

# **Reply to Parliamentary Question on extent of Singaporeans' exposure to recent collapse in value of TerraUSD stablecoin and Luna token**

QUESTION NO 1902

NOTICE PAPER 1202 OF 2022

FOR WRITTEN ANSWER

**Date: For Parliament Sitting on 1 August 2022****Name and Constituency of Member of Parliament****Mr Saktiandi Supaat, MP, Bishan-Toa Payoh GRC****Question:**

**To ask the Prime Minister (a) whether there is data on the extent of Singaporeans' exposure to the recent collapse in value of the TerraUSD (UST) stablecoin and the Luna token; (b) whether there are further systemic risks to the economy arising out of fundraising efforts to shore up the UST through the Luna Foundation Guard; and (c) what is the status of the MAS' review and consideration of its overarching regulatory approach towards crypto assets including stablecoins.**

**Answer by Mr Tharman Shanmugaratnam, Senior Minister and Minister in charge of MAS:**

1. The recent chain of high profile failures in the cryptocurrency markets, starting from the collapse of the TerraUSD (UST) and Luna tokens, illustrates the high risks involved in investments in cryptocurrencies that MAS has warned the public about repeatedly.
2. Despite this turmoil, spillovers to the mainstream financial system and the economy remain limited at this point. While data on cryptocurrency holdings among the Singapore public are not available, statistics collected by MAS show that banks in Singapore have insignificant exposures to the cryptocurrency ecosystem.
3. Alongside other regulators globally, MAS is actively reviewing its approach to the regulation of stablecoins. Currently, stablecoins, together with other cryptocurrencies such as Bitcoin, are considered

digital payment tokens (DPTs) under the Payment Services Act. The regulatory regime for DPT services under the Act primarily targets money laundering / terrorism financing and technology risks. Hence, services relating to DPTs that pose such risks, including dealing and facilitation of exchange, are subject to regulation<sup>[1]</sup>. MAS is assessing the merits of a regulatory regime tailored to the specific characteristics and risks of stablecoins, such as regulating the reserve requirements and the stability of the peg, and will consult the public in the coming months.

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**[1]** The definition of DPT services will be expanded to include, for instance, the transfer of DPTs and provision of custodian wallet services for DPTs, when the amendments to the Payment Services Act take effect.