Winding down a licence properly

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A business that closes must be released from supervision. In Switzerland, a FinIA institution that ceases its licensed activity applies to FINMA for release from supervision. FINMA grants it once satisfied that the licensed activity has stopped, that customer assets have been returned and that no claims against the institution remain unresolved.[1] An SRO-affiliated intermediary resigns its membership, which the SRO accepts after a final audit confirms that the AML duties were met up to the cessation and that no business relationships remain. A company that simply stops and lets its membership lapse without a final audit faces an SRO sanction and a report to FINMA.

In Singapore a payment institution that intends to cease business notifies MAS, submits a wind-down plan with a timetable for the return of customer money and tokens, publishes the cessation to its customers and surrenders the licence once the plan is executed.[2] MAS has shown in the 2024 and 2025 exits that it will hold directors to the plan and that it treats customer complaints during a wind-down as a priority. Several of the regulatory enforcement actions of Part N, Chapter VII, arose from wind-downs that were announced but not executed.

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The sequence that works in both hubs has six steps.

1. Decide to close while solvent and record the decision in a board resolution with a timetable.
2. Notify the regulator or SRO before notifying customers, with a wind-down plan that identifies the successor arrangements for customer assets.
3. Notify customers with a deadline, a default route and a contact point, and keep a log of every instruction and every transfer.
4. Return or migrate every customer asset, reconcile to zero on each chain and obtain an auditor's confirmation.
5. Settle every creditor, terminate every contract and resolve every complaint, or make provision for those that cannot be resolved.
6. Apply for release from supervision or surrender the licence, and only then begin the corporate liquidation.

A company that follows the sequence is released from supervision in Switzerland within three to six months of cessation and surrenders its Singapore licence within a similar period. A company that liquidates first and asks the regulator afterwards finds that its liquidator has inherited the regulatory duties and that the regulator's consent to the liquidation is withheld until the customer assets are accounted for.

Notes

1. FinIA, SR 954.1, Art. 7 para. 2 (a financial institution that no longer requires authorisation must apply for its withdrawal); FINMA, practice on release from supervision (Entlassung aus der Aufsicht) requiring confirmation of the cessation of the licensed activity and the return of client assets; FINMASA, SR 956.1, Art. 37 (revocation of authorisation where the conditions are no longer met). Part E, Chapter XII. ↩

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2. Payment Services Act 2019, s. 10 and s. 12 (lapsing and surrender of licence); MAS Notice PSN01, section on notification of cessation; MAS, Guidelines PS-G01, section on cessation and surrender. Part K, Chapter II. ↩

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