

FCA

Financial Services
Consumer Panel

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Dear FCA,

Financial Services Consumer Panel¹ response to Cryptoasset Perimeter Guidance (PERG) within the FCA Handbook

The Financial Services Consumer Panel welcomes the opportunity to respond to CP26/13. The Panel broadly supports the FCA's proposals presented in this consultation paper and believes that the proposed Perimeter Guidance will strengthen consumer protection and understanding as well as it will help reduce misleading claims.

In addition, the Panel also notes that the application period for firms wishing to undertake the new regulated cryptoasset activities will be open from 30 September 2026 to 28 February 2027 ahead of the implementation of regulatory framework coming into effect on 25 October 2027.

The Panel welcomes the FCA's clarity on the pre-application process and transition arrangements and supports the availability of pre-application meetings through the Pre-Application Support Service (PASS) as a positive step that should help firms prepare higher-quality applications and reduce delays. From a consumer perspective, it is reassuring that the FCA intends to determine all applications before the new regime begins on 25 October 2027 as this helps ensure continuity of service while maintaining regulatory oversight.

Across the consultation questions, the Panel supports FCA's clearer perimeter guidance, including the FCA's structured test to prevent firms avoiding oversight by positioning themselves as "technology providers" or operating under "DeFi" labels. In particular, the Panel supports the proposed definitions for qualifying cryptoassets and qualifying stablecoins,

¹ <https://www.fca.org.uk/panels/consumer-panel>

noting that clearer classification will reduce consumer confusion and limit opportunities for firms to exploit grey areas. It also supports bringing key higher risk activities such as custody, trading platforms, dealing/arranging and staking intermediation within the regulatory perimeter, and agrees that decentralisation or smart contracts should not remove provider responsibility.

The Panel welcomes the FCA's narrow approach to exclusions to avoid loopholes, and strongly supports the clarification related to MLR registration, reducing the risk of consumers assuming protections that do not apply. The Panel is also pleased to see explicit clarification that MLR registration is not equivalent to FCA authorisation. With FSMA authorisation becoming the primary requirement, consumers will be less likely to be misled into assuming that MLR-registered firms offer the same level of regulatory protection.

Throughout the consultation responses, the Panel encourages the FCA to include practical consumer facing examples to make the regime easier to understand and to help consumers distinguish between authorised and unauthorised firms, particularly during any transition from the MLR framework to the FSMA regime.

We would be pleased to continue engaging with the FCA as it develops and implements this important regulatory framework, which is scheduled to come into effect on 25 October 2027. Thank you for considering our response.

Yours sincerely

Chris Pond
Chair, Financial Services Consumer Panel

Annex A

1. Do you agree with the FCA’s proposed guidance set out in the Introduction section? If not, please explain why.

The Panel broadly agrees with the FCA’s proposed guidance set out in the introduction section of this consultation paper. As consumers are increasingly interacting with cryptoasset firms, the introduction of clearer guidance protects consumers from misleading claims and helps consumers make informed choices.

The Panel welcomes the FCA’s commitment to ensuring that overseas platforms cannot avoid UK rules. This is an important step in protecting consumers who use foreign-based apps or exchanges that actively target UK users.

The Panel further supports the FCA’s structured test, which helps prevent firms from hiding behind labels such as “technology provider” or “DeFi” to avoid regulatory oversight. This approach will give consumers a clearer understanding of which firms are regulated, which activities fall under supervision, and what protections apply.

In addition, the Panel believes consumers would benefit from more explicit examples showing how common consumer-facing services such as wallets, exchanges, and staking platforms, fit within the regulatory perimeter. Clearer language on what consumers can expect from authorised versus unauthorised firms would also help reduce confusion and support more informed decision-making.

2. Do you agree with the FCA’s proposed guidance set out in the New specified investments section? If not, please explain why.

The Panel agrees with the FCA’s proposed guidance on the new specified investments, particularly the definitions of qualifying cryptoassets and qualifying stablecoins. Clear and consistent classifications are essential for reducing consumer confusion in a market where terminology is often inconsistent or misleading.

The Panel welcomes the FCA’s efforts to distinguish between different types of cryptoassets, including the exclusions for e-money, fiat currency, CBDCs, limited-network tokens, and cryptoassets already captured under existing specified investments. These distinctions help ensure that

consumers are not misled by products marketed as “stable” or “regulated” when they do not meet the relevant criteria.

From the Panel’s perspective, the proposed definitions support better transparency and reduce the risk of firms exploiting grey areas to avoid regulatory oversight.

The Panel believes consumers would benefit from clearer explanations of how these definitions apply in practice. In particular, more explicit examples would help consumers understand which protections apply to the products they use.

The Panel also encourages the FCA to provide clearer language on what consumers can expect from firms offering qualifying cryptoassets versus those offering unregulated products. This distinction is vital to prevent consumers from assuming that all cryptoassets offer the same level of protection.

Overall, the Panel supports the FCA’s direction and believes the proposed guidance will contribute to a more transparent and safer environment for consumers engaging with cryptoassets.

3. Do you agree with the FCA’s proposed guidance set out in the New regulated cryptoasset activities section? If not, please explain why.

The Panel agrees with the FCA’s proposed guidance on the new regulated cryptoasset activities. The FCA’s detailed breakdown of each activity such as issuing qualifying stablecoins, safeguarding and arranging safeguarding, operating qualifying cryptoasset trading platforms, dealing as principal or agent, arranging deals, and arranging staking, provides more clarity to consumers and firms.

By explicitly outlining when authorisation is required, what permissions apply, and how different business models fit within the perimeter, the FCA is helping reduce the risk that firms can avoid oversight by re-labelling their services or offering only part of a regulated activity.

The Panel particularly welcomes the FCA’s explanation of issuing qualifying stablecoins, including how redemption and value maintenance form part of the regulated activity. Clear rules on who can issue stablecoins and under what conditions will help prevent misleading claims and strengthen consumer confidence.

The guidance on safeguarding and arranging safeguarding is also critical for consumers who may always not understand whether they own their cryptoassets or merely have a claim against a firm.

The Panel also supports the FCA's approach to operating qualifying cryptoasset trading platforms. By setting out examples of different operating models, including those based overseas, the FCA helps ensure that platforms serving UK consumers cannot avoid regulation through corporate structuring or geographic fragmentation.

The guidance on dealing and arranging is equally welcomed. The clarification that there is no general "technical services" exclusion for arranging deals (except in staking) is important to prevent firms from claiming they are "just software providers" while effectively enabling regulated activities.

The Panel also supports the FCA's treatment of cryptoasset lending and borrowing. This is a positive step for consumers, given the significant losses seen in unregulated lending products.

Finally, the FCA's guidance on arranging qualifying cryptoasset staking is helpful. Staking is widely marketed to retail consumers, often with unclear risk disclosures. By clarifying that intermediation is regulated, the FCA ensures that consumers receive appropriate protections helping consumers understand what is regulated and what is unregulated.

4. Do you agree with the FCA's proposed guidance set out in the Exclusions relevant to the activities section? If not, please explain why.

The Panel agrees with the FCA's proposed guidance on exclusions to prevent firms from exploiting loopholes to avoid regulatory oversight and an important step in ensuring that consumers receive consistent protections across the cryptoasset market.

The Panel would like to point out that consumers often struggle to understand whether a firm is regulated and what protections apply. By limiting the scope of exclusions, the FCA will help ensure that firms cannot rely on technicalities to avoid accountability.

The Panel believes consumers would benefit from more explicit examples illustrating when exclusions do and do not apply. Clearer language on what consumers can expect from firms operating under exclusions versus those operating under full regulated cryptoassets activity would further support informed decision-making.

5. Do you agree with the FCA’s proposed guidance set out in the Interaction with the current cryptoasset framework for Money Laundering Regulations (MLRs) section? If not, please explain why.

The Panel agrees with the FCA’s proposed guidance on the interaction between the new FSMA cryptoasset regime and the existing Money Laundering Regulations (MLRs). The Panel welcomes the FCA’s clear statement that MLR registration is not equivalent to FCA authorisation. This distinction is particularly relevant for consumers, who may assume that MLR registered firms are subject to the same standards of oversight, conduct requirements, and consumer protections as fully authorised firms.

The Panel is pleased to see that under the new regime, FSMA authorisation becomes the primary requirement, reducing the likelihood that consumers will be misled by firms presenting MLR registration as a form of regulatory endorsement.

The Panel also supports the FCA’s approach to transitioning firms from the MLR regime into the FSMA framework. The Panel believes it is important that the transition between regimes does not create gaps in protection.

Clear communication from both the FCA and firms will be essential to ensure consumers understand which firms are authorised, what protections apply, and how the new regime affects the services they use.

Finally, the Panel encourages the FCA to consider providing explicit examples of what consumers should expect during the transition period and beyond.

6. Do you agree with the FCA’s proposed guidance set out in PERG 1, PERG 2 and PERG 8? If not, please explain why.

The Panel does not have any specific comments on the FCA’s proposed amendments to PERG 1, PERG 2 and PERG 8 beyond noting that updating these sections across the Handbook will help properly incorporate cryptoassets. From the Panel’s perspective, clearer and more coherent guidance across PERG (the Perimeter Guidance Manual) will support firms in understanding their regulatory obligations and applying them consistently. This, in turn, promotes better consumer outcomes by

reducing the risk of firms misinterpreting the perimeter or relying on outdated interpretations of regulated activities.

PERG 1 is interesting as it ensures firms cannot mislead consumers about whether they are regulated. It provides rules that prevent firms from claiming they are “just technology providers” or “not carrying on a regulated activity”, making it harder for firms to operate in grey areas or avoid accountability.

PERG 8 is particularly important, as clarifying the financial promotions framework improves transparency and reduces consumer risk. The Panel believes consumers would benefit from explicit examples illustrating how the updated PERG 8 guidance applies in practice particularly in areas such as influencer marketing, cross-border promotions, or hybrid business models that combine technology services with regulated activities.

Similarly, PERG 2 guidance on when activities are considered to be carried on in the UK helps ensure that firms serving UK consumers cannot avoid regulatory obligations through their corporate structure or geographic location.

Overall, the Panel supports the FCA’s proposed amendments and believes they will contribute to a more transparent and consumer-focused regulatory framework.