# Singapore's company limited by guarantee

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Singapore has neither a foundation nor an association with legal personality in the Swiss sense. The wrapper that emerged from 2018 onward is the company limited by guarantee (CLG) under s. 17 of the Companies Act 1967. A CLG has no share capital. Its members undertake to contribute a nominal sum, typically S$ 1 to S$ 10, if the company is wound up. It is managed by directors who owe the ordinary duties of company directors. It may not distribute profits to members and must apply its income to its objects. Many protocols incorporated CLGs in Singapore between 2018 and 2022 and called them "foundations" in their public materials, which they are not.[1]

The CLG works adequately as a grant-making and ecosystem body. It works poorly as a DAO wrapper for three reasons. Its members are the guarantors named in its constitution and cannot be an open class of token holders without a mechanism the Act does not contemplate. Its directors control it and are liable for it, so a DAO vote cannot bind them in law. And it is a company, so it must file accounts, have a resident director, hold meetings and comply with the Companies Act in full. The CLG was popular in Singapore because it was the only available form and because until 2022 MAS and ACRA paid it little attention. After the Terraform and Three

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Arrows collapses, which involved Singapore entities, scrutiny of protocol CLGs increased, and after the DTSP regime took effect on 30 June 2025 a CLG that performs any digital token service for persons outside Singapore needs a licence it will not receive. Many protocol CLGs were wound up or redomiciled during 2025.[2]

## Singapore perspective

A protocol with Singapore roots that still holds its treasury in a Singapore CLG should review three points before the end of 2026. First, does the CLG perform any activity that is a digital token service under Part 9 of the FSMA 2022, such as holding tokens for others, operating a front-end or facilitating transfers? If so, it is operating without a licence. Second, do the directors understand that they are personally responsible for the CLG's compliance and cannot defer to a DAO vote? Third, would the treasury be better held in a Swiss foundation, with the Singapore entity reduced to a development or grants company? Part P, Chapter IV works through the redomiciliation.

# Notes

1. Companies Act 1967 (Singapore), s. 17(2) (company limited by guarantee), s. 29 (power to omit "Limited" from the name for non-profit companies) and Part 5 on directors' duties. Part P, Chapter III. ↩
2. Terraform Labs Pte Ltd was a Singapore private company; the Luna Foundation Guard was a Singapore CLG. The post-2022 scrutiny and the DTSP consequences are recorded in Part I, Chapter III and Part K, Chapter V. ↩

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