The policy turn of 2022

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Until 2022 Singapore's approach to retail participation in crypto assets rested on disclosure. A licensed DPT service provider had to give customers a prescribed risk warning, and MAS repeatedly told the public that cryptocurrencies were highly risky and unsuitable for retail investors. The collapse of Terraform in May 2022 and of Three Arrows Capital in June 2022 both had Singapore connections. The failures of Hodlnaut, Vauld and Zipmex in the second half of the year and the FTX collapse in November followed. Together they persuaded MAS that disclosure alone was not working. The Managing Director said in public speeches during 2022 that MAS would treat retail speculation in crypto assets as a consumer hazard to be contained while continuing to support tokenisation and institutional infrastructure (see Part I, Chapter III).

The instrument chosen was a set of measures imposed through guidelines and licence conditions on DPT service providers, with the statutory basis in the user protection powers added by the Payment Services (Amendment) Act 2021. MAS issued the Consultation Paper on Proposed Regulatory Measures for Digital Payment Token Services on 26 October 2022, together with a separate consultation on stablecoins. The consultation closed on 21 December 2022. MAS then responded

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in two parts. Part 1 of 3 July 2023 dealt with segregation, custody and the lending and staking restriction. Part 2 of 23 November 2023 dealt with consumer access, business conduct and technology risk.[1]

The guidelines implementing the Part 2 response are the Guidelines on Consumer Protection Measures by Digital Payment Token Service Providers (PS-G03). They were published with a transition period, so that the consumer access measures took effect in stages from the fourth quarter of 2024 and were fully in force by mid-2025.[2] They sit alongside the earlier Guidelines on Provision of Digital Payment Token Services to the Public (PS-G02) of 17 January 2022, which govern marketing. The two identifiers are easily confused: PS-G02 is the marketing guideline and PS-G03 the consumer protection guideline.

Notes

1. Morgan Lewis, "MAS introduces further investor protection measures for digital payment token service providers", November 2023, recording the consultation of 26 October 2022, its close on 21 December 2022, the Part 1 response of 3 July 2023 and the Part 2 response of 23 November 2023. ↩
2. MAS, Guidelines on Consumer Protection Measures by Digital Payment Token Service Providers (PS-G03), issued following the Part 2 response of 23 November 2023, with phased effective dates in October 2024 and June 2025. ↩

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