

16 Oct 2026

To:
Gary Goh
Head of Payments Policy
Monetary Authority of Singapore

Rosemary Lim
Head of Payments Department
Monetary Authority of Singapore

Submitted via FormSG

ASIFMA Response to MAS Consultation Paper on Legislative Amendments to Implement Stablecoin Regulatory Framework

Dear Sir/Madam,

On behalf of the Asia Securities Industry & Financial Association (“**ASIFMA**”)¹ members, on behalf of its members (the “**Members**”), appreciates the opportunity to provide our feedback to MAS’ Consultation Paper on Proposed Amendments to the Payment Services Act 2019 for Stablecoin Regulation (the “**Consultation**”). The responses were prepared with the assistance of Linklaters Singapore Pte. Ltd.

General Comments

Members broadly welcome the MAS’ proposals to legislate the MAS-SCS framework and to enhance it with additional safeguards informed by international developments since 2023. We have first set out some general comments on the MAS-SCS framework that were not specifically captured by MAS’ questions, and subsequently our responses to the individual questions below.

Importance of Singapore’s Competitive Position as a Digital Asset Hub

Members strongly encourage MAS to reconsider the balance in the proposed regime between: (1) effective risk management and consumer protection measures; and (2) encouraging stablecoin issuers to become MAS-authorised.

There is significant market concern that the costly compliance burden of the proposed requirements will disincentivise issuers from applying for MAS authorisation. This is not in line with MAS’ regulatory

¹ ASIFMA is an independent, regional trade association with over 150 member firms comprising a diverse range of leading financial institutions from both the buy and sell side, including banks, asset managers, law firms and market infrastructure service providers. Together, we harness the shared interests of the financial industry to promote the development of liquid, deep and broad capital markets in Asia. ASIFMA advocates stable, innovative, and competitive Asian capital markets that are necessary to support the region’s economic growth. We drive consensus, advocate solutions and effect change around key issues through the collective strength and clarity of one industry voice. Our many initiatives include consultations with regulators and exchanges, development of uniform industry standards, advocacy for enhanced markets through policy papers, and lowering the cost of doing business in the region. Through the GFMA alliance with SIFMA in the United States and AFME in Europe, ASIFMA also provides insights on global best practices and standards to benefit the region. More information about ASIFMA can be found at: www.asifma.org.

intent to encourage issuers from applying for MAS authorisation. In addition, this risks jeopardising Singapore's competitive position as a digital assets hub.

Members would also highlight that regulatory gold-plating in a number of specific areas of the proposed framework - including around multi-jurisdictional issuance and recognition of foreign-issued stablecoins - is likely to impede market participation and reduce Singapore's competitiveness.

Members urge MAS to ensure that all requirements for MAS-authorised stablecoin issuers are proportionate to the potential consumer harm which they are attempting to address. In this regard, in particular Members emphasise their responses set out below to:

- Question 6, relating to the proposed prohibition on the use of customer money and interest earned to materially finance business activity. This proposal directly jeopardizes the commercial viability of the business model of stablecoin issuers and does not result in any commensurate benefit from a consumer protection perspective. This proposal is highly likely to disincentivise issuers from opting into the MAS-SCS regime;
- Questions 7 and 11, where Members propose that capital, liquidity and risk management requirements are imposed commensurately with the size of the MAS-regulated stablecoin in circulation. This ensures a proportionate regime which addresses regulatory risks, without imposing an unduly high compliance burden on issuers with lower numbers of MAS-regulated stablecoins in circulation;
- Question 14, requiring verified identification for every holder of MAS-regulated stablecoins. This would in effect require issuers to onboard every holder in the secondary market, which is disproportionate to the risk it is trying to address and is out of line with the approach of certain foreign jurisdictions, while also being operationally difficult from a practical perspective;
- Questions 21 to 25, relating to the multi-jurisdictional issuance regime. While Members welcome the introduction of a framework for multi-jurisdictional issuance, the regime as drafted layers Singapore-specific reserve asset, comparable terms, and recovery and wind-up requirements on top of foreign home-regulator compliance. These additional overlays risk operating as regulatory gold-plating that exceeds the equivalent requirements in major foreign stablecoin regimes and may deter well-regulated foreign issuers from using the regime;
- Questions 26 to 28, relating to the recognition of foreign-regulated stablecoins. Members urge MAS to adopt a proportionate, outcomes-based approach to recognition, consistent with the principles-based substantial equivalence approach set out under the General Comments above, and to ensure that recognition requirements do not exceed those in comparable foreign stablecoin regimes, so that Singapore remains an attractive jurisdiction for the issuance and recognition of foreign-regulated stablecoins. Members also emphasize the high importance of achieving recognition in a timely manner; and
- Question 29, relating to the proposed requirement for banks to set up a separate non-bank legal entity in order to issue MAS-regulated SCS. This requirement is disproportionately onerous. We encourage MAS to remain outcomes-based and, where the bank can demonstrate equivalent outcomes (for example, through a dedicated reserve trust/custody or other legally effective segregation arrangement, separate books and records, restrictions on

liens and set-off, financial resources and executable recovery and wind-down arrangements), they should not be mandated to set up a separate non-bank legal entity. MAS can retain its discretion to require a separate entity where these outcomes cannot be demonstrated.

Institutional and Capital Markets Use Cases

Members encourage MAS to consider how the MAS-SCS framework would apply where stablecoins are used for institutional and capital markets purposes, including as the cash leg of settlement, for collateral or margin, or within trading, funds and custody, and treasury arrangements. In such cases, the stablecoin functions as a settlement asset used among regulated wholesale counterparties to settle capital markets transactions, rather than as a payment instrument used by the general public to pay for goods and services. The distinction matters because wholesale settlement asset use is already captured by existing regulatory frameworks applicable to those participants, whereas the MAS-SCS framework is calibrated to retail payment-instrument use. Additionally, it would be reasonable that such wholesale institutions could have related capabilities such as on-off ramps as part of their operations and risk management.

In these cases, Members recommend that MAS take into account an entity's existing banking or capital markets regulatory licenses and status when determining whether it may perform defined stablecoin issuance or related functions within the scope of those licenses, treating stablecoin as a settlement asset where equivalent prudential, segregation, governance and recovery outcomes are already achieved. MAS could also consider whether a differentiated framework for stablecoins used solely among regulated or otherwise eligible wholesale participants would allow requirements to be calibrated more closely to the needs of institutional capital market use cases.

Foreign Stablecoin Regimes that MAS deems to be Substantially Equivalent

Members urge MAS to adopt a principles-based, outcomes-focused approach when considering whether foreign stablecoin regulatory regimes are substantially equivalent to the MAS-SCS framework (for the purposes of the MJR regime or foreign-recognised stablecoin regime). The regulatory intention of the substantial equivalence requirement is to ensure that relevant foreign stablecoin issuers are required to address the risks which MAS has addressed in its own stablecoin regime. MAS should consider holistically whether the foreign regimes address key risks, rather than undertaking a line-by-line comparison between different jurisdictions' stablecoin regimes. A principles-based approach is critical to ensuring that innovation is encouraged in this space, and such approach does not compromise consumer protection, given that risks can be mitigated and addressed through different types of regulatory regimes.

In particular, Members urge MAS to clarify that stablecoins that are compliant with certain major foreign regulatory regimes (such as, the US GENIUS Act, the EU's Markets in Crypto-Assets Regulation ("MiCA") or the Hong Kong Stablecoins Ordinance and related Hong Kong regime) are deemed to be compliant with a regime that is substantially equivalent to the MAS-SCS regime.

Members also note that any process for determining whether a foreign stablecoin regime is substantially equivalent to the MAS-SCS framework should be completed swiftly by MAS, in the interests of encouraging issuers to opt into the MAS MJR or foreign recognition regimes. Any delay in this process is likely to discourage innovation in Singapore in this space and threaten Singapore's

competitive position as a digital assets hub. Taking the above approach to substantial equivalence determinations will provide a much better prospect of the process taking months, not years.

Members also urge MAS to consider expressly including AML/CFT and sanctions safeguards within the factors relevant to determining whether a foreign stablecoin regulatory regime is substantially equivalent to the MAS-SCS regime, to ensure that the assessment considers financial crime controls alongside the other regulatory outcomes.

Segregation of reserve assets

While section 21B(2) of the draft amendments to the PS Act (the “**Draft Amendments**”) suggests that the further details on the safeguarding of reserve assets for MAS-regulated stablecoins will be set out in subsidiary legislation, Members believe that it would also be useful to have further guidance on the manner in which segregation of reserve assets should be demonstrated or evidenced by issuers on an ongoing basis (for example, through following up guidelines that cover expectations around independent third-party attestation, periodic audit confirmations, or the publication of segregated reserve reports). Clarity on these points at an early stage would materially assist Members in preparing their compliance frameworks.

We are supportive of the proposals that reserve assets and customer monies (where appropriate) should be ringfenced from the proprietary assets of stablecoin issuers, in separate omnibus accounts with clear operational mechanics, so that redemptions can still be supported during stress and wind-down.

At the same time, we recommend that MAS calibrate these rules in a manner that is proportionate and that is aligned with international practices, so that MAS-regulated stablecoin issuers are not at a competitive disadvantage compared to issuers in other jurisdictions.

Composition of reserve assets

Members note that MAS' finalised policy in the 2023 Consultation Response was that the reserve assets backing an MAS-regulated stablecoin should be held, among others:

- (a) in the form of cash, cash equivalents (e.g., deposits); or
- (b) debt securities with no more than three months residual maturity and issued by (1) the central bank of the pegged currency, or (2) organisations that are of both governmental and international character with a credit rating of at least “AA-”.

Noting that the legislative amendments prescribing the composition of reserve assets will be set out in subsidiary legislation (under section 21B(2) of the Draft Amendments), Members would be grateful if the MAS could consider:

- (a) **an outcomes-focused approach:** Members support MAS' objective of ensuring sufficient liquidity to meet redemption obligations, including under stressed conditions. However, overly prescriptive requirements on the proportion of reserve assets held in cash or bank deposits could constrain issuers' ability to optimise reserve composition based on the liquidity, credit quality and risk characteristics of different eligible assets. In addition, stablecoin issuers can differ significantly in their customer base, redemption patterns, operational models, reserve

management practices and systemic footprint. A reserve composition that may be appropriate for one issuer may be unnecessarily restrictive for another.

Members therefore recommend that MAS adopt a risk-based and outcomes-focused approach, ensuring that reserves satisfy clearly defined liquidity and redemption objectives while providing issuers with appropriate flexibility in how those outcomes are achieved. This is also in line with the approach being considered in the EU,² and in the US under the GENIUS Act.³ This would also allow MAS to address institution-specific and systemic risks as they emerge, while supporting innovation, competition and the long-term development of a regulated stablecoin market; and

- (b) **MMFs:** permitting qualifying money market funds (“**MMFs**”) to contribute towards the proportion of liquid reserve assets backing an MAS-regulated stablecoin. Rather than prescribing specific eligibility metrics, MAS could allow MAS-regulated stablecoin issuers to assess the suitability of individual MMFs, taking into account relative liquidity, diversification, concentration and other risk characteristics. Where MMFs form part of the reserve assets, issuers should provide sufficient transparency on the value attributed to those holdings and their contribution to the overall reserves, so that the adequacy of the stablecoin’s backing can be appropriately assessed.

We believe that allowing qualifying MMFs to be included within the scope of liquid reserve assets would be consistent with MAS’ policy intention of mitigating liquidity risk arising from reserve assets, including during stressed periods. In particular:

- (i) The current MAS SCS framework (based on the MAS’ 2023 consultation response) limits eligible reserve assets to cash, cash equivalents, and short-dated debt issued by governments, central banks, or organisations that are both governmental and international in character with a minimum credit rating of “AA-”. Members respectfully submit that government/public debt MMFs, as a category, are consistent with the reserve asset criteria that MAS has set. In this regard, IOSCO and the FSB distinguish MMFs by the type of assets they hold – funds investing predominantly in cash, government securities, and repurchase agreements collateralised by government securities are treated separately from funds investing in private-sector instruments such as commercial paper or bank paper. Members respectfully submit that a well-regulated government or public debt MMF is simply a diversified, professionally managed vehicle for holding these same instruments. It is notable that MAS had also separately recognised MMFs as a form of liquid asset for the purposes of a SCS issuer’s solvency requirements in its 2023 consultation, reinforcing that this is not a new concept for MAS to consider;

² The European Central Bank has proposed removing the minimum predefined percentages for reserve assets that must be held as bank deposits and instead introducing minimum floors for the daily and weekly liquidity buckets. See [ESCB response to the European Commission’s targeted consultation on the Markets in Crypto-Assets Regulation \(MiCAR\)](#).

³ The GENIUS Act does not require minimum levels of cash or deposits, does not impose issuance caps or holding limits, and does not require regulators to mandate uniform reserve compositions across issuers. The FRB proposal aligns with this framework and does not require minimum levels of cash or deposits, does not impose issuance caps or holding limits, and does not direct regulators to mandate uniform reserve compositions across issuers.

- (ii) MMFs are subject to strict regulatory requirements on portfolio quality, maturity, diversification, and minimum daily and weekly liquidity thresholds, and are specifically designed to maintain stability and meet redemption requests even under stressed market conditions;
 - (iii) MMFs publish detailed holdings, liquidity metrics and NAV information pursuant to applicable regulatory requirements, which can facilitate ongoing verification of reserve quality and support market confidence in stablecoin backing; and
 - (iv) a government/public debt MMF provides issuer-neutral, professionally managed access to a diversified pool of government debt and repurchase agreements across a range of issuers and maturities, rather than requiring the SCS issuer to source, transact in, and manage each instrument individually. It also spreads counterparty exposure across a number of banks and other counterparties in its deposits and repurchase arrangements, rather than concentrating this exposure with one or two banks directly, and because the fund serves many investors, it is generally able to meet any single investor's cash needs from its overall liquidity rather than being exposed to that investor's redemption pattern alone. This reduces concentration and operational risks compared with a self-managed reserve portfolio. This approach has been adopted in other jurisdictions; most notably, the U.S. GENIUS Act permits stablecoin reserve assets to include MMFs that are themselves invested solely in permitted reserve assets, and aligning MAS' approach with this international precedent would support consistency across major stablecoin regulatory regimes and facilitate the multi-jurisdictional stablecoin arrangements that MAS proposes to accommodate.
- (c) **Tokenised forms of eligible reserve assets:** Members submit that MAS should also consider whether tokenised forms of eligible reserve assets will receive the same treatment as their conventional equivalents. MAS has consistently applied a "same activity, same risk, same regulatory outcome" approach to tokenisation, recognising that tokenisation does not change the underlying legal or economic substance of an asset. Tokenised forms of cash, bank deposits, government securities and qualifying MMFs should therefore be eligible reserve assets wherever their conventional equivalents are eligible. Doing so would be consistent with Singapore's efforts to develop tokenised capital markets and products and institutional digital asset infrastructure under Project Guardian, and would help ensure that its stablecoin and tokenisation initiatives develop in a coherent and mutually reinforcing manner.

Question 1. Definition of stablecoin. MAS seeks feedback on the proposed definition of “stablecoin” and related amendments under Section 2(1) of the PS Act. In particular, MAS seeks views on whether these amendments provide sufficient clarity to distinguish stablecoins from e-money.

Members support the proposed statutory definition of “stablecoin” under section 2(1) of the Draft Amendments and the corresponding amendment to the definition of “e-money” to expressly exclude stablecoins.

These amendments provide the necessary legal clarity, avoid regulatory overlap, and appropriately recognise that stablecoins and e-money serve distinct economic functions and carry different risk profiles. However, Members request MAS to provide examples on how market participants can distinguish stablecoins from other “stable value” tokens.

Members also welcome the clarification that stablecoins fall within the broader category of DPTs unless expressly provided otherwise, which aligns with MAS’ policy position articulated in the 2022 consultation and the 2023 Consultation Response.

Members also urge MAS to clarify that non-individuals are excluded from the “public/section of the public”.

Separately, to avoid any potential dual regulatory characterisation issues, Members suggest adding the following to the stablecoin definition, to provide regulatory clarity that securities in tokenised format will not be captured. This would mirror a similar exclusion in Hong Kong’s Stablecoins Ordinance:

“For the avoidance of doubt, a stablecoin does not include any digital representation that constitutes, evidences or represents rights in a capital markets product under the Securities and Futures Act 2001 or equivalent regulations in jurisdictions other than Singapore.

Finally, Members also urge MAS to clarify in the definition of “e-money”, that “e-money” also excludes “excluded stablecoins” (as well as “stablecoins”).

Question 2. Amendments to Section 2(1). MAS seeks feedback on other proposed amendments to Section 2(1) of the PS Act.

Members have no further material comments on the other proposed amendments to section 2(1) of the Draft Amendments.

Question 3. Amendments to Part 2, Division 1 and 2, and First Schedule to PS Act. MAS seeks feedback on the proposed amendments to Part 2, Division 1 and Division 2, as well as the addition of paragraph 2(m) to the First Schedule to the PS Act.

Paragraph 2(m) to the First Schedule to the PS Act

Members support the addition of paragraph 2(m) to Part 2 of the First Schedule to the PS Act, which clarifies that MAS-regulated stablecoin issuers do not require a separate DPT service licence for activities that are strictly incidental to their stablecoin issuance business (such as managing reserves, minting, burning, and facilitating redemptions in respect of their own stablecoins). This avoids duplicative licensing burdens and streamlines the regulatory framework, while ensuring that a separate DPT service licence continues to be required for any other DPT-related activities.

Question 4. Requirement for issuance of MAS-regulated stablecoins. MAS seeks comments on the proposed additional requirements to be applied to issuers of MAS-regulated stablecoins.

Members' proportionality submissions are set out in the General Comments above (under the heading "Importance of Singapore's Competitive Position as a Digital Asset Hub"). In particular, where the issuer is already a highly regulated financial institution (such as a bank), Members' detailed submissions on the proposed requirement for issuance to be conducted through a separate non-bank legal entity are set out in response to Question 29 below.

Composition of reserve assets

Members submit the following:

- (a) **Outcomes-focused approach:** MAS could achieve its stated objectives of value stability, redemption certainty, and financial resilience while more closely aligning with international practice, including the US GENIUS Act and FRB/OCC framework. Rather than mandating reserve allocations or holding limits across the market, MAS could preserve flexibility by focusing on reserve quality, liquidity, diversification, concentration management, and issuer-specific supervisory oversight.

Stablecoin issuers can differ significantly in their customer base, redemption patterns, operational models, reserve management practices, and systemic footprint. A reserve composition that may be appropriate for one issuer may be unnecessarily restrictive for another. The GENIUS Act does not require minimum levels of cash or deposits, does not impose issuance caps or holding limits, and does not direct regulators to mandate uniform reserve compositions across issuers. The FRB proposal also aligns with this framework. A principles-based framework would allow supervisors to evaluate actual risks and tailor requirements accordingly.

Please see Members' submissions on this proposal in the General Comments above (under the heading "Composition of reserve assets");

- (b) **MMFs:** qualifying MMFs should be permitted to contribute towards satisfying the thresholds for liquid assets in the same way as cash, subject to appropriate limits (for example, relating to liquidity, valuation, credit quality and other risk criteria such as ease of redemption and short investment period). This would provide issuers with greater flexibility in managing reserve assets, while maintaining MAS' objective of ensuring sufficient liquidity to meet redemptions. Please see our comments in the section above titled, "Composition of reserve assets"; and

- (c) **Deposits placed with banks:**

(a) If MAS accepts our proposal that banks be permitted to issue MAS-regulated stablecoins, MAS should clarify, where the stablecoin issuer is a bank, whether reserve assets can be deposits or other financial products or instruments of value held/issued by the same bank or its affiliate.

(b) MAS should clarify the prudential treatment of reserve deposits placed by a bank-owned stablecoin issuer with its parent bank or another affiliated entity. This should include the applicable capital and liquidity treatment, LCR outflow assumptions, connected-party and concentration risks, and whether MAS would expect the parent bank to provide liquidity or other support to the issuing entity.

Question 5. Prohibition on interest to be paid on MAS-regulated stablecoins. MAS seeks comments on the inclusion and framing of the proposed prohibition of interest to be paid on MAS-regulated stablecoins to holders.

Members support the proposed prohibition on paying interest, returns or any other benefit to MAS-regulated stablecoin holders that is directly or indirectly attributable to the holding of, or balance of, MAS-regulated stablecoins. Members agree that this prohibition serves to clearly distinguish MAS-regulated stablecoins as a payment instrument or medium of exchange from an investment or savings product, and is consistent with international regulatory practice.

That said, Members respectfully suggest that the provision be tweaked, to make it explicit that the prohibition would also capture any provision of interest, return or similar benefit that is directly or indirectly attributable to the holding of, or balance of, MAS-regulated stablecoins, whether provided directly by the issuer or indirectly through other persons. This amendment would be consistent with MAS' articulated policy intent and the framing of the prohibition in the Consultation, and would prevent MAS-regulated stablecoin issuers from circumventing the requirement by, for example, arranging for an affiliated entity to make payments to stablecoin holders and thereafter reimbursing the affiliate for the costs incurred.

At the same time, the framework should not inadvertently restrict legitimate commercial incentives that are linked to genuine transactional activity rather than passive holding, including incentives associated with the use of stablecoins for payments, settlement or other permitted transactional purposes. Preserving this distinction would enable issuers and other ecosystem participants to encourage adoption and transactional use of MAS-regulated stablecoins, while maintaining MAS' intended distinction between stablecoins as payment instruments and investment or savings products.

We would therefore welcome MAS's clarifications that the prohibition is not intended to: (1) restrict commercial incentives linked to transactional activity; or (2) capture legitimate revenue-sharing, distribution, service or other commercial arrangements between issuers and third parties.

Question 6. Prohibition on use of customer money and interest earned to materially finance business activity. MAS seeks comments on whether it is necessary to restrict issuers of MAS-regulated stablecoins from using monies received from customers, and interest earned from it for on-lending, and materially financing of the business, and if so, how such restrictions should be calibrated.

Members strongly emphasise that MAS-regulated stablecoin issuers should be permitted to use interest or other earnings from reserve assets to support and defray legitimately incurred costs associated with maintaining their stablecoins. This would include payment of custody or bank fees to hold the reserve assets, ongoing system maintenance or upgrade costs, blockchain "gas" fees, maintenance of appropriate security infrastructure and other costs that ultimately benefit end-users by facilitating the stability and continuity of the stablecoin platform.

The use of interest earned on reserve assets represents an important means by which stablecoin issuers finance the costs associated with their stablecoin business. A broad restriction on the use of

such interest to finance business activity would therefore call into question the commercial viability of some issuance models and disincentivise issuers from opting into the MAS-SCS regime. This proposal would drastically exacerbate the high burden of the MAS-SCS regime and threaten Singapore's competitive position as a digital assets hub.

Members recommend that MAS distinguish between the customer monies themselves, which should remain appropriately safeguarded and available to meet stablecoin obligations, and income legitimately generated from those assets. Provided that all applicable reserve, liquidity, safeguarding and redemption requirements continue to be met, issuers should retain reasonable flexibility to use such income to support their permitted stablecoin activities.

In addition, the proposal is unlikely to have any commensurate benefits from a consumer protection perspective. The proposed prohibition on paying interest to MAS-regulated stablecoin holders already mitigates the risk of stablecoin holders viewing stablecoins as an investment instrument (instead of a payment instrument), and this additional proposal does not provide any additional protection to stablecoin holders.

Question 7. Potential caps for stablecoins. MAS seeks comments on the relevance of caps on aggregate issuance or individual holdings for stablecoins.

Members recognise MAS' objective of mitigating potential financial stability risks as the scale of an MAS-regulated stablecoin increases. That said, hard caps on aggregate issuance or individual holdings would introduce commercial constraints that may deter well-regulated issuers from establishing themselves in Singapore.

In addition, Members would respectfully note that while other regulators have been considering imposing holding and aggregate issuance limits, such regulators are not proposing limits primarily because of "operational risks" – their concerns are being driven by broader macro-financial and monetary-policy, financial stability risks. In particular:

- (a) United Kingdom: The Bank of England's main concern is bank disintermediation. The proposed £40 billion per-issuer limit is intended to prevent a rapid migration of bank deposits into stablecoins. This could reduce banks' funding, potentially affecting the availability of credit to the wider economy.
- (b) European Union: The key concerns relate to monetary sovereignty, payment system stability and the transmission of monetary policy. The European Union's proposals include activity-based limits of 1 million transactions per day and €200 million in daily transactions. These limits apply only to stablecoins that are not denominated in a European Union currency.

As such, MAS may wish to be clear on the outcome it is seeking – i.e. whether MAS is introducing limits:

- (a) to restrict non-bank-issued stablecoins from growing significantly; or
- (b) in a calibrated measure, so as not to unduly hamper the growth of non-bank-issued stablecoins?

If the MAS' intended outcome is (b) above, then rather than imposing such caps, MAS could consider the following alternative levers, which in Members' view would more directly address the underlying concerns:

- (a) requiring MAS-regulated stablecoin issuers to appoint appropriately regulated entities to support their activities as the scale of issuance increases, including financial institutions holding and/or managing the reserve assets, and specialist fund management teams to support portfolio management; and
- (b) calibrating capital, liquidity and risk management requirements commensurately with the size of the MAS-regulated stablecoin in circulation, so that risks are addressed through robust prudential standards that scale with the issuer's activities.

In addition, MAS should distinguish between aggregate issuance caps and individual holding limits, as they raise different operational issues. Individual holding limits may be difficult to enforce without a substantially closed-loop architecture because holders may use multiple wallets, omnibus structures, intermediaries or smart contracts. An issuer should therefore only be responsible for the stablecoin holdings that it can reasonably identify and control.

Question 8. Requirement for safeguarding of monies. MAS seeks comments on the proposed requirement for issuers of MAS-regulated stablecoins to safeguard monies received from customers, prior to the issuance of stablecoin or prior to fulfilment of direct redemptions.

Members are supportive of the proposed safeguarding requirement, which they recognise is a fundamental consumer protection measure that would prevent the commingling of customer funds with the MAS-regulated stablecoin issuer's proprietary assets.

We would like to seek MAS's clarifications on the following:

- (i) if the monies in the safeguarding account would form part of the reserve assets; and
- (ii) that the safeguarding person has no obligation to monitor the issuer's compliance with the consumer protection requirements under the PS Act when it is providing a safeguarding account to the issuer.

Question 9. Prohibition of all stablecoin issuance activity upon surrender, revocation or lapsing of MAS stablecoin issuance licence. MAS seeks comments on the proposal to disallow these issuers from conducting stablecoin issuance activities and the alternative measure to require the winding down of the business and/or winding up of the entity to mitigate the risk of public confusion.

Members support the strict prohibition on former MAS-regulated stablecoin issuers conducting any stablecoin issuance activities in such circumstances, to prevent public confusion and protect the integrity of the "MAS-regulated stablecoin" label.

Question 10.	Powers for MAS to prohibit disposal of reserve assets. MAS seeks comments on the proposal to prohibit disposal of reserve assets until MAS is reasonably satisfied that there are no outstanding redemption requests.
---------------------	--

Members support MAS' proposed additional powers to restrict the disposal of reserve assets during a licence suspension, revocation or surrender of an MAS-regulated stablecoin issuer, so that reserve assets are preserved exclusively to honour outstanding redemption requests at par.

Members further support the concept of trust structures holding reserve assets being legally robust and fully bankruptcy-remote under Singapore law, ensuring that they are insulated from the claims of the MAS-regulated stablecoin issuer's general creditors. Members note that the detailed requirements will be prescribed in subsidiary legislation pursuant to section 21B(2) of the Draft Amendments, and look forward to a further consultation on those detailed provisions.

Members urge MAS to provide clarity on its expectations of the safeguarding or account bank holding the reserve assets in this scenario. In particular, MAS should clarify whether it will give instructions directly to the safeguarding or account bank in this scenario or, if not, what the safeguarding or account bank should do regarding the operation of the account holding the reserve assets.

Question 11.	Requirement for issuers of MAS-regulated stablecoins to conduct regular stress testing. MAS seeks comments on the requirement for issuers of MAS-regulated stablecoins to conduct stress testing and seeks comments on the frequency, and manner in which it should be conducted.
---------------------	--

Consistent with the Members' response to Question 7 above (assuming that the outcome the MAS is seeking is to support the growth of non-bank-issued stablecoins in a calibrated measure), Members suggest that MAS calibrate the frequency and scope of the stress testing requirement proportionately to the size and scale of the MAS-regulated stablecoin business.

Members further respectfully submit that, where an MAS-regulated stablecoin issuer is a subsidiary of a bank or banking group that is already subject to comprehensive consolidated stress testing under its home-country prudential regime, and the issuer is included within those group-level arrangements, separate standalone stress testing requirements should not be imposed on the issuer at the Singapore-issuer level. Imposing additional bespoke stress testing at the issuer level, on top of the group-level arrangements to which the issuer is already subject, would result in duplicative burdens and costs without a commensurate increase in prudential protection or benefit to consumers, particularly where the group-level stress tests already capture the issuer's exposures. In this regard, Members are supportive of a prudential treatment of digital assets in a manner that would mitigate the possible risk of arbitrage across different licensing regimes.

In this regard, Members suggest that MAS-regulated stablecoin issuers are subject to regular stress testing requirements in the same manner and at least the same frequency as required by banking groups. This would ensure a level playing field between: (1) MAS-regulated stablecoin issuers which are not part of any banking group; and (2) MAS-regulated stablecoin issuers which are part of a banking group and subject to consolidated stress testing arrangements as part of that banking group, and should therefore be exempt from standalone stress testing requirements (as per our comment above).

Question 12.	Powers for MAS to impose additional liquidity and risk-based capital requirements. MAS seeks comments on introducing powers for MAS to impose additional liquidity and risk-based capital requirements in the event that stress testing reveals critical vulnerabilities.
---------------------	--

Members support the introduction of powers for MAS to impose additional liquidity and risk-based capital requirements where stress testing reveals critical vulnerabilities.

Consistent with Members' response to Question 11 above, Members respectfully submit that where such additional requirements would be imposed on an MAS-regulated stablecoin issuer that is a subsidiary of a bank or banking group already subject to comprehensive consolidated liquidity and capital requirements under a comparable prudential regime, and the issuer is captured within those group-level arrangements, the additional requirements imposed at the Singapore-issuer level should be calibrated to avoid duplication of, and undue overlap with, the group-level requirements.

Question 13.	Requirement for issuers of MAS-regulated stablecoins to have in place plans for recovery, and orderly wind-down. MAS seeks comments on the proposed requirement for issuers of MAS-regulated stablecoins.
---------------------	--

Members are supportive of this proposed requirement, though would appreciate further regulatory guidance on what MAS would consider to constitute an MAS-regulated stablecoin "default" or failure event for the purposes of triggering an issuer's recovery plan or orderly wind-down procedures.

Members respectfully submit that a common set of triggers, applied consistently across recovery plans, orderly wind-down procedures and resolution measures, would provide a common reference point for issuers' contingency planning, ensure consistency in issuer preparedness and supervisory response, and support timely supervisory engagement between issuers and MAS.

Consistent with Members' response to Question 11 above, Members further respectfully submit that where an MAS-regulated stablecoin issuer is captured within the recovery and resolution planning arrangements of its parent group under a comparable prudential regime, separate standalone recovery and orderly wind-down plan requirements should not be imposed on the issuer at the Singapore-issuer level to the extent the group-level arrangements already address the issuer's exposures.

Question 14.	Requirement for issuers of MAS-regulated stablecoins to have technical capability to trace, freeze and/or burn their stablecoin. MAS seeks comments on the proposed requirement for issuers of MAS-regulated stablecoins. In addition, MAS seeks feedback on feasibility of and means of introducing potential AML/CFT measures such as requiring verified identification of every holder of MAS-regulated stablecoins, restricting the use of unhosted wallets to hold MAS-regulated stablecoins and monitoring the stablecoins in circulation on an ongoing basis.
---------------------	---

Technical capabilities to trace, freeze and/or burn MAS-regulated stablecoins

Members support the proposed requirement for MAS-regulated stablecoin issuers to have in place the technical capability to trace, freeze and/or burn MAS-regulated stablecoins found to be associated

with illicit finance, sanctions evasion or theft. This is a critical risk mitigation tool given the global and pseudonymous nature of DLT networks.

In the alternative, MAS may also consider adopting an outcomes-focused approach, for example by requiring a firm's systems and controls to enable them to comply with their AML/CFT obligations including asset freezing obligations (e.g. sanctions). In substance, the regulatory obligation still remains, and the removal of the specific reference to 'technical capabilities', acknowledges that firms may have different business models and approaches towards compliance.

Restriction on using unhosted wallets to hold MAS-regulated stablecoins

Members respectfully submit that a blanket restriction on the use of unhosted wallets to hold MAS-regulated stablecoins would be disproportionate. Such a restriction would materially limit the interoperability and utility of MAS-regulated stablecoins in global decentralised ecosystems. In Members' view, existing AML/CFT standards applicable to DPT service providers and banks – including customer due diligence, risk-based transaction monitoring, screening, and compliance with FATF Travel Rule requirements – would be adequate to manage the ML/TF risks arising from unhosted wallet interactions. A calibrated, risk-based approach would also be more consistent with the approaches taken in comparable jurisdictions. For example, in Hong Kong, unhosted wallets are not prohibited, but they are flagged as presenting heightened AML/CFT risk and accordingly require additional risk management measures where appropriate. Other alternative options may include blockchain screening and monitoring, and risk-based verification of wallet ownership or control.

Requiring verified identification for every holder of MAS-regulated stablecoins

Members respectfully submit that requiring verified identification for every holder of MAS-regulated stablecoins would impose disproportionately onerous KYC obligations on MAS-regulated stablecoin issuers, and would in effect require issuers to onboard every holder in the secondary market.

In addition, from a financial crime perspective, requiring an issuer to verify the identity of every secondary market holder may be difficult to implement in practice.

Consistent with the approach adopted in other comparable jurisdictions, Members respectfully submit that MAS should adopt a risk-based approach, whereby KYC obligations are focused on specific stages of the MAS-regulated stablecoin life cycle where they can be most effectively and realistically applied, in particular at the direct minting or primary issuance level (where customer due diligence would ordinarily be expected), and during interactions with licensed DPT service providers or other regulated intermediaries. Additional risk-based transaction monitoring and screening (including through the trace/freeze/burn capabilities discussed above), and appropriate controls for higher risk wallet interactions and clear escalation arrangements where potential illicit activity is identified, would then address residual risks in the secondary market.

Question	Amendments to Part 2A. MAS seeks feedback on the proposed amendments to
15.	sections 40A – 40G and sections 77, 102, 103, 104 of the PS Act, setting out the framework for the designation and regulation of systemic stablecoins.

Members have no material comments on the proposed amendments to sections 40A – 40G and sections 77, 102, 103, 104 of the Draft Amendments. The Members are broadly supportive of the establishment of a dedicated framework for designated systemic stablecoins.

Members urge MAS to clarify if the provision of such information includes any extraterritorial effect, i.e., if it includes information relating to a stablecoin that is used or exchanged with persons outside of Singapore.

Section 40(A)(5) of the Draft Amendments states that a person under subsection (1) is not obliged to disclose any information that the person is prohibited by any written law from disclosing. Members urge MAS to clarify if this applies to disclosure prohibited under Third Schedule of the Banking Act.

Question 16.	Requirements applicable to all digital payment token service providers. MAS seeks comments on the reporting requirements applicable to all digital payment token service providers.
-------------------------------	--

Members have no material comments on the specific reporting requirements applicable to all digital payment token service providers. However, consistent with Members' responses to Questions 11 to 13 above, Members suggest that in developing the detailed reporting requirements in the relevant notices, MAS should align the reporting requirements with existing regulatory reporting structures to which the issuer (or, where relevant, its parent group) is already subject under a comparable regulatory regime. Doing so would reduce the risk of duplicative or overlapping standing reporting obligations on stablecoin issuers that are subsidiaries of already-regulated financial institution groups, without affecting MAS' ability to obtain the information it requires for its supervisory purposes.

Question 17.	Amendments to Part 5. MAS seeks feedback on the proposed amendments to Section 113A of the PS Act, and the consequential amendment to FSMA to bring issuers of designated systemic stablecoin within the definition of “financial institutions”.
-------------------------------	---

Members are broadly supportive of the proposed amendments to section 113A of the PS Act and the consequential amendment to FSMA.

Question 18.	Requirements to be imposed on issuers of designated systemic stablecoins. MAS seeks comments on the requirements to be imposed on issuers of designated systemic stablecoins, including complying with the requirements similar to that of MAS-regulated stablecoin issuers and to have plans for recovery and resolution.
-------------------------------	---

Members are supportive of the proposal to subject designated systemic stablecoin issuers to enhanced capital, liquidity and corporate governance standards, consistent with the Financial Stability Board's recommendations on the regulation, supervision and oversight of global stablecoin arrangements.

Issuers of designated systemic stablecoins should maintain proportionate controls to limit the potential impact of compromised privileged keys, smart contracts or access-control mechanisms. These could include limits on the volume or value of stablecoins that may be minted within a defined

period, together with appropriate time delays and governance controls for material contract upgrades, changes in ownership or transfers of administrative authority. Such controls could reduce the risk that a single compromise results in rapid, large-scale unauthorised issuance or an immediate loss of control over the stablecoin arrangement.

Redemption requirements

Members note that the detailed requirements applicable to designated systemic stablecoin issuers, including in relation to redemption, will be set out in subsidiary regulations. Members respectfully submit that, when MAS develops those detailed requirements, mandatory redemption gates or mandatory extensions of redemption timelines (for example, extending redemption obligations to seven days during periods of stress) should not be adopted for designated systemic stablecoin issuers. Such mechanisms create a well-documented “first-mover advantage” that can accelerate redemption behaviour by incentivising holders to redeem before a gate or extension is triggered, and could transmit severe liquidity shocks to government bonds. Redemption surges are, in Members' view, more appropriately addressed through robust issuer risk management and stress-testing frameworks, combined with supervisory escalation mechanisms enabling MAS to engage directly with issuers as concerns emerge.

Systemic stablecoins

Members submit that in a situation where an issuer is issuing in multiple jurisdictions as in the case of the MJJ, if it is designated as a systemic stablecoin, the requirements imposed applies to the Singapore legal entity only and not the overseas legal entities.

Question 19.	Powers to restrict circulation of non-compliant systemic stablecoins. MAS seeks comments on the proposed direction-making powers to restrict circulation of certain designated systemic stablecoins, including what would be an appropriate notice period, and potential recourse for customers with exposure to such stablecoins at the point of designation.
---------------------	---

Members note that a sudden, mandatory halt on the circulation of a systemic stablecoin could trigger market panic and severe losses for retail holders of those stablecoins. Members therefore recommend that any exercise by MAS of the proposed supervisory powers to restrict the circulation of non-compliant systemic stablecoins is exercised with caution, taking into account the potential consequences of such a restriction (as noted above) prior to any such decision being made.

Members recommend that, in the event of a non-compliant systemic stablecoin, MAS also has supervisory powers to prevent new issuance of that stablecoin in Singapore (and an obligation to consider using those supervisory powers as a first step, prior to exercising its powers to restrict circulation). The exercise of this supervisory power would cause less disruption in the market and also enable the issuer of the systemic stablecoin to continue redeeming the stablecoin, while also enabling MAS to deter non-compliance by systemic stablecoin issuers.

We agree that MAS should retain the ability to take action where there is an immediate threat to financial stability or holders. We recommend the framework provides for the following:

- (i) prior engagement with the issuer and relevant foreign supervisors;

- (ii) MAS to consider prohibiting new issuance;
- (iii) a reasonable remediation period;
- (iv) clear criteria for escalation;
- (v) proportional restrictions targeted at the identified deficiency;
- (vi) the continued ability to redeem or reduce existing positions;
- (vii) protection for transactions already in flight; and
- (viii) clear communications to holders and intermediaries.

Question 20.	Classification of systemic stablecoins. MAS seeks comments on the factors that should be taken into consideration prior to designating a stablecoin as systemic, including corresponding data to track and monitor for such purpose.
---------------------	---

As stablecoin markets evolve, it will be important to ensure that the framework remains sufficiently flexible to identify emerging risks and changing market structures. Members support MAS' proposal to consider a combination of factors prior to designating a stablecoin as systemic, rather than relying on a single quantitative trigger. In addition, factors such as governance arrangements, reserve composition, concentration of critical functions, and cross-border activity can provide important context when assessing the potential impact of a stablecoin arrangement.

Members respectfully submit that another factor that MAS should take into consideration, prior to designating a stablecoin as systemic, is the velocity of the circulation of that stablecoin.

Relevant monitoring should also consider the stablecoin's wider dependency and extractable-value profile, including the value that could become vulnerable through interconnected smart contracts, bridges, protocols, privileged keys and critical service providers. Mapping these dependencies could help MAS assess how a compromise might propagate across the stablecoin ecosystem and the potential scale and speed of the resulting disruption.

Members also suggest that MAS provides the broad level of quantitative thresholds which would contribute to an assessment of a stablecoin as systemic. This would provide additional clarity to the industry on MAS' expectations with regard to the classification of systemic stablecoins. In particular, it would be helpful for MAS to provide further detail on how it intends to measure the interconnectedness of the stablecoin with payment systems in Singapore and the broader financial system in Singapore.

Any future recalibration of the framework should be evidence-based and informed by implementation experience. The objective should be to improve risk sensitivity and supervisory effectiveness rather than materially expand or narrow the scope of the systemic stablecoin regime.

Question 21.	Amendments to Section 100A. MAS seeks feedback on the proposed amendments to section 100A of the PS Act, setting out the framework to facilitate the multi-jurisdiction issuance of MAS-regulated stablecoins.
---------------------	---

Members highly commend MAS' proposal to propose a multi-jurisdictional issuance framework. This is a forward-looking proposal which reflects the global, cross-border nature of digital money and supports the efficient flow of global liquidity.

Members respectfully submit that MJJ issuers should not automatically be required to meet the stricter of either the MAS-SCS framework or the foreign framework, with regard to the requirements on reserve assets and redemption. Instead, the determination regarding the requirements that apply to the MJJ issuer should be made by MAS on an individual issuer basis, following a risk assessment of that particular issue. This avoids imposing disproportionate requirements on MJJ issuers, given that different regulatory regimes may address the risks of stablecoins in different manners, while achieving the same purposive outcome.

While there may be perceived merit in following the stricter rule approach, we would also like to caution that it may not bring the best outcome, as it makes the domestic market less attractive by following the rules in other markets. In addition, we also seek clarification on these issues:

- (i) if MAS approves the Singapore issuer only or the entire MJJ arrangement;
- (ii) how liabilities are allocated among co-issuers;
- (iii) the approval process for adding or replacing an issuing jurisdiction; and,
- (iv) how MAS will manage conflicting requirements across jurisdictions?

Question 22.	Foreign regulatory status. MAS seeks comments on whether the proposed requirements on foreign regulatory status of foreign-issuing entities are appropriate. MAS welcomes suggestions on what further considerations would be appropriate in deeming a stablecoin regulatory regime to be substantively equivalent to MAS-SCS framework.
---------------------	---

We support MAS's objective of bringing MJJ arrangements within a regulatory framework. As stablecoin activity becomes increasingly cross-border in nature, a regulatory approach that accommodates appropriately governed MJJ structures can enhance market integrity, improve supervisory oversight, and support the development of trusted digital payment infrastructure.

In assessing whether a foreign regulatory regime is substantively equivalent to the MAS-SCS framework, MAS may wish to consider not only whether the foreign jurisdiction imposes broadly comparable prudential, governance, reserve, redemption and supervisory requirements, but also whether its regulatory framework accommodates cross-border or MJJ arrangements. Where a foreign jurisdiction does not recognise or permit similar arrangements, issuers may face legal or operational constraints notwithstanding the overall robustness of the regulatory regime. Greater clarity on how MAS would assess such circumstances would be helpful and would provide issuers with greater certainty when designing MJJ structures.

Members respectfully submit that, once MAS has recognised a foreign stablecoin regulatory regime as substantially equivalent to the MAS-SCS framework, no additional requirements with regard to the status of the foreign issuer and its regulatory regime should be imposed on the MJJ issuer. This is

essential to ensure that the process for becoming an MJL issuer in Singapore is streamlined and efficient, to encourage innovation in this space.

Members also respectfully submit that, when MAS carries out this assessment, MAS takes into consideration that bank-affiliated issuers are already heavily regulated, in order to ensure a level playing field.

We note that MAS proposes to take into account the existence of supervisory cooperation arrangements with foreign authorities. One recommended approach is to develop bilateral and/or multilateral Memoranda of Understanding (“**MoU**”) between regulators to strengthen supervisory cooperation. For example, the European Banking Authority (“**EBA**”) signed an MoU with the New York State Department of Financial Services (“**NYDFS**”) under MiCA. The MoU establishes principles and procedures to facilitate information exchange and the coordination of supervisory activities related to stablecoins issued in both New York State and the European Union, and provides a framework for mutual assistance in ongoing supervision.

Overall, Members support the introduction of a framework for MJL stablecoins and believe that additional clarity around the assessment of foreign regulatory regimes, treatment of cross-border issuance arrangements, reserve management expectations, and exit requirements would further support the safe and effective development of cross-border stablecoin ecosystems while maintaining the high regulatory standards of the MAS-SCS framework.

Question 23.	Reserve asset requirements. MAS seeks comments on whether the reserve asset requirements are appropriate safeguards to maintain a high degree of value stability for multi-jurisdiction issued stablecoins. MAS welcomes suggestions on what is a risk appropriate amount of reserve assets that should be held by the Singapore issuer, as well as an appropriate rebalancing arrangement and stablecoin attribution model for stablecoins issued out of multiple jurisdictions.
---------------------	--

MJL arrangements present risks including regulatory arbitrage, cross-border reserve transfer restrictions, unbalanced reserve distribution across jurisdictions and material differences in prudential or conduct standards. Where stablecoins operate across multiple regulatory frameworks, differing supervisory expectations or regulatory outcomes may create incentives for activity to migrate between jurisdictions and can complicate crisis management and oversight.

Where reserve assets are held across multiple jurisdictions and legal entities, operational or legal barriers could complicate the rapid mobilisation of liquidity and the execution of redemption arrangements. Similarly, uneven reserve allocation across jurisdictions may create challenges if redemption demands become concentrated in a particular market.

However, these risks do not in our view justify prohibiting multi-issuance arrangements. Rather, they support greater emphasis on supervisory cooperation, transparency, reserve mobility, information-sharing and internationally consistent standards. A well-designed supervisory framework can mitigate these risks while preserving the benefits that global stablecoin arrangements may provide for cross-border payments, liquidity and digital asset markets.

As noted in response to Question 21 above, Members do not support MJL issuers being automatically required to meet the stricter of the MAS-SCS framework or the foreign framework. In addition, in some cases, regulatory frameworks may not merely differ in degree but may take fundamentally different approaches to issues such as cross-border issuance, recognition of foreign issuers, reserve segregation or redemption rights. Determining which requirement is "stricter" may therefore not always be straightforward and could result in legal and operational uncertainty.

We recommend that MAS instead consider whether a clearly defined set of baseline requirements for MAS-regulated MJL stablecoins could achieve a similar outcome while providing greater certainty for issuers.

In addition, we seek clarification that the "trust" arrangement for reserve assets refers to the arrangement between the issuer and stablecoin holders. It should be made explicit that a custodian appointed by the issuer to hold reserve assets is not required to act as trustee for stablecoin holders.

Custodians typically hold assets through a network of sub-custodians, international Central Security Depositories ("CSDs") and domestic CSDs. In cases of MJLs with issuances in UK and Singapore, we seek clarity if the Singapore issuer needs to appoint a custodian licensed in Singapore, or if it is sufficient to appoint a master custodian licensed in the UK, which has capability to hold reserve assets in Singapore through its use of a sub-custodian licensed in Singapore. Moreover for MJLs, the requirement to hold reserve assets on trust with licensed custodians should account for the fact that some jurisdictions do not recognise trusts.

In relation to the appropriate rebalancing arrangement on which the MAS has specifically invited views, Members agree with MAS' proposal that co-issuers of a multi-jurisdiction-issued MAS-regulated stablecoin should be required to utilise reserve rebalancing arrangements and stablecoin attribution models approved by MAS, in order to mitigate the risk of reserve asset bifurcation across jurisdictions. Members respectfully submit that such reserve rebalancing arrangements should be required to be timely, reliable and capable of operating effectively under stress, with a level of automation appropriate to the arrangement.

Question 24.	Other requirements for MJL. MAS seeks comments on whether the requirement for comparable terms of issuance and redemption across issuing entities is appropriate. MAS welcomes suggestions on other requirements to address the risk associated with multi-jurisdiction issued stablecoins.
---------------------	--

As per our comments in response to Question 21 above, Members submit that MJL issuers should not automatically be required to meet the stricter of either the MAS-SCS framework or the foreign framework, with regard to the requirements on issuance and redemption.

In addition, MJL issuers of the same stablecoin should be free to differentiate their offerings through various bespoke commercial terms (including relating to issuance and redemption), given that market volume, use patterns and other jurisdiction-specific matters will not be the same across issuing jurisdictions. Provided that MJL issuers have appropriately addressed the risks associated with the different commercial terms (e.g., through the appropriate management of the reserve asset), this should be permitted from a regulatory perspective.

Question 25.	Plans for recovery and orderly wind-up. MAS seeks comments on the proposed additional measures to ensure an orderly wind-up and recovery under a multi-jurisdictional stablecoin issuance model.
---------------------	---

We would welcome further clarification regarding the proposal that an issuer exiting the MAS-SCS framework may be required to wind up its formerly MAS-regulated entity. We understand the objective of avoiding public confusion regarding the regulatory status of the stablecoin. However, a mandatory wind-up requirement may be disproportionate where the stablecoin continues to be lawfully issued and regulated in other jurisdictions as part of an MJJ arrangement. The same policy objective could potentially be achieved through alternative measures, such as restrictions on the continued use of MAS-regulated branding, customer notifications, public disclosures, updates to offering documentation, and appropriate transition arrangements. Such measures would provide clarity to users while avoiding unnecessary legal and operational disruption associated with a compulsory corporate wind-up.

Question 26.	Amendments to the PS Act in respect of recognition of foreign-regulated stablecoins. MAS seeks feedback on the proposed addition of Part 2B to the PS Act, setting out the approach for recognition of foreign-regulated stablecoins.
---------------------	--

Members highly commend MAS' proposal to introduce a regime recognising foreign-regulated stablecoins. This proposal supports Singapore in maintaining its competitiveness as a global financial hub.

Members' submissions on the substantial equivalence process are set out in the General Comments above (under the heading "Foreign Stablecoin Regimes that MAS deems to be Substantially Equivalent"), and are not repeated here.

Members urge MAS to clarify:

1. that the definition of "foreign corporations" under Section 40H(1) of the Draft Amendments includes banks or financial institutions which may not technically be formed as a corporation;
2. what MAS means by "any of its derivatives in any language" in Section 40I(2) of the Draft Amendments; and
3. whether recognition will be assessed primarily at the level of:
 - a. the foreign jurisdiction;
 - b. the individual issuer or stablecoin (as relevant according to the application of the foreign corporation); or
 - c. a combination of both.

This would help firms understand whether recognition is realistically available and whether an equivalence determination could apply more widely to issuers operating under the same foreign regime.

Members believe it would also be helpful to understand whether a jurisdiction-level equivalence determination would establish a reusable baseline, leaving subsequent applications to focus on

issuer- and stablecoin-specific matters, or whether MAS intends to reassess the foreign regime in each individual application.

Members also urge MAS to consider:

1. in relation to Section 40J of the Draft Amendments, that banks in Singapore that issue stablecoins (which are currently not permitted to issue MAS-regulated stablecoins) should not be disadvantaged compared to foreign corporation issuers (given that foreign banks may issue stablecoins which are eligible to be recognised as an MAS-recognised stablecoin); and
2. adding a safe harbour exemption from the requirements under Section 40K of the Draft Amendments, to ensure that the issuer is not placed in a conflict of laws situation.

Question 27.	Considerations for a possible stablecoins recognition framework. MAS seeks comments on the factors that should be taken into consideration prior to allowing a foreign-issued stablecoin to be recognised by MAS as well-regulated for value stability. MAS also seeks comments on the risk profile of such recognised stablecoins, and whether the existing DPT measures, such as those for retail customer protection, remain fit for purpose.
---------------------	---

Members agree with MAS' proposed conditions that an issuer must fulfil in order for the stablecoin to be recognised. Please refer to our comments above in response to Question 26 and in the section titled, "Foreign Stablecoin Regimes that MAS deems to be Substantially Equivalent".

Members urge MAS to clarify that the criterion of value stability is distinct from an assessment of a stablecoin's broader risk profile, including financial crime risk. A stablecoin may demonstrate effective value stability while presenting a different risk profile based on factors such as its usage, distribution channels, underlying networks and exposure to illicit activity.

MAS should clarify how regulation or recognition under the stablecoin framework will inform a bank's assessment under the separate prudential framework for cryptoasset exposures, when a bank holds stablecoins MAS-regulated, recognised foreign and approved multi-jurisdictional stablecoins should be assessed on an equivalent basis and be capable of obtaining Group 1b treatment where the applicable classification conditions are met.

Question 28.	Requirements on DPT service providers offering DPT services in relation to non-MAS-regulated stablecoins to retail customers. MAS seeks feedback on the proposed retail customer protection requirements to be imposed for such cases, as well as feedback on what a sufficient transition period would be.
---------------------	--

Members have no material comments on the proposed retail consumer protection requirements and broadly agree with the proposals.

Question 29.	Requirements for banks and MBs who wish to issue MAS-regulated SCS. MAS seeks feedback on the proposed requirement for banks and MBs to issue MAS-regulated SCS through a separate non-bank legal entity, which will be licensed as a DPTSP and subject to the applicable PS Act requirements.
---------------------	---

Feedback on proposed requirement for banks and MBs to issue MAS-regulated SCS through a separate non-bank legal entity

Members respectfully submit that the proposed requirement for banks and MBs to issue MAS-regulated SCS through a separate non-bank legal entity is disproportionate and unnecessary. Bank groups are already subject to comprehensive prudential oversight and extensive risk management, capital, liquidity, governance and internal control requirements that apply on a group-wide basis and are specifically designed to identify, manage and mitigate the risk of contagion of risks across different products and services within the group. These existing regulatory frameworks and controls can and should be leveraged by MAS to address the concerns underlying the proposed structural separation, without the need to require the establishment of a separate non-bank legal entity as the issuer.

Requiring bank and merchant bank groups to establish a separate non-bank legal entity for MAS-regulated stablecoin issuance would, in addition, impose substantial additional costs of market entry, including staffing, technology, compliance and ongoing operational costs, all of which would be duplicative of controls already in place at group level. These barriers are likely to deter bank groups from issuing MAS-regulated stablecoins and slow innovation in stablecoins by bank groups. If bank groups are effectively discouraged from participating in the MAS-regulated stablecoin market, consumer choice, competition and Singapore's competitive position as a digital assets hub would be reduced. The proposal also places bank groups at a competitive disadvantage relative to non-bank entities in entering the stablecoin issuance market. Moreover, we note that MAS-regulated SCS would be subject to stringent requirements relating to reserve backing, redemption and safeguarding. In this context, it is not evident that a mandatory legal entity separation is necessary to achieve the underlying policy objectives.

In addition, the proposed restriction would prevent banks that operate as global custodians from being able to self-custody stablecoin reserve assets (in the event that the global custodian is an issuer of a stablecoin). This runs counter to the overall regulatory preference to ensure that custody entities for digital assets are well capitalised and have appropriate experience to segregate assets and to provide services to customers.

In summary, the Members' concerns with the proposed separate legal entity requirement are that:

- (a) bank groups are already highly regulated and subject to comprehensive prudential oversight and risk management standards specifically designed to prevent contagion of risks across products and services within the group;
- (b) any stablecoin issuance is very likely to constitute only a small portion of the bank's overall activities; and
- (c) Global Systemically Important Banks (“**GSIBs**”) are expected by regulators to simplify their existing corporate structures and to reduce the number of legal entities within their groups, as part of ongoing resolution planning. The requirement to create more legal entities runs counter to the simplification aim.

Proposed approach in relation to bank issuers

We propose an alignment with MiCA where authorised credit institutions may issue Electronic Money Tokens (“**EMTs**”) without being required to establish a separate issuing entity. Instead, consumer protection and insolvency risks are addressed through a combination of reserve asset requirements, redemption rights, governance standards, disclosure obligations and recovery planning.

If MAS’s objective is to enhance insolvency protection, operational separation or resolvability, we believe these objectives could be achieved through targeted safeguards, such as ring-fencing of reserve assets, safeguarding requirements, governance standards and recovery and wind-down planning, rather than through a mandatory incorporation requirement.

We therefore encourage MAS to permit banks and MBs to issue MAS-regulated SCS directly, subject to compliance with the applicable stablecoin requirements and any additional safeguards MAS considers necessary. Members encourage MAS to remain outcomes-based and where the bank can demonstrate equivalent outcomes (for example, through a dedicated reserve trust/custody or other legally effective segregation arrangement, separate books and records, restrictions on liens and set-off, financial resources, and executable recovery and wind-down arrangements), they should not be mandated to set up a separate non-bank legal entity. Nevertheless, MAS can retain its discretion to require a separate entity where these outcomes cannot be demonstrated.

Members acknowledge that there is a divergence of views within the industry on this question, with some Members supporting MAS’ proposal on the basis that a mandated separate non-bank legal entity provides clear structural separation of books and records and operational risks from a bank’s core activities, and is proportionate given the novel risks of stablecoin issuance. A comparable approach has been adopted internationally, including under the US GENIUS Act, supporting regulatory consistency and reducing fragmentation.

Clarification on permitted issuers

Members also request MAS to clarify whether an entity that holds a capital market service licence to conduct regulated activities under the Securities and Futures Act or Financial Advisers Act, would be permitted to issue MAS-regulated stablecoins.

Members note that MAS has proposed that issuers will not be allowed to conduct other regulated activities beyond the issuance of MAS-regulated stablecoin.

Role of parent bank

Members note that MAS has stated that the parent bank may continue to manage the receipt of such deposits in accordance with its current custody practice. Members urge MAS to clarify what it means by “custody practice”. In the context of a bank, “segregated deposits” are repayment obligations rather than retaining custody of cash.

Application to consortium, joint-venture and industry-utility issuers

MAS should clarify how the wholesale-bank and merchant-bank restrictions would apply to consortium, joint-venture and industry-utility issuers. A genuinely independent consortium issuer

should not automatically be treated as an extension of a shareholder bank solely because banks hold minority, non-controlling interests, where the issuer operates at arm's length with independent governance and decision-making. MAS should also clarify how customer eligibility (i.e. whether a direct customer relationship with the consortium issuer is needed, or whether eligible customers of the participating shareholder banks could also acquire and hold such SCS) and secondary-market acquisitions would be treated in these structures.

Question 30.	Any other comments. MAS seeks any other comments relating to the proposed amendments to the Payment Services Act, as well as MAS' regulatory approach towards stablecoins and stablecoin-related activities.
-------------------------------	---

Members have no material comments beyond the above.

Overall, the industry supports MAS' efforts to enhance the resilience and security of the financial sector and encourages MAS to continue applying a risk-based, proportionate and practical approach that focuses on risk management outcomes while preserving implementation flexibility for FIs.

We would be pleased to discuss our response in further detail. Should you wish to do so, please do not hesitate to contact me at rkapoor@asifma.org.

Sincerely,



Rishi Kapoor
Executive Director
Head of Technology and Operations
Asia Securities Industry & Financial Markets Association