSMA Part 9; see Part K, Chapters I and V.
8. The banking question is treated in Part P, Chapter IX.

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