Who is a digital token service provider

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Part 9 applies to two kinds of person. The first is an individual or a partnership that, from a place of business in Singapore, carries on a business of providing a digital token service outside Singapore. The second is a Singapore corporation, including a limited liability partnership, that carries on a business, whether from Singapore or elsewhere, of providing a digital token service outside Singapore.[1] The second category is the striking one. A company incorporated in Singapore is caught by Part 9 even if its directors, staff and servers are all abroad, because incorporation is the connecting factor that FATF requires. The company's only way out is to be licensed or exempt under one of the main Acts, or to cease the activity, or to cease to be a Singapore corporation.

The term "digital token" is defined to cover two classes. The first is digital payment tokens within the meaning of the Payment Services Act. The second is digital representations of capital markets products within the meaning of the SFA.[2] Utility tokens and governance tokens that are neither DPTs nor capital markets products are outside Part 9 altogether, which is consistent with their treatment under the other Acts.

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The digital token services listed in the Schedule mirror the DPT service under the Payment Services Act and the regulated activities under the SFA. They include dealing in digital tokens, facilitating their exchange, arranging or inducing transfers, providing custody of digital tokens or of the instruments enabling control over them, and advising on digital tokens.[3] Purely technical services, where the provider never possesses money or tokens and does not arrange the exchange, are excluded, as under the Payment Services Act.

Example

A company incorporated in Singapore operates a cryptocurrency exchange whose customers are all in Latin America. Its founders live in Dubai, its servers are in Frankfurt and its Singapore presence is a registered office provided by a corporate secretary. Before 30 June 2025 the company needed no Singapore licence, because it provided no payment service in Singapore. Since that date it is a digital token service provider under Part 9. It must either hold an FSMA licence, which MAS has said it will grant only in extremely limited circumstances, or cease providing the service. In practice the company must redomicile or transfer its business to a non-Singapore entity, and must do so without breaching the law of the jurisdictions where its customers live. The Singapore registered office alone is enough to bring the company within the Act.

Notes

1. Rajah & Tann, "Regulatory Framework for Virtual Asset Service Providers in line with FATF Enhanced Standards Commences on 30 June 2025", June 2025, describing the two categories of digital token service provider under Part 9: individuals and partnerships operating from a place of business in Singapore, and Singapore corporations including LLPs, in each case providing digital token services outside Singapore. ↩
2. Allen & Gledhill, "Clarifications on licensing under Part 9 of Financial Services and Markets Act 2022", June 2025: digital tokens cover digital payment tokens, such as cryptocurrencies and single-currency stablecoins,

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and tokens of capital markets products, such as tokenised equities, debentures and fund units; conventional non-tokenised capital markets products are not covered. ↩

3. Bird & Bird, "Assessing the Scope of Part 9 of the Financial Services and Markets Act 2022 for Digital Token Service Providers", 2025, listing the regulated digital token services: buying or selling digital tokens, operating an exchange, arranging transfers, inducing others to buy or sell, providing custody where the provider controls the tokens, and advising on digital tokens. ↩

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