Prohibited inducements and credit

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Three prohibitions follow. First, a provider may not offer any incentive, monetary or otherwise, to prospective or existing retail customers. The prohibition covers sign-up bonuses, referral rewards, trading fee rebates offered as promotions, "learn and earn" programmes that pay tokens for completing tutorials, and gifts of tokens or merchandise.[1] Second, a provider may not offer a retail customer any credit facility to finance the purchase of DPTs or to maintain a position, and may not enter into a leveraged DPT transaction with a retail customer. Margin trading, futures and perpetual contracts on DPTs are therefore unavailable to retail customers of a licensed Singapore provider. Third, a provider may not accept payment by credit card or charge card issued in Singapore for the purchase of DPTs. Cards issued outside Singapore may be accepted.[2]

The prohibition on leveraged transactions has a significant consequence for the perimeter. Many token derivatives are capital markets products under the SFA and fall outside the DPT service under the Payment Services Act. A provider that wants to offer perpetual futures on bitcoin to Singapore customers therefore needs a capital markets services licence and must treat the product as a derivative. Even with

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that licence, MAS has indicated that it does not expect to permit such products to be offered to retail customers. The retail derivatives business that exists in Hong Kong and in parts of Europe therefore has no Singapore equivalent.

Notes

1. Morgan Lewis, November 2023 (above): providers are prohibited from offering incentives, monetary or otherwise, including sign-up, referral and trading incentives and "learn-and-earn" programmes. ↩
2. Morgan Lewis, November 2023 (above): no credit facility or leveraged DPT transaction with a retail customer; no acceptance of credit or charge card payments except from foreign-issued cards. ↩

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