Staking for institutional and accredited customers

Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland and Germany),
Solicitor (England & Wales and Hong Kong)
Of Counsel, KGP Legal LLC
alexander.ressos@kgplegal.com.sg
www.ressos.com.sg

Staking remains available to accredited and institutional investors. The question for a provider is how the activity is classified under the Acts.

Custodial staking, in which the provider holds the customer's tokens and stakes them on the customer's behalf, is a custodial wallet service under the Payment Services Act, because the provider safeguards the tokens or the instruments enabling control over them.[1] The provider needs a DPT licence covering custody and must apply the segregation rules to the staked tokens. That raises an operational problem, because staked tokens are locked in a validator and cannot be held in cold storage in the ordinary sense. MAS has accepted that tokens staked at a customer's instruction are held in trust for that customer even while locked, provided the provider's records identify the customer's entitlement and the provider does not commingle staked tokens with its own.[2]

The rewards from staking belong to the customer under the usual terms, less the provider's fee. The provider is not taking a deposit, because it does not acquire the tokens for its own account and does not owe the customer a fixed return. The analysis changes if the provider promises a fixed yield regardless of the validator's

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

actual rewards. A promise of that kind is a debt obligation of the provider. Depending on how the tokens are used, it may make the arrangement a debenture under the SFA, or a collective investment scheme if the tokens of several customers are pooled and managed for a return.[3] The pooled staking products that Hodlnaut and others offered in 2021 and 2022 were in substance collective investment schemes without authorisation, which is one reason they fell between the Acts.

Non-custodial staking, in which the provider runs a validator and the customer delegates stake from the customer's own wallet without transferring control, is outside the custodial wallet service. The provider is a technical service provider in relation to the delegation. It may still be dealing in DPTs if it sells tokens to the customer. It may also be a digital token service provider under Part 9 of the FSMA if it is a Singapore company serving foreign customers, a point many validator businesses overlooked before June 2025.

Liquid staking, in which the customer receives a liquid staking token representing the staked position, adds a layer. The liquid staking token is itself a DPT if it is transferable and used as a medium of exchange, which most are. The provider that issues it in exchange for the customer's tokens is dealing in DPTs. If the liquid staking token represents a share in a pool managed by the provider, the collective investment scheme analysis applies in addition.

Staking model	Payment Services Act	SFA	Retail availability
Custodial, rewards passed through	Custodial wallet service; segregation applies	Not a capital markets product	Prohibited
Custodial, fixed yield promised	Custodial wallet service	Possible debenture or CIS	Prohibited
Pooled staking with pooled rewards	Custodial wallet service	Likely CIS; authorisation needed	Prohibited

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

Staking model	Payment Services Act	SFA	Retail availability
Non-custodial delegation	Technical service (outside) unless dealing	Not a capital markets product	Not a DPT service; outside the prohibition
Liquid staking token issuance	Dealing in DPTs	Possible CIS if pooled	Prohibited through licensee

Notes

1. PSA, First Schedule, Part 3, definition of "digital payment token service", para. (d) (custodial wallet service), as amended with effect from 4 April 2024. ↩
2. MAS, Response to Feedback Received on Proposed Amendments to the Payment Services Regulations, 2 April 2024, on the treatment of customers' DPTs that are staked or otherwise deployed with the customer's consent. ↩
3. SFA, s. 2(1), definitions of "debenture" and "collective investment scheme", applied to pooled staking arrangements with a promised return. ↩

Disclaimer

This article is provided for general information only. It is based on publicly available sources as at its date of publication. These sources have not been independently verified against licences, regulatory registers or the records of the entities concerned. It is not legal, tax, financial or investment advice. Nor is it a recommendation to invest in, transact with or use the services of any entity mentioned. Law and regulation change frequently, so the content may be incomplete or outdated. To the fullest extent permitted by law, Dr Alexander Ressos and the publisher of SingaporeIQ exclude all liability for loss or damage arising from the use of or reliance on this article. Readers should obtain advice on their specific circumstances before acting or refraining from action.

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

Names and trademarks of the entities discussed belong to their owners and are used for identification only. Their mention implies no endorsement, affiliation or allegation of wrongdoing. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. Corrections and updates: contact@ressos.com.

© 2026 Dr Alexander Ressos. This article may be quoted with attribution to SingaporeIQ (SingaporeIQ.com). Reproduction in full and any commercial use require prior written consent. The Legal Terms at https://singaporeiq.com/legal-terms apply.

Author contact: Dr Alexander Ressos, TEP · contact@ressos.com

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.