Which entity serves which customer

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Reliance solves the onboarding question but not the structural one: which entity should have the customer relationship at all? Three rules of thumb have emerged.

First, the entity that performs the regulated activity for the customer must be the one that holds the relationship and the licence for it.[1] A Singapore customer who trades on the exchange is the MPI's customer. A European family office that wants Swiss custody is the Zug AG's customer. Routing a customer to the entity with the lighter regime for a service that the other entity actually performs is the circumvention that both regulators look for. The DTSP regime of Part K, Chapter V was designed to end it on the Singapore side.

Second, the Singapore entity must have substance. MAS has made clear through the DTSP regime and its licensing practice that it will not host a licensee whose mind, management and customers are all elsewhere.[2] A Singapore MPI that exists to hold a licence while the Zug entity does the work is a target for both MAS and, on the Swiss side, for the question whether the Zug entity is itself serving Singapore customers without a Singapore licence. Part P, Chapter IV sets out operating models that avoid this.

Third, customers should not be moved between entities to manage risk outcomes. A customer that the Singapore MPI has exited after an STR must not be onboarded by the Zug AG.[3] The group protocol must make the exit decision visible to both entities, which brings in the tipping-off and data-protection constraints discussed next.

Notes

1. PSA 2019, s. 5 (prohibition on carrying on a business of providing a payment service without a licence) and s. 6 (licence classes); FSMA 2022, Part 9 (digital token service providers carrying on business from Singapore for customers outside Singapore). See Part K, Chapters I and V.
2. MAS, Response to Feedback Received on the Proposed Regulatory Approach for Digital Token Service Providers under the FSMA, 30 May 2025, stating that DTSP licences would be granted only in extremely limited circumstances; PSA licensing requirements for a permanent place of business and a resident executive director. See Part K, Chapter V.
3. Guidelines to Notice PSN02, section on group policy and information sharing, expecting group entities to take into account risk information from other group entities when deciding whether to establish or continue business relations.

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