When a token is not a capital markets product

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The Guide's case studies and the 2025 revision confirm that a token conferring only a right to use a service is outside the SFA, provided it carries no claim to profits, no debt and no pooled management. The standard example is a token redeemable for computing power or storage on the issuer's platform. Governance tokens that confer only voting rights over a protocol, with no economic entitlement, have generally been treated as outside the SFA. MAS has warned that a governance token whose holders are entitled to a share of protocol fees may be a debenture or a CIS unit depending on the structure. Non-fungible tokens representing a unique digital artwork are outside the SFA unless they are fractionalised or structured to confer rights in an underlying pool (see Chapter IX).

The analysis must be performed on the token as it will actually operate. A utility token sold before the service exists, with the price pitched to investors as a speculative opportunity and with a secondary market promised in the white paper, is likely to be treated as an investment product despite the "utility" label. MAS has indicated that the marketing of a token, the timing of its sale and the expectations created in purchasers are relevant to classification. The approach resembles the economic analysis that FINMA applies in its ICO Guidelines (see Part E, Chapter I),

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although Singapore has no equivalent of the Swiss "pre-functional utility token is an asset token" rule and reaches similar results through the CIS and debenture definitions.

Token feature	SFA classification	Consequence
Represents equity in a company	Security (share)	Prospectus or exemption; CMS licence for dealers; market approval for trading venues
Promise to repay or pay interest	Security (debenture)	Prospectus or exemption; CMS licence for dealers
Pooled funds managed for profit	Unit in a CIS	Authorisation or recognition for retail; CMS licence for the manager
Value derived from an underlying	Derivatives contract	CMS licence for dealers; retail restrictions
Right to use a service only, service functional	Not a capital markets product	Possibly a DPT under the PSA if transferable and accepted as payment
Voting rights only, no economic right	Generally not a capital markets product	Possibly a DPT; AML analysis of the issuer
Unique digital collectible	Not a capital markets product	Outside the SFA and generally outside the PSA

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