Stage two: the issuing entity and the treasury

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Chapters II and III have set out the vehicles. For the launch the question is which entity is the issuer, because the issuer carries the prospectus liability, the AML duties and the tax on the sale. The usual choice is the foundation for a payment or utility token, because the foundation's lack of owners answers the asset-token question (no one profits from the issuer's success) and because the treasury should be in the foundation anyway. The usual choice for a security token is the operating AG, because the token represents a claim against it. A Singapore CLG can issue a payment or utility token without objection from MAS. The CLG's issuance of a digital payment token to the public is nonetheless "dealing in digital payment tokens" if done as a business, which brings the PSA into play for the issuer itself.[1] Switzerland has no equivalent rule for the issuer of a payment token beyond AML affiliation, which is one of the reasons the issuing foundation sits in Zug.

Notes

1. Payment Services Act 2019, First Schedule, Part 3, para. 1(a) (dealing in digital payment tokens: buying or selling DPTs in exchange for money or other

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DPTs); MAS, "A Guide to Digital Token Offerings", 26 May 2020, para. 3.5 (an issuer dealing in DPTs may require a licence under the PSA). Part K, Chapter I. ↩

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