Licensing categories relevant to digital assets

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The licence a digital-asset business needs depends on the function its product performs. Six regimes cover the field.

Activity	Act	Licence or status	Supervising view
Dealing in, exchanging, transferring or safeguarding digital payment tokens; facilitating exchange	Payment Services Act 2019	Standard or major payment institution licence (DPT service)	Payments and AML/CFT
Issuing e-money or a regulated stablecoin	Payment Services Act 2019 (e-money, and the stablecoin framework once legislated)	Major payment institution licence; stablecoin issuer requirements	Payments, monetary
Dealing in or managing tokens that are capital markets products;	Securities and Futures Act 2001	Capital markets services licence; approved	Capital markets

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Activity	Act	Licence or status	Supervising view
operating a token exchange		exchange or recognised market operator	
Advising on tokens that are investment products	Financial Advisers Act 2001	Financial adviser's licence or exemption	Conduct
Holding tokens on trust as a business	Trust Companies Act 2005	Trust business licence	Prudential and conduct
Providing digital token services from Singapore to customers outside Singapore only	Financial Services and Markets Act 2022, Part 9	DTSP licence (granted only in extremely limited circumstances)	AML/CFT
Accepting deposits, including tokenised deposits	Banking Act 1970	Bank licence	Prudential

The Payment Services Act 2019 is the regime most crypto businesses meet first. Section 5 forbids carrying on a business of providing any payment service without a licence. Section 6 provides three classes of licence: money-changing, standard payment institution and major payment institution. A licensee must hold a major payment institution licence once the average monthly value of transactions it processes exceeds S$ 3 million for any one payment service or S$ 6 million for two or more. The same applies once its average daily e-money float exceeds S$ 5 million.[1] The definition of "digital payment token" in section 2(1) requires a digital representation of value that is expressed as a unit, that is neither denominated in nor pegged to any currency, that is intended to be a medium of exchange accepted by the public and that can be transferred, stored or traded electronically. That definition deliberately excludes fiat-pegged stablecoins, which are e-money if they are denominated in a currency and are issued against receipt of money.[2] Part K, Chapter I analyses the perimeter.

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The Securities and Futures Act 2001 governs tokens that are capital markets products: securities, units in a collective investment scheme and derivatives. A platform that trades such tokens needs to be an approved exchange or a recognised market operator. A dealer needs a capital markets services licence for dealing in capital markets products, while a manager of a fund holding such tokens needs a licence for fund management. The 2020 edition of the MAS Guide to Digital Token Offerings explains the classification with case studies and remains the reference text for the capital-markets perimeter.[3] Part K, Chapter IV covers the regime.

Example: A Zug GmbH has issued a utility token that grants access to its decentralised storage network. It now wants to open a Singapore subsidiary that will sell the token to Asian customers for Singapore dollars and will hold customers' tokens in a hosted wallet. Classification comes first. The token confers no financial rights and is intended as a medium of exchange within the network, so it is a digital payment token under the Payment Services Act 2019 if the public accepts it as a means of payment. MAS has read that requirement broadly. Selling the token for fiat is "dealing in digital payment tokens". Holding it for customers is a "digital payment token service" of the custodial kind since 4 April 2024. The subsidiary therefore needs a payment services licence, standard if below the thresholds, major above them. It does not need a capital markets services licence, because the token is not a capital markets product. It does not need a Part 9 DTSP licence, because it serves customers in Singapore and holds a Payment Services Act licence. The Swiss side of the analysis, whether the Zug GmbH is a financial intermediary under the Anti-Money Laundering Act (AMLA; GwG), is dealt with in Part F, Chapter II.

Notes

1. Payment Services Act 2019 (2020 Rev Ed), s. 5 (licensing requirement), s. 6(4)(b) (the seven payment services: account issuance, domestic money transfer, cross-border money transfer, merchant acquisition, e-money issuance, digital payment token service, money-changing) and s. 6(5) (thresholds for the major payment institution licence), text as published on Singapore Statutes Online. ↩

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2. Payment Services Act 2019, s. 2(1), definition of "digital payment token" (digital representation of value, other than an excluded digital representation of value, that is expressed as a unit, is not denominated in or pegged to any currency, is or is intended to be a medium of exchange accepted by the public, and can be transferred, stored or traded electronically). ↩
3. MAS, "A Guide to Digital Token Offerings", first issued 14 November 2017 and last updated 26 May 2020, building on the MAS clarification of 1 August 2017 that offers of digital tokens constituting products regulated under the Securities and Futures Act would be regulated. ↩

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