Stablecoins

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From the consultation of 2022 to the framework of 2023

Stablecoins occupy a special position in the regulatory strategy. A token whose value is tied to an official currency can serve as a means of payment and as a settlement asset on distributed ledgers, which makes it relevant to the tokenisation projects described in the next section. Algorithmic stablecoins such as TerraUSD had shown how quickly the promise of stability could fail. The Monetary Authority therefore sought to define what a reliable stablecoin should look like and to reserve a recognised label for those that met the standard.

The proposals were put to consultation on 26 October 2022, together with the consumer protection measures described above. The final framework was announced on 15 August 2023. It applies to single-currency stablecoins pegged to the Singapore dollar or to one of the G10 currencies and issued in Singapore.[1] Multi-currency stablecoins, algorithmic stablecoins and stablecoins issued abroad remain digital payment tokens under the general regime of the Payment Services Act.

The requirements

The framework rests on four pillars. The first is value stability: the reserve assets backing the stablecoin must meet requirements on composition, valuation, custody and audit that give a high degree of assurance that their value will hold. The second is capital: issuers must maintain minimum base capital and liquid assets to reduce the risk of insolvency and to allow an orderly wind-down. The third is redemption at par: an issuer must return the par value of the stablecoin to a holder within five business days of a request. The fourth is disclosure: issuers must publish information on the stabilising mechanism, the rights of holders and the results of the audits of the reserve assets.[2]

The details were set out in the consultation documents and in the response. Reserve assets must at all times be worth at least 100 % of the stablecoins in circulation and must be held in a portfolio of very low-risk assets. An issuer whose stablecoins in circulation exceed, or are expected to exceed, five million Singapore dollars in value needs a major payment institution licence. Issuers must hold base capital of the higher of one million Singapore dollars or 50 % of their annual operating expenses.[3] These figures make the Singapore framework comparable to the European regime for e-money tokens and to the American framework adopted in 2025.

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The label and its protection

Only stablecoins issued in compliance with all the requirements may be described as "MAS-regulated stablecoins". A person who misrepresents a token as such faces penalties, including fines and, for individuals, imprisonment, and may be placed on the authority's Investor Alert List. The label is the core of the framework. Other stablecoins may continue to circulate on licensed exchanges subject to the protections for digital payment tokens, while the label gives users a simple signal of quality, in the same way that a banking licence once allowed depositors to distinguish a regulated bank from an unregulated deposit-taker. In announcing the framework, Ho Hern Shin, Deputy Managing Director of the Monetary Authority, said that it aimed to facilitate the use of stablecoins "as a credible digital medium of exchange".[4]

Several Singapore firms issue stablecoins that are designed to meet the framework, among them StraitsX with a Singapore dollar token and Paxos and Circle with US dollar tokens through licensed Singapore entities.[5] Both StraitsX and Circle are among the industry members of the BLOOM settlement initiative described below.[6]

The legislative consultation of September 2026

The framework of 2023 was implemented through the existing powers of the Monetary Authority. Three years later the authority decided to give it a statutory basis. On 1 September 2026 it published a consultation on legislative amendments to the Payment Services Act to implement what it now calls the MAS single-currency stablecoin framework, with comments due by 16 October 2026. The amendments would set out how issuers may qualify for regulation and the safeguards they must meet, covering value stability, capital, redemption at par and disclosure. Only licensed issuers would be allowed to call themselves "MAS-regulated stablecoin issuers", while stablecoins outside the framework would continue to be treated as digital payment tokens.[7]

The consultation went beyond the framework of 2023 in four respects. Stablecoins issued jointly by a Singapore issuer and a foreign issuer could come within the framework if the risks were sufficiently mitigated. A limited number of foreign stablecoins regulated under a comparable regime could be recognised, mainly for cross-border wholesale use. Issuers would be prohibited from paying interest on regulated stablecoins and would be subject to stress testing and to requirements for recovery and orderly wind-down plans. Finally, issuers would have to safeguard customer money received before the stablecoins were issued. Ho Hern Shin described the purpose as providing "clear regulatory guardrails for stablecoins that meet high standards of value stability and governance".[8]

The prohibition of interest is the most significant of these proposals. It reflects the concern of central banks that interest-bearing stablecoins could draw deposits away from banks and weaken the transmission of monetary policy. It also aligns Singapore with the approach of the United States, whose stablecoin legislation of 2025 contains a similar prohibition.[9]

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Stablecoins in international comparison

Singapore was among the first jurisdictions to adopt a comprehensive stablecoin framework, but it was soon joined by others. The European Union's Markets in Crypto-Assets Regulation, adopted in 2023, has applied to stablecoins since 30 June 2024 and to crypto-asset service providers since 30 December 2024.[10] Hong Kong introduced a licensing regime for fiat-referenced stablecoin issuers in 2025, the year in which the United States also adopted federal legislation.[11] Switzerland, whose regime the Geneva volume describes, was still consulting on a dedicated licence in 2026.[12]

The competition among these regimes is ultimately about the settlement assets of tokenised finance. A stablecoin recognised in several jurisdictions could serve as the cash leg of cross-border transactions in tokenised securities, foreign exchange and trade finance. The provisions of the September 2026 consultation on multi-jurisdictional issuance and on the recognition of foreign stablecoins show that the Monetary Authority sees this function as the real prize.

Notes

1. MAS, media release “MAS Finalises Stablecoin Regulatory Framework”, 15 August 2023, following the public consultation of October 2022; and MAS, media release of 1 September 2026, recalling the first consultation of 26 October 2022 and the response of 15 August 2023. MAS, “MAS Finalises Stablecoin Regulatory Framework”, 15 August 2023: framework applies to single-currency stablecoins pegged to the Singapore dollar or any G10 currency that are issued in Singapore.
2. Ibid.: requirements on value stability (composition, valuation, custody and audit of reserve assets), capital (minimum base capital and liquid assets), redemption at par within five business days, and disclosure (value-stabilising mechanism, holders' rights, audit results of reserve assets).
3. Eng Han Goh and Nicholas Tok (Resource Law LLC), “Singapore stablecoin regulation: MAS confirms its framework”, Reed Smith, 23 August 2023, on the MAS response of 15 August 2023: reserves of “at least 100% of the outstanding SCS in circulation at all times” in assets of “very low risk”; major payment institution licence for an issuer whose SCS in circulation “exceeds or is anticipated to exceed S$5 million in value”; base capital the “Higher of S$1 million or 50% of annual operating expenses”.
4. MAS, “MAS Finalises Stablecoin Regulatory Framework”, 15 August 2023: only issuers meeting all requirements may apply for recognition of their stablecoins as “MAS-regulated stablecoins”; misrepresentation may lead to financial penalties, imprisonment for individuals and placement on the Investor Alert List; also quoting Ms Ho Hern Shin, Deputy Managing Director (Financial Supervision).
5. StraitsX (XSGD, Singapore dollar), Paxos Digital Singapore and Circle Internet Singapore as licensed major payment institutions issuing or distributing single-currency stablecoins.
6. MAS, “BLOOM”, mas.gov.sg (schemes and initiatives), 23 October 2026, listing 24 industry members including Circle and StraitsX.
7. MAS, media release “MAS Consults on Legislative Amendments to Implement Stablecoin Regulatory Framework”, 1 September 2026; MAS, Consultation Paper P015-2026, “Consultation on Proposed Amendments to the Payment Services Act 2019 for Stablecoins Regulation”, start date 1 September 2026, closing date 16 October 2026. MAS, media release of 1 September 2026: amendments to the PS Act to implement the MAS single-currency stablecoin (MAS-SCS) framework for stablecoins issued in Singapore pegged to the Singapore dollar or a G10 currency; only

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licensed issuers may call themselves "MAS-regulated stablecoin issuers"; non-MAS-regulated stablecoins treated as DPTs.

8. Ibid.: proposals on multi-jurisdictional issuance, recognition of a limited number of foreign stablecoins mainly for cross-border wholesale use, prohibition of interest payments, stress testing and recovery and orderly wind-down plans, and safeguarding of customer monies received before issuance; statement of Ms Ho Hern Shin, Deputy Managing Director (Financial Supervision): the framework "will provide clear regulatory guardrails for stablecoins that meet high standards of value stability and governance".
9. Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act), Public Law 119-27, 18 July 2025, govinfo.gov, s. 4(a)(11) ("Prohibition on interest"): no permitted or foreign payment stablecoin issuer "shall pay the holder of any payment stablecoin any form of interest or yield" solely in connection with holding, use or retention; see also Ressos, *Genève, place financière internationale*, Part K, Chapter I.
10. Ressos, *Genève, place financière internationale*, Part K, Chapter I, on Regulation (EU) 2023/1114 of 31 May 2023 (MiCA), in force on 29 June 2023, applicable to stablecoins since 30 June 2024 and to service providers since 30 December 2024.
11. Hong Kong Monetary Authority, "Stablecoin Issuers", hkma.gov.hk: regime for issuers of fiat-referenced stablecoins implemented under the Stablecoins Ordinance (Cap. 656) on 1 August 2025. GENIUS Act, Public Law 119-27 of 18 July 2025, govinfo.gov.
12. Ressos, *Genève, place financière internationale*, Part K, Chapter I, on the federal consultation opened on 22 October 2025 on a licence for payment instrument institutions and stablecoin issuers, not expected before 2028.

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