The Financial Services and Markets Act 2022 and the DTSP regime

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

The Financial Services and Markets Act 2022 is MAS's umbrella statute. It consolidates powers that previously sat in sector-specific acts, including the power to issue prohibition orders, to regulate technology risk across all licensees and to impose AML requirements on classes of persons that no other act covered.[1] Part 9 of the Act created the digital token service provider regime for a gap that the FATF had identified. A person who carried on a digital token business from Singapore but served only customers outside Singapore was, before the FSMA, outside the Payment Services Act and therefore unregulated for AML purposes. Part 9 requires such a person to be licensed. It covers Singapore-incorporated companies carrying on a digital token service outside Singapore wherever they operate from, and individuals or partnerships carrying on such a business outside Singapore from a place of business in Singapore.[2]

MAS brought Part 9 into operation on 30 June 2025 without any transitional period. In its response to consultation of 30 May 2025 and a clarification of 6 June 2025 it said that it had set the bar for a DTSP licence high and would generally not

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issue one. An offshore-only business, in MAS's view, carries higher money-laundering risk and cannot be supervised effectively when its substantive activity lies outside Singapore.[3] The effect was that Singapore-incorporated companies serving only foreign customers, a model that many token issuers and trading firms had used because it kept them outside the PSA, had to cease the activity, obtain a licence under another act, or move the entity. Persons already licensed or exempted under the PSA, the SFA or the Financial Advisers Act were excluded from the DTSP requirement. Part K, Chapter V analyses the regime and the restructuring it forced.

Singapore perspective

You can no longer use a Singapore private limited company as a neutral issuing or trading vehicle for a token business whose customers are all abroad. Since 30 June 2025 such a company needs a DTSP licence that MAS has said it will grant only in extremely limited circumstances. The remaining routes are three. A business that has customers in Singapore can seek a PSA licence, which brings the full set of conduct and custody obligations with it. A business whose tokens are securities can be licensed under the SFA. A business that wishes to stay offshore-only must move the entity to a jurisdiction that will license it. For many groups this has meant that the Singapore company became a holding, treasury or services entity while the regulated activity moved to a Swiss, Hong Kong or Dubai subsidiary. The one thing a business cannot do is carry on as before.

Notes

1. Financial Services and Markets Act 2022 (No. 18 of 2022), Parts 2 to 8 (general powers, prohibition orders, technology risk management, AML/CFT) and Part 9 (digital token service providers). ↩
2. Financial Services and Markets Act 2022, ss. 136 and 137 (definitions and licensing requirement for digital token service providers), in operation from 30 June 2025; Financial Services and Markets (Digital Token Service Providers) Regulations 2025. ↩

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3. MAS, "Response to feedback received on proposed regulatory approach, regulations, notices and guidelines for digital token service providers issued under the Financial Services and Markets Act 2022", 30 May 2025; MAS, media release "MAS clarifies regulatory regime for digital token service providers", 6 June 2025. ↩

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

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