

SUMMARY OF MAS' GUIDELINES ON PROVISION OF DIGITAL PAYMENT TOKEN SERVICES TO THE PUBLIC

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On 17 January 2022, the Monetary Authority of Singapore (“MAS”) issued a new set of guidelines titled “Guidelines on Provision of Digital Payment Token Services to the Public ” (the “Guidelines”) setting out MAS’s expectation that digital payment token service providers, (including payment institutions, banks and other financial institutions providing digital payment services, applicants for a payment institution licence under the Payment Services Act 2019 (“PS Act”) and those currently operating under the transitional exemption (“DPT Service Providers”) should not market or promote their cryptocurrency related services to the public, in particular, services related to digital payment tokens, commonly referred to as cryptocurrencies (collectively, “DPTs” and singularly “DPT”) as defined under the PS Act (“DPT Services”). MAS stressed that DPT Service Providers should conduct themselves with the understanding that trading of DPTs “is not suitable for the general public”.

The MAS regards the trading of DPTs as “highly risky” and the Guidelines set out certain prohibitions and restrictions in the promotion of DPT Services to the general public. The MAS made it clear that promoting and advertising DPT Services in public areas and in media aimed at the general public in Singapore should therefore not “trivialize” the risks of trading DPTs in a manner that is “inconsistent with or contradicts the risk disclosures under the PS Act”.

Promotion of DPT services to the general public

DPT Service Providers should not market or advertise (eg. display promotional banners) in public including:

- Public transport vehicles;
- Public Transport venues,
- Third party websites;

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- Social media platforms;
- Public events or roadshows; and
- Print media (including newspapers and magazines).

MAS has also stated that third parties such as social media influencers and third party websites should not be engaged to market DPT Services and that DPT Service Providers should only promote their DPT services on their own:

- Corporate website(s);
- mobile application(s); and
- official social media account(s).

Provision of DPT services in public areas

Additionally, the MAS has stated that the provision of physical automated teller machines (“ATMs”) in public areas would constitute promotion of DPT services to the public and DPT Service Providers should not provide such ATMs.

Provision of services relating to DPT-related products

The Guidelines also provide that payment token derivatives (“PTD”) which are derivatives contracts in which DPTs are the PTD’s underlying assets should not be promoted to the public. This includes contracts-for-differences and futures contracts. The MAS states that the general public should not be misled that PTDs are “less risky” than DPTs.

Compliance with the Guidelines

Notwithstanding that there had been no mention of any penalties for non-compliance of the Guidelines, DPT Service Providers should definitely heed and comply fully (in substance and in spirit) with the Guidelines so as to ensure reasonable protection of members of the public

It is to be noted that a leading DPT Service Provider and payment institution licence holder, Independent Reserve Singapore had launched an extensive marketing campaign after obtaining the payment institution licence in October 2021 and in response to the Guidelines, Mr Raks Sondhi, the managing director of Independent Reserve Singapore, informed The Straits Times that Independent Reserve Singapore will “revisit” their marketing campaigns to “bring them in line” with the Guidelines.

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