The EU subsidiary question

Dr Alexander Ressos, TEP
Of Counsel, KGP Legal LLC
Attorney-at-Law (Switzerland and Germany), Solicitor (England & Wales and Hong Kong)

Once reverse solicitation is excluded, the Swiss or Singapore group has three options for the Union market. It can abandon the market and geo-block. It can distribute through an authorised Union partner under a white-label or introducing arrangement, in which the partner is the CASP facing the client and the Swiss or Singapore entity supplies technology, liquidity or custody as an outsourcing provider subject to Art. 73. Or it can set up its own CASP. The third option costs most. A realistic budget for a class 2 or class 3 CASP starts with own funds of EUR 125,000 to 150,000 or the fixed-overhead equivalent. It then adds a management body of at least two resident directors, compliance, risk and internal audit functions, a local AML officer, Union-domiciled custody of client assets, an audit relationship and legal fees. Timelines in 2025 and 2026 ran from six to eighteen months depending on the Member State.[1]

The choice of Member State turns on four factors: the authority's experience and speed, the availability of banking, the tax position and the language and staff pool. Swiss groups have favoured Germany, France and Luxembourg for proximity, with Malta and Lithuania used earlier for speed. Singapore groups have used Ireland, the Netherlands and France. In every case the Union entity must be more than a booking centre. ESMA's 2025 opinion on firms that route execution to non-Union group entities states that the CASP must retain control of the service. The non-Union entity's role must stay within what the outsourcing rules allow, which excludes the model of a Union front with a Zug or Singapore engine.

A structural question follows for the dual-hub group. With a Union CASP added, the group has three licensed entities under three regimes with three AML rulebooks. Part P, Chapter IV, addresses the operating model. The short point here is that MiCA's conduct rules, its custody rules and its market-abuse regime are in most respects stricter or more detailed than the Swiss rules and comparable to the Singapore rules. A group that writes its policies to the MiCA standard will usually satisfy Switzerland and Singapore, with the AML layer written to the stricter of FINMA's and MAS's requirements.

Notes

1. The figures reflect published national authority fee schedules and the author's practice. They change and must be checked at the date of application.

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