Interaction with the Payment Services Act and the SFA

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The three statutes form a hierarchy. The Payment Services Act and the SFA are the main Acts and apply to services provided in Singapore or to persons in Singapore. Part 9 of the FSMA is residual and applies only to Singapore-connected providers whose services are provided outside Singapore and who are not licensed or exempt under a main Act for the same activity. The exemption in Part 9 for persons licensed or exempt under a main Act prevents double licensing.[1] A Singapore MPI that deals in DPTs for Singapore and foreign customers is governed by the Payment Services Act for all of them. A Singapore CMS licensee that deals in tokenised securities for foreign institutional clients is governed by the SFA.

The hierarchy produces one anomaly. A Singapore company that wants to serve foreign customers can obtain a Payment Services Act licence only if it also provides a payment service "in Singapore". MAS has read that phrase as requiring a Singapore customer base or a Singapore place of business from which the service is provided to Singapore persons. A company with no Singapore customers at all cannot apply under the Payment Services Act and must apply under Part 9, where MAS will almost certainly refuse. The route out is to build a Singapore customer base, which brings the consumer protection measures of Chapter III into play, or to leave. MAS

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appears to regard this result as intended: Singapore wants crypto firms that serve Singapore under Singapore rules and does not want to lend its name to firms that serve others.

Notes

1. Allen & Gledhill, 10 June 2025 (above): the Part 9 licensing requirement does not apply to a person providing a digital token service that must be licensed under the SFA, FAA or PSA or that is exempted from those Acts, or to a service specified in the Second Schedule to the FSMA. ↩

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