Supervision and enforcement of the measures

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Interaction with the lending and staking restriction

The restriction on lending and staking of retail customers' tokens is formally part of the segregation regime in the Payment Services Regulations. It belongs in the same picture as the consumer access guidelines. A DPT provider may not lend, stake or otherwise encumber tokens belonging to retail customers, whether for its own account or on the customer's instruction. It may continue to offer such services to accredited and institutional investors.[1] Chapter VIII examines the restriction and its consequences for yield products in detail.

The measures are enforced through three channels. The first is the licence itself. MAS has written the consumer protection requirements into the conditions of DPT licences granted since 2023, so that a breach is a breach of a licence condition under s. 20 PSA and can lead to directions, additional conditions, suspension or revocation.[2] The second is the Guidelines' own status. Guidelines are not binding law, but MAS states in each set that it will take compliance into account in assessing fitness and propriety and in deciding whether to grant or renew approvals. A licensee that disregards PS-G03 therefore risks its management's standing with the

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regulator even where no condition is breached. The third is inspection. MAS has included the risk awareness assessment records, the incentive prohibition and the marketing approvals in the scope of its inspections of DPT licensees since 2024, and has required remediation where the records were incomplete.

The measures also interact with the private law. A retail customer who was onboarded without a risk awareness assessment, who received an incentive or who was given credit in breach of the Guidelines has no statutory cause of action under the Payment Services Act. The customer may nonetheless rely on the breach as evidence of negligence or of a failure to meet the standard of a reasonable provider, and the complaints handling procedure that the Guidelines require gives the customer a documented path to mediation or the courts in Singapore. The Singapore courts have not yet decided a case in which a breach of PS-G03 was pleaded, but the analogous use of MAS guidelines in financial advisory cases suggests that the courts would treat the Guidelines as the industry standard.[3]

Notes

1. MAS Media Release, 3 July 2023 (above): MAS will restrict DPT service providers from facilitating lending and staking of DPT tokens by their retail customers, while the activities remain available to institutional and accredited investors. ↩
2. PSA, ss 20 (conditions of licence), 25 (revocation or suspension of licence) and 102 (power to issue directions), as applied to breaches of consumer protection conditions. ↩
3. See the treatment of MAS guidelines as evidence of the standard of care in financial advisory negligence cases discussed in Part J, Chapter VI. ↩

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