Licence conditions and ongoing requirements

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For the few persons who are licensed, the regime is fully specified. The Financial Services and Markets (Digital Token Service Providers) Regulations 2025 set a minimum base capital of S$ 250,000 and an annual licence fee of S$ 10,000.[1] They require MAS approval for the appointment of the chief executive, directors, partners and managers. They require an annual audit of the digital token service transactions with submission of the report to MAS, together with compliance with the FSMA fit and proper criteria as amended with effect from 30 June 2025.[2]

The eight Notices are numbered FSM-N27 to FSM-N34 and cover, in order, AML/CFT, reporting of suspicious activities and incidents of fraud, submission of regulatory returns, technology risk management, cyber hygiene, conduct, disclosures and communications, and specified matters and forms.[3] The AML/CFT Notice FSM-N27 follows the structure of PSN02 for payment licensees. It requires customer due diligence on all customers, enhanced measures for higher risk and reliance on third parties only where they are supervised to FATF-consistent standards. It prohibits cash payouts of S$ 20,000 or more, imposes the travel rule for value transfers and requires a management-level compliance officer with an independent audit function.[4]

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The Conduct Notice FSM-N32 contains a requirement that has no parallel in the payments regime. A licensee must maintain a minimum physical presence in Singapore, with staff on site for at least ten days a month and eight hours a day, subject to exceptions.[5] The requirement answers the "letterbox" concern directly. A firm that wants a Singapore licence to serve foreign customers must actually be in Singapore, with people whom MAS can visit. The Technology Risk Management Notice FSM-N30 imports the same architecture as PSN05: four hours' maximum unscheduled downtime for critical systems in twelve months, notification of a severe incident within one hour and a root cause report within fourteen days.[6]

Notes

1. Charltons Quantum, "Quantum Updates 50: Licensing regime for digital token service providers – SG FSM Act", 2025, stating the minimum base capital requirement of S$ 250,000 and the annual licence fee of S$ 10,000 under the DTSP Regulations. ↩
2. Rajah & Tann, June 2025 (above): the Regulations cover licence applications and fees, minimum financial requirements, approval of CEOs, directors, partners and managers, and an annual audit with submission to MAS; the Fit and Proper Criteria Guidelines (FSG-G01) were amended with effect from 30 June 2025. ↩
3. Allen & Gledhill, 10 June 2025 (above), listing FSM-N27 (AML/CFT), FSM-N28 (suspicious activities and fraud), FSM-N29 (regulatory returns), FSM-N30 (technology risk management), FSM-N31 (cyber hygiene), FSM-N32 (conduct), FSM-N33 (disclosures and communications) and FSM-N34 (specified matters and forms). ↩
4. Rajah & Tann, June 2025 (above), summarising FSM-N27: risk assessment, CDD on all existing customers, third-party reliance conditions, correspondent account controls, prohibition on cash payouts of S$ 20,000 or more, value transfer (travel rule) requirements, and a qualified compliance officer at management level with independent audit. ↩

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5. Rajah & Tann, June 2025 (above): FSM-N32 requires a minimum on-site presence of at least ten days a month and eight hours a day, with exceptions. ↩

6. Rajah & Tann, June 2025 (above): FSM-N30 requires critical system downtime below four hours per twelve months, notification within one hour of a severe incident and a root cause report within fourteen days. ↩

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