The retail prohibition

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MAS announced in its Part 1 response of 3 July 2023 that it would restrict DPT service providers from facilitating the lending and staking of tokens by their retail customers.[1] The restriction was implemented through the amendments to the Payment Services Regulations that took effect in 2024 alongside the segregation regime. A DPT service provider may not mortgage, charge, pledge, hypothecate, lend or stake tokens belonging to a retail customer, whether on its own initiative or on the customer's instruction.[2] The prohibition is absolute. There is no risk acknowledgement, no limit and no opt-in that a retail customer can sign to obtain access. The only way for a Singapore resident to earn yield on tokens through a licensed Singapore provider is to qualify as an accredited investor. That test applies the 50 per cent haircut and S$ 200,000 cap on token holdings described in Chapter III.

MAS considered and rejected the alternative of permitting retail staking with disclosures and a prohibition on rehypothecation. Its reasoning had three strands. Retail customers could not evaluate the counterparty, slashing and liquidity risks of staking and lending. The 2022 failures had shown the products to be marketed as safe when they were not. The operational complexity of segregating staked tokens made the custody protections of the new regime impossible to deliver.[3] The decision

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aligns Singapore with the most restrictive position among major financial centres. The European Union's MiCA permits staking services with disclosures. Switzerland permits them subject to the deposit analysis described below. Hong Kong permitted licensed platforms to offer staking to retail customers from 2025 under conditions (see Part O, Chapter III).[4]

Client question

"We run a Singapore MPI and our retail customers ask for ETH staking. Can we offer it through a Swiss affiliate?" Not to the same customers. A Singapore retail customer who is referred by your MPI to a Swiss affiliate for a product the MPI cannot offer is still your retail customer for the purposes of the Guidelines, and MAS would treat the referral as circumvention. A Singapore resident who finds the Swiss affiliate independently and opens an account there is the Swiss affiliate's customer. The Swiss affiliate must then consider whether its solicitation of Singapore residents brings it within the Payment Services Act. The practical answer is to offer staking only to customers of the MPI who have completed accredited investor onboarding, and to keep the Swiss affiliate's marketing away from Singapore.

Notes

1. MAS, Media Release "MAS publishes investor protection measures for digital payment token services", 3 July 2023: MAS will restrict DPT service providers from facilitating lending and staking of DPT tokens by retail customers, while the activities remain available to institutional and accredited investors. ↩
2. Payment Services Regulations 2019, as amended in 2024, prohibition on a DPT service provider encumbering, lending or staking the DPTs of a retail customer; MAS Response to Feedback Received on Proposed Amendments to the Payment Services Regulations, 2 April 2024. ↩

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3. MAS, Response to Public Consultation on Proposed Regulatory Measures for Digital Payment Token Services (Part 1), 3 July 2023, section on lending and staking. ↩
4. Securities and Futures Commission (Hong Kong), circular on staking services by licensed virtual asset trading platforms, April 2025; Regulation (EU) 2023/1114 (MiCA), Title V, on crypto-asset services including custody with staking disclosures. ↩

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