The pre-action phase and the exchanges

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What exchanges will and will not do

Singapore-licensed exchanges are bound by the Payment Services Act, by MAS Notice PSN02 on anti-money laundering and by their own terms of service. They will not disclose customer information on a lawyer's letter, because doing so would breach the Personal Data Protection Act 2012 and their contract with the customer. They will usually freeze an account for a short period on a credible letter supported by a police report, because the letter gives them reasonable grounds for suspicion and the freeze is a defensive step under their AML obligations. They will disclose and freeze indefinitely on a court order. A lawyer who understands this sequence drafts the preservation letter to supply the grounds for suspicion and files the application within the voluntary freeze window.

Exchanges incorporated abroad but operating in Singapore present a jurisdictional question that *CLM v CLN* answered: the Cayman and Seychelles exchange defendants were served out of jurisdiction and the orders were made against them.[1] In practice

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the Singapore offices of such groups comply, because the alternative is a contempt finding against an entity whose licence application or licence is pending before MAS.

Stablecoin issuers

Tether and Circle have both frozen addresses on law-enforcement and court request. In some cases they have reissued frozen tokens to victims under court order. A Singapore court order directed at the issuer's Singapore entity, where one exists, or served on the issuer abroad with permission, is an increasingly common feature of recovery actions involving USDT and USDC. The issuer's terms of service reserve the right to freeze, although its willingness to act on a foreign order depends on its own compliance policy. Circle's Singapore MPI licence, obtained in 2023, gives the Singapore court a domestic addressee for USDC.[2]

Example

A Zug-based family office held 1,200 ETH with a Singapore custodian. An employee of the custodian, using a compromised admin credential, moved the ETH to a fresh address, swapped it for USDT on a decentralised exchange and deposited the USDT at two centralised exchanges, one licensed in Singapore and one operating from Dubai. Singapore counsel obtained, within four days, a proprietary injunction and worldwide freezing order against persons unknown and Bankers Trust orders against both exchanges, served on the Dubai exchange's Singapore office. The Singapore exchange disclosed the account holder, a Singapore resident, within a week. The Dubai exchange disclosed after a letter threatening contempt proceedings against its Singapore entity. Summary judgment on the ByBit model followed in five months. The custodian's own liability in contract and negligence was pursued in a second action and settled. In Switzerland, the family office could have attached the custodian's Swiss bank account, but it could not have reached the exchanges.

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Notes

1. CLM v CLN [2022] SGHC 46 at [8], [21] and [61]–[75]. ↩
2. Circle Internet Singapore Pte Ltd, Major Payment Institution licence granted by MAS in June 2023; Tether freezing policy as published by Tether Limited. ↩

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