

# MAS to pilot project in financial asset tokenisation: DPM Heng

Singapore keen to work with blockchain, digital asset players, but retail investors should steer clear of cryptocurrencies, he adds

By Megan Cheah  
megancheah@sph.com.sg

THE Monetary Authority of Singapore (MAS) will pilot an industry project to explore tokenisation of financial assets and develop finance infrastructure, signalling that while the crypto asset space is highly risky, it should be approached with an open mind, Deputy Prime Minister Heng Swee Keat said on Tuesday (May 31).

"The way to approach Web 3.0 is to keep an open mind," said Heng. "We must pierce through both the hubris and the veil of suspicion, to understand the potentially transformative underlying technologies. Let us not throw out the baby with the bath water."

DPM Heng was speaking at the opening of the Asia Tech x Singapore Summit 2022, a regional technology-focused conference.

The programme, known as Project Guardian, will be a collaborative effort by MAS and industry players, with the first industry pilot set to explore potential DeFi applications in wholesale funding markets.

The pilot will be led by DBS, JPMorgan and Marketnode, a digital markets infrastructure operator that is a joint venture between Singapore Exchange and Temasek. The project will create a permissioned liquidity pool comprising tokenised bonds and deposits. It aims to carry out secured borrowing and lending on a public blockchain-based network through execution of smart contracts.

"This pilot is also pivotal as it furthers efforts to innovate, advance and scale institutional financial applications on blockchain and their interoperability across different blockchain networks with the long-established rails of the existing financial markets. We believe



**DPM Heng Swee Keat says: "We must pierce through both the hubris and the veil of suspicion, to understand the potentially transformative underlying technologies. Let us not throw out the baby with the bath water."** PHOTO: ASIA TECH X SINGAPORE 2022

that these early explorations in DeFi solutions will ensure the competitiveness and relevance of Singapore as a cutting edge financial centre," said DBS's group head of planning and strategy Han Kwee Juan.

Heng said that Singapore remains "keen to work with blockchain and digital asset players to encourage innovation, and build up trust in the sector".

MAS has granted licenses and in-principle approvals to 11 digital payment token service providers over the last 2 years. These include stablecoin players like Paxos, crypto exchanges like Coinhako, and traditional financial institutions like DBS Vickers.

"We continue to evaluate applications, and facilitate live experiments through regulatory sandboxes, to enable safe adoption in the financial sector," he added.

Heng reiterated MAS's warning to the public against trading in cryptocurrencies, noting that MAS has taken steps to limit promotion of cryptocurrencies to the general public earlier this year.

"Many investors suffered losses and even lost their life savings in

the recent meltdown of TerraUSD and Luna, which triggered knock-on effects on Bitcoin and other cryptocurrencies.

"Retail investors especially should steer clear of cryptocurrencies. We cannot emphasise this enough," Heng noted.

But the digital asset ecosystem comprises an entire range of services beyond cryptocurrency trading. "Through regulation, we work constructively to realise the gains of these new technologies, and partner responsible and innovative players with strong risk management capabilities to build the foundations of the digital asset ecosystem," he said.

Heng also announced that Singapore will introduce 2 national platforms to grow the country's quantum capabilities.

The National Quantum Computing Hub and National Quantum Fabless Foundry are a part of Singapore's Quantum Engineering Programme (QEP), which was launched in 2018.

The 2 new programmes, as well as the National Quantum-Safe Network that was launched in February this year, will cover quantum

computing, quantum safe communication and the manufacturing of quantum devices, the Infocomm Media Development Authority said separately. QEP will commit S\$23.5 million to the 3 platforms for up to 3 and a half years.

These new programmes come as Singapore aims to guard itself against malicious cyber activities in a landscape that is fast evolving, with quantum technology as a "potential game changer", Heng observed in his speech.

"To counter (malicious actors), we not only need to remain vigilant to present threats, we must also stay invested to stay much further ahead," he said.

The programmes will be hosted across the National University of Singapore (NUS), Nanyang Technological University (NTU), Agency for Science, Technology and Research (A\*Star) and National Supercomputing Centre (NSCC).

The 2 new initiatives will help enable Singapore to "further strengthen talent development – as this is a fast-growing area – and provide better access to quantum tech", noted Heng, as well as support micro and nanofabrication of quantum devices across partner cleanrooms.

Heng also announced that SGTruDex, a common data infrastructure launched last year for the sharing of regulatory, logistics and trade financing data, will be expanded over the next few years. More use cases will include green and sustainable trade financing, as well as enrolment of more companies within the supply chain ecosystem onto SGTruDex.

"Over time, we hope to expand SGTruDex beyond our shores and contribute to the optimisation of supply chains abroad," he added.

**Crypto ETFs, ETPs net inflows significantly lower on year at US\$303m YTD, but remain second-highest, Page 4**