The regulatory treatment of tokenised securities

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The SFA applies to a tokenised security as to the security it represents, which produces four regulatory questions for every tokenised issuance.

The first is the offer. An offer of tokenised shares, debentures or fund units to persons in Singapore requires a prospectus or an exemption under Part 13 SFA, as described in Chapter IV. Most tokenised issuances to date have relied on the institutional and accredited investor exemptions, which is why the market has been institutional. Retail tokenised products require either a registered prospectus or, for funds, an authorised or recognised scheme. The first retail tokenised money market funds became available in Singapore in 2024 and 2025 through authorised schemes offered by licensed managers, which demonstrated that the retail route is open where the underlying product is simple.[1]

The second question is the register. A Singapore company must keep its register of members under the Companies Act 1967, and a Singapore debenture issuer must keep a register of debenture holders. A fund must keep a register of unitholders. The question for a tokenised issuance is whether the ledger is the register or a record of the register. Singapore law gives no explicit answer and the market has adopted two

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models. In the first, the ledger is the register: the issuer or its registrar designates the ledger as the register of holders and treats a transfer of the token as a transfer of the registered interest. In the second, a conventional registrar keeps the register and the ledger mirrors it, with the token representing an entitlement against a nominee or custodian that is the registered holder. The second model is legally safer under current Singapore law, because the Companies Act contemplates a register kept by the company and has no provision equivalent to Art. 973d CO that allows a ledger to be the register (see Part D, Chapter III). Most Singapore tokenised securities therefore use a nominee structure in which the token holder has a beneficial interest and the nominee is the legal holder.

The third question is custody. A person holding tokenised capital markets products for customers provides custodial services and needs a CMS licence for that activity.[2] The custodian's obligations under the Securities and Futures (Licensing and Conduct of Business) Regulations on the segregation of customers' assets apply to tokens as to conventional securities. The practical issues are the same as those discussed in Chapter II for DPT custody: key management, hot and cold storage and the reconciliation of the ledger to the custodian's records. The DPT segregation rules of the Payment Services Act do not apply, because a tokenised security is not a DPT, but MAS has indicated that it expects equivalent standards.

The fourth question is the venue. A platform on which tokenised securities are traded operates an organised market and must be an approved exchange or a recognised market operator. If the platform also clears or settles, it may need approval as a clearing house under Part 3 SFA or as a depository under Part 3AA.[3] Atomic settlement on a ledger, in which the token and the payment move simultaneously, blurs the line between trading, clearing and settlement, and MAS has handled it case by case through the RMO conditions and the sandbox.

Notes

1. MAS authorisation records and public announcements concerning tokenised money market funds offered to retail investors in Singapore by licensed fund managers, 2024 and 2025. ↩

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2. Rajah & Tann, 8 December 2025 (above): custody providers for tokenised capital markets products must hold a CMS licence for custodial services unless exempt. ↩
3. SFA, Part 2 (markets), Part 3 (clearing facilities) and Part 3AA (depositories), on the approval and recognition requirements for the operators of each function. ↩

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