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Singapore Publishes Draft Legislation to Implement Its Stablecoin Framework

This update provides an overview of the Monetary Authority of Singapore's consultation on draft legislative amendments to the Payment Services Act 2019 to implement Singapore's stablecoin framework, and highlights how the proposals differ from the positions finalised by the regulator in 2023 – including a newfound openness to multi-jurisdictional issuance models and the recognition of foreign-issued stablecoins.

On 1 September 2026, the Monetary Authority of Singapore (**MAS**) published a consultation paper setting out draft legislative amendments to the Payment Services Act 2019 (**PS Act**) to implement its regulatory framework for single-currency stablecoins (**SCS**) – known as the **MAS-SCS framework** – together with a set of new policy proposals that respond to market and regulatory developments since the framework was finalised in 2023.[1] The consultation closes on 16 October 2026, and the MAS will consult separately on the accompanying subsidiary legislation at a later date.

1. A SIGNIFICANT AND LONG-AWAITED DEVELOPMENT

The publication of the draft legislation is a significant milestone in the development of Singapore's digital-asset regulation. The MAS first consulted on its proposed regulatory approach for stablecoin-related activities in October 2022[2] and set out its finalised policy positions in a consultation response published in August 2023.[3] The legislative amendments needed to bring the framework into force have been keenly awaited by the industry since then, and had initially been expected in the fourth quarter of 2025.

The additional gestation time is telling: the MAS has evidently had to turn its mind to a number of complex threshold issues – most notably the cross-border questions of whether to accommodate stablecoins issued concurrently out of Singapore and foreign jurisdictions, and whether to recognise well-regulated foreign-issued stablecoins. On both questions, the MAS has now landed on considered proposals which move beyond (and in some respects reverse) its 2023 positions. These developments have unfolded against a fast-moving international backdrop, with the United States, the European Union, the United Kingdom, Hong Kong and others having enacted or substantially progressed their own stablecoin regimes since 2023 (see section 4 below).

The consultation package accordingly has two components: (a) draft legislative amendments to the PS Act[4] giving effect to the positions finalised in 2023; and (b) new policy proposals on which the MAS is consulting for the first time. The MAS has signalled that it expects to take a selective and risk-based approach to authorising stablecoin issuers and recognising foreign-issued stablecoins, anticipating that only a limited number of stablecoins will be authorised or recognised, with applications assessed holistically by reference to financial soundness, business viability and operational track record.[5]

2. THE FRAMEWORK AS LEGISLATED

The draft amendments carry the architecture finalised in 2023 into the PS Act, with some notable structural refinements:

Definitions and regulatory perimeter

The amendments introduce statutory definitions of “stablecoin” and “MAS-regulated stablecoin”. Stablecoins are expressly treated as a subset of digital payment tokens (**DPTs**) for the purposes of the PS Act (unless otherwise provided), and are expressly carved out of the definition of “e-money” – resolving a boundary question that has generated significant industry debate since fiat-pegged tokens first emerged. Stablecoins that are not MAS-regulated will remain lawful and will continue to be regulated as DPTs, with all intermediation activities subject to the existing DPT licensing regime.

A dedicated licence class

The draft legislation establishes a standalone “stablecoin issuance licence” as a new licence class under the PS Act, sitting alongside the existing money-changing, standard payment institution and major payment institution licences. This is a structural evolution from the 2023 Consultation Response, which had contemplated that issuers would hold a major payment institution licence covering a new “stablecoin issuance service”. Only holders of the new licence may hold themselves (or their stablecoins) out as “MAS-regulated”, with contraventions of the holding-out prohibitions attracting criminal penalties.[6] Issuance is defined to include incidental activities such as minting, putting stablecoins into circulation, managing the reserve assets and redeeming at par.

Core issuer obligations

The core requirements finalised in 2023 are carried over: reserve assets at least equal to the par value of stablecoins in circulation at all times (held in segregated trust accounts with permitted custodians, and subject to attestation and audit requirements which now appear on the face of the statute); redemption at par within MAS-prescribed timeframes; prudential requirements; white paper disclosure; and business restrictions that confine the licensee to its issuance business. Helpfully, the draft clarifies that a licensed issuer may provide DPT services in respect of its own MAS-regulated stablecoin (for example, transmission or custody) where incidental to its issuance business, without a separate DPT licence. Entities issuing non-MAS-regulated stablecoins out of Singapore will, by contrast, require a major payment institution licence as providers of DPT services.

3. WHAT HAS CHANGED SINCE 2023

Beyond legislating the finalised framework, the Consultation Paper proposes a substantial set of new policy positions. The most significant are as follows:

Multi-jurisdictional issuance is now on the table

In its 2023 Consultation Response, the MAS decided that multi-jurisdictional issuance (**MJI**) – the concurrent issuance of the same fungible stablecoin by affiliated issuers in different jurisdictions sharing a common reserve pool – would not be permitted under the framework, requiring issuers to issue solely out of Singapore.[7] The MAS has now reversed course, citing the considerable maturation of stablecoin regulation globally and the growing prevalence of MJI use cases. Under a proposed new section 100A of the PS Act, the MAS may exempt an MJI arrangement, on a case-by-case basis, from two requirements: (i) the requirement for every issuer of an MAS-regulated stablecoin to be incorporated in Singapore (thereby accommodating foreign co-issuers); and (ii) the requirement for the Singapore licensee itself to hold reserves at least equal to all stablecoins in circulation (thereby accommodating a reserve pool split across co-issuers).[8]

Exemptions will be conditioned on substantial safeguards, including: the foreign co-issuers being supervised under a regime the MAS deems substantively equivalent to the MAS-SCS framework (with weight given to bilateral supervisory cooperation arrangements); aggregate reserves across all issuing entities of at least 100% of global circulation at all times, with composition meeting the stricter of the applicable regimes; MAS-approved reserve rebalancing arrangements or stablecoin attribution models, supported by daily record-keeping and monthly reporting; comparable redemption fees and timelines across jurisdictions (to prevent redemption arbitrage and cross-border liquidity runs); and group-wide recovery and orderly wind-up planning.

Recognition of foreign-issued stablecoins

In a further new development, the MAS proposes a recognition regime – a new Part 2B of the PS Act – under which a limited number of stablecoins issued by foreign corporations may be recognised as “MAS-recognised stablecoins”.[9] Recognition will be available, on a case-by-case basis, where the issuer and its stablecoin are regulated under a foreign framework deemed substantively equivalent to the MAS-SCS framework and where supervisory cooperation and information-sharing arrangements are in place between the MAS and the home regulator. The MAS has framed this proposal by reference to cross-border wholesale use cases. It has also been careful to preserve a clear distinction between the “MAS-regulated” label (denoting direct MAS regulation and supervision) and the “MAS-recognised” label (denoting home-state regulation meeting baseline standards), so that the two statuses – and the concessions attaching to them – remain clearly differentiated for consumers.

Prohibition on paying interest

Issuers of MAS-regulated stablecoins will be prohibited from paying interest, returns or other benefits attributable (directly or indirectly) to the holding of the stablecoin.[10] The stated rationale is to demarcate stablecoins as payment instruments rather than investment or savings products, in line with international practice. Notably, the prohibition is directed at the issuer and is not intended to disturb revenue-sharing, distribution or other commercial arrangements between the issuer and third parties – a calibration that will be of interest to distributors and exchanges. The MAS is separately consulting on whether issuers should (like e-money issuers today) be restricted from on-lending customer monies or using such monies and the interest earned on them to materially finance their business – acknowledging, however, that reserve yield is the economic engine of most stablecoin issuance models.

Reserve composition, potential deposit floors and caps

The MAS is considering whether to require a minimum proportion of reserve assets to be held in cash or bank deposits, noting that the UK and EU require or will require minimum bank-deposit proportions of 5% to 30% for non-systemic stablecoins and 40% to 60% for systemic stablecoins.[11] It also seeks views on the relevance of caps on aggregate issuance or individual holdings – measures which have featured in other jurisdictions’ frameworks and which echo the stock and flow caps applicable to e-money under the PS Act.

Stress testing, recovery planning and resolution architecture

Issuers will be required to conduct stress testing at least quarterly (covering idiosyncratic and systemic shocks, with board-level review and results shared with the MAS), and the MAS proposes powers to impose additional capital, liquidity or reserve buffers where stress testing reveals critical vulnerabilities.[12] Issuers must also maintain board-approved recovery plans and orderly wind-down plans, reviewed and shared with the MAS at least annually, with the financial resources underpinning them independently verified. To give these requirements teeth, licensed issuers will be brought within the definition of “pertinent financial institutions” under the Financial Services and Markets Act 2022 (**FSMA**), although the MAS intends to apply only the recovery and orderly wind-up requirements to non-systemic issuers.

Consumer protection through the licence lifecycle

The MAS proposes e-money-style safeguarding obligations for customer monies received before stablecoins are delivered, and for redemption proceeds pending payment to holders – ringfencing consumer funds in an insolvency. At the exit end of the lifecycle, issuers whose licences are revoked, lapse or are surrendered would be prohibited from conducting any stablecoin issuance business (including of non-MAS-regulated stablecoins, and even if they subsequently obtain a

DPT licence), with the MAS canvassing mandatory wind-down or winding-up as an alternative. Issuers would also be barred from disposing of reserve assets other than to meet redemptions until the MAS is satisfied that no redemption requests remain outstanding.

AML/CFT: trace, freeze and burn

Beyond the existing AML/CFT standards applicable to DPT service providers and banks (customer due diligence, travel rule and screening), the MAS proposes to require issuers to maintain the technical capability to trace, freeze and/or burn their stablecoins where these are used for illicit activity, with detailed requirements to follow by Notice.[13] The MAS is also seeking feedback on more far-reaching measures observed in other jurisdictions – verified identification of every holder, restrictions on unhosted wallets, and ongoing on-chain monitoring of stablecoins in circulation – although these remain exploratory at this stage.

A designation regime for systemic stablecoins

A new Part 2A of the PS Act will empower the MAS to designate a stablecoin as a "Designated Systemic Stablecoin" – regardless of whether it is issued in or outside Singapore, and regardless of whether it is regulated under the MAS-SCS framework.[14] This complements the otherwise opt-in character of the framework and marks an evolution from the 2022/2023 proposals, which had contemplated designating systemic stablecoin *arrangements* as payment systems: the designation power now attaches to the stablecoin itself. Issuers of designated stablecoins must comply with requirements aligned with the MAS-SCS framework, supplemented by enhanced requirements in line with Financial Stability Board recommendations, including corporate governance, recovery and resolution planning; the MAS' emergency powers will be extended to such issuers, which will also be brought within the FSMA's definition of "financial institution".

Two features deserve particular attention. First, the supporting information-gathering powers are broad: all issuers of tokens that purport to maintain a value relative to a reference asset (including algorithmic stablecoins, and whether or not marketed as "stablecoins"), and licensed intermediaries, may be required to report issuance, redemption and circulation data to the MAS. Second, where a designated systemic stablecoin fails to meet the MAS's requirements – including one issued overseas – the MAS may direct licensed DPT service providers in Singapore to cease offering it, delist it and its trading pairs, and prohibit further accumulation by customers. Foreign issuers with meaningful Singapore circulation should take note.

Banks and merchant banks

In a change from the 2023 position (under which banks could issue reserve-backed SCS directly, subject to the framework minus its prudential requirements), banks and merchant banks wishing to issue MAS-regulated stablecoins will now be required to do so through a separate non-bank legal entity licensed under the MAS-SCS framework – a structure intended to contain contagion risk and give greater certainty to reserve segregation.[15] Tokenised deposits remain outside the framework, with separate MAS guidance to follow. The MAS has also clarified that the restricted depositor scope applicable to wholesale banks and merchant banks carries over to holders of SCS (or e-money) issued by such entities or their issuance vehicles – effectively precluding these entities from issuing SGD stablecoins freely tradeable by retail individuals, while leaving room for wholesale use cases such as corporate settlement and trade finance.

Retail safeguards for non-MAS-regulated stablecoins

Finally, the MAS is considering requirements on licensed DPT service providers that offer non-MAS-regulated "stablecoins" (including any DPT purporting to maintain a stable value, however marketed) to retail customers: enhanced disclosures on reserve backing, clear risk warnings that the token is not regulated by the MAS for value stability, and a restriction on marketing such tokens to retail customers using the term "stablecoin".[16] Exchanges and brokers active in the Singapore retail market should follow this proposal closely, including the consultation question on an appropriate transition period.

4. THE INTERNATIONAL CONTEXT

Singapore's framework is being finalised against the backdrop of a global wave of stablecoin legislation. In the United States, the GENIUS Act was signed into law in July 2025 and is expected to take effect on 18 January 2027; the U.S. Treasury issued its notice of proposed rulemaking on stablecoin issuance, offer and sale in August 2026, following earlier proposals from the federal banking agencies and a joint FinCEN/OFAC proposal on AML and sanctions compliance.[17] In the EU, MiCA's e-money token regime has been operative since mid-2024. In the UK, the FCA published final rules for qualifying stablecoin issuers in June 2026, and the Bank of England is consulting on a draft Code of Practice for sterling-denominated systemic stablecoins (featuring a temporary £40 billion issuance guardrail per systemic stablecoin), which it intends to finalise by the end of 2026.[18] Hong Kong's Stablecoins Ordinance took effect in August 2025, with the HKMA granting its first two issuer licences in April 2026.[19]

Viewed against these regimes, the MAS's proposals are broadly convergent on the core protections: full reserve backing in high-quality liquid assets, redemption at par, issuer-level prudential and disclosure requirements, a prohibition on interest (mirroring the GENIUS Act, MiCA and the UK rules), and a distinct, more intensive tier for systemic stablecoins. Indeed, several of the new proposals – the potential minimum cash/deposit proportion, issuance or holding caps, and stress testing – draw expressly on UK and EU practice. Where Singapore differs is chiefly in regulatory technique: the MAS-SCS framework remains an opt-in labelling regime under which unlabelled stablecoins may continue to circulate as DPTs, in contrast to the mandatory licensing perimeters in the United States, Hong Kong and the EU; the mandatory overlay in Singapore arrives only through systemic designation. Singapore's stated intention to authorise or recognise only a limited number of stablecoins also signals a more selective gatekeeping posture than most peer regimes.

We expect the GENIUS Act to be a driving force behind stablecoin adoption globally – and, importantly, a mechanism through which U.S. compliance requirements are effectively exported to other jurisdictions. Once the Act takes effect, U.S. digital asset service providers will generally be prohibited from offering foreign-issued payment stablecoins unless the foreign issuer has the technological capability to comply with lawful orders (with a broader restriction, tied to comparability and reciprocity arrangements with the issuer's home jurisdiction, following in July 2028). Foreign frameworks are therefore increasingly being designed with U.S. comparability in mind – and the MAS' new machinery for multi-jurisdictional issuance and recognition of foreign-regulated stablecoins, both built on "substantive equivalence" assessments and supervisory cooperation, positions Singapore-regulated stablecoins for interoperability in that emerging cross-border architecture.

5. NEXT STEPS

Comments on the Consultation Paper are due by 16 October 2026. The MAS will consult on the subsidiary legislation – which will carry much of the detail on reserve composition, redemption timelines, stress testing and recognition conditions – at a later date, and no timeline has yet been set for the amendments to be enacted.

Prospective stablecoin issuers (including bank groups weighing issuance structures), operators of multi-jurisdictional stablecoin arrangements, foreign issuers with Singapore distribution, and DPT service providers offering stablecoins to Singapore customers should assess the proposals against their business models and consider responding to the consultation.

[1] MAS, Consultation Paper on Proposed Amendments to the Payment Services Act for Stablecoin Regulation (P015-2026), 1 September 2026 (**Consultation Paper**) (link); MAS Media Release, MAS Consults on Legislative Amendments to Implement Stablecoin Regulatory Framework, 1 September 2026.

[2] MAS, Consultation Paper on Proposed Regulatory Approach for Stablecoin-related Activities (P009-2022), 26 October 2022 (**2022 Consultation**).

[3] MAS, Response to Public Consultation on Proposed Regulatory Approach for Stablecoin-related Activities, 15 August 2023 (**2023 Consultation Response**) (link).

[4] Draft Amendments to the Payment Services Act 2019, published as Annex C to the Consultation Paper. The draft provisions remain subject to change and to review by the Attorney-General's Chambers.

[5]Consultation Paper, paragraph 1.3.

[6]Consultation Paper, paragraphs 2.5 to 2.7; draft sections 5A and 6 of the PS Act (Annex C). Contraventions of the holding-out prohibitions attract fines of up to S$250,000 (for entities) or up to S$125,000 and/or imprisonment of up to 3 years (for individuals).

[7] 2023 Consultation Response, paragraphs 5.3 to 5.4.

[8] Consultation Paper, paragraphs 5.1 to 5.11; draft section 100A of the PS Act (Annex C).

[9] Consultation Paper, paragraphs 5.12 to 5.14; draft Part 2B of the PS Act (Annex C).

[10] Consultation Paper, paragraphs 3.2 to 3.3. The prohibition is not intended to apply to revenue-sharing, distribution, service or other commercial arrangements between the issuer and a third party.

[11] Consultation Paper, paragraphs 3.6 to 3.8.

[12] Consultation Paper, paragraphs 3.14 to 3.20.

[13] Consultation Paper, paragraphs 3.21 to 3.23.

[14] Consultation Paper, section 4; draft Part 2A and sections 102, 103 and 113A of the PS Act (Annex C).

[15] Consultation Paper, paragraphs 6.3 to 6.7.

[16] Consultation Paper, paragraphs 6.1 to 6.2.

[17] Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act), S. 1582, 119th Cong., signed into law on 18 July 2025. See U.S. Treasury, Treasury Seeks Public Comment on GENIUS Act Proposed Rulemaking, 17 August 2026 (link).

[18] FCA, Policy Statement PS26/10 and related policy statements for the UK cryptoasset regime, 30 June 2026 (link); Bank of England, Sterling-denominated systemic stablecoins – policy statement and consultation on a draft Code of Practice, 22 June 2026 (link).

[19] HKMA, Granting of stablecoin issuer licences, 10 April 2026 (link).

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Gibson Dunn's lawyers are available to assist in addressing any questions you may have regarding these developments. If you wish to discuss any of the matters set out above, please contact any member of Gibson Dunn's Financial Regulatory team, including the following:

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