Phase six, 2024–2026: the overseas-only providers

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The last building block addressed a problem that had embarrassed MAS since the Three Arrows and Terraform collapses: entities incorporated in Singapore that served no Singapore customers and therefore sat outside the Payment Services Act, which regulates services provided in Singapore. The Financial Action Task Force had required since 2019 that virtual asset service providers be licensed or registered at least in the jurisdiction where they are created. Singapore's own Financial Services and Markets Act 2022 had carried, since its enactment, a Part 9 that would license such providers for anti-money-laundering purposes. MAS consulted on the implementing regulations and notices on 4 October 2024, with the consultation closing on 4 November 2024.[1]

On 30 May 2025 MAS published its response. Part 9 would commence on 30 June 2025. There would be no transitional arrangement. Providers of digital token services who operated from Singapore and served only overseas customers would need a licence from that date or would have to cease. MAS stated that it had set the bar high and would generally not issue such licences, because it could not supervise the conduct of business toward customers it did not protect and because the risk of reputational contagion was high. On 6 June 2025, after a wave of alarm in the

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industry, MAS clarified the scope. The regime caught only providers of services relating to digital payment tokens and tokens of capital markets products. It did not affect persons already licensed under the Payment Services Act or the Securities and Futures Act, who could continue to serve both Singapore and overseas customers. MAS added that it was aware of only a very small number of providers that fell within the category. It said that licences would be granted only in extremely limited circumstances.[2]

The regime commenced on 30 June 2025 with the Financial Services and Markets (Digital Token Service Providers) Regulations 2025, a set of notices numbered FSM-N27 to FSM-N34 and Guidelines on Licensing for Digital Token Service Providers.[3] Its consequences are examined in Part K, Chapter V. For the purposes of this chapter the regime closes the historical arc. The 2014 statement had regulated the on-ramp for Singapore customers. The 2025 regime regulates the Singapore address itself. A company can no longer use Singapore incorporation as a badge of respectability while conducting its token business entirely abroad.

Cross-border perspective

The Part 9 regime has a direct consequence for the "Zug foundation plus Singapore company" structures that Part P, Chapter II describes. If the Singapore company's role is to sell tokens or run an exchange for customers outside Singapore, it needs a Part 9 licence that MAS has said it will almost never grant. If the Singapore company serves Singapore customers as well, it needs a Payment Services Act licence and is then free to serve overseas customers too. If the Singapore company's role is confined to software development, treasury management or protocol governance with no dealing, exchange, transfer or custody of tokens for others, it needs no licence. Founders who set up Singapore entities between 2018 and 2024 for the first of those purposes have, since 30 June 2025, either re-domiciled, changed the entity's function or obtained a Payment Services Act licence by taking on Singapore customers. The structuring choice must now be made with Part 9 in mind from the start.

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Notes

1. FATF, "Guidance for a Risk-Based Approach to Virtual Assets and Virtual Asset Service Providers", June 2019 (updated October 2021), para. 76 ff. on licensing in the jurisdiction of creation; MAS, "Consultation Paper on Proposed Regulatory Framework for Digital Token Service Providers under the Financial Services and Markets Act 2022", 4 October 2024. ↩
2. MAS, "Response to Feedback Received on Proposed Regulatory Framework for Digital Token Service Providers", 30 May 2025, and MAS media release of 6 June 2025, "MAS Clarifies Regulatory Regime for Digital Token Service Providers", as summarised in Allen & Gledhill, "Regulatory framework for digital token service providers under Financial Services and Markets Act 2022 in operation on 30 June 2025" (10 June 2025) and "Clarifications on licensing under Part 9 of Financial Services and Markets Act 2022" (11 June 2025), and in CNPLaw's note of June 2025 on the clarification. ↩
3. Financial Services and Markets (Digital Token Service Providers) Regulations 2025; MAS Notices FSM-N27 to FSM-N34; MAS Guidelines on Licensing for Digital Token Service Providers, all in operation from 30 June 2025, as listed in Allen & Gledhill's note of 10 June 2025. ↩

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