FINANCIAL CONDUCT AUTHORITY

Consultation Paper

CP25/41***

Regulating Cryptoassets:

Admissions & Disclosures and Market Abuse Regime for Cryptoassets

December 2025

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We are asking for comments on this Consultation Paper (CP) by **12 February 2026**.

You can send them to us using the form on our website.

Or in writing to:

Wholesale Cryptoasset Policy
Financial Conduct Authority
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London E20 1JN

Email:
cp25-41@fca.org.uk

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Glossary

Term	Definition
CATP	A UK qualifying cryptoasset trading platform, as defined in Article 3(1) of the RAO (interpretation); or, as the context requires, the operator of the same who has a Part 4A permission for the regulated activity as specified in Article 9S of the RAO (operating a qualifying cryptoasset trading platform).
Cryptoasset Regulations	The Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2025.
Inside information	Inside information as defined in regulation 18 of the Cryptoasset Regulations.
Issuer	A relevant issuer, as defined in regulation 17(1) of the Cryptoasset Regulations.
Market abuse	Behaviour that falls under one of the following of the Cryptoasset Regulations: regulation 22 (prohibited use of inside information (insider dealing)); regulation 24 (prohibition on the disclosure of inside information); regulation 28 (prohibition of market manipulation).
Offeror	The person responsible for the offer, as defined in regulation 17(1) and 17(5) of the Cryptoasset Regulations.
QCDD	A document which is a qualifying cryptoasset disclosure document for the purposes of Chapter 1 of Part 2 of the Cryptoasset Regulations.
Qualifying cryptoasset	As defined in Article 88F of the RAO (qualifying cryptoassets).
Qualifying stablecoin	The specified investment defined in Article 88G of the RAO (qualifying stablecoin).
RAO	The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 as amended by the Cryptoasset Regulations.
SDD	A document which is a supplementary disclosure document for the purposes of Chapter 1 of Part 2 of the Cryptoasset Regulations.
Relevant qualifying cryptoasset	A qualifying cryptoasset that has been admitted to trading or is subject to an application seeking admission to trading on a CATP.
UK-issued qualifying stablecoin	A qualifying stablecoin issued by a person authorised under Part 4A FSMA for the activity specified in 9M RAO (issuing qualifying stablecoin).

Chapter 1

Summary

Why we are consulting

1.1 In December 2025, the government laid the draft Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2025 (the Cryptoasset Regulations) for approval by Parliament, which will bring cryptoassets within our regulatory remit. Our remit is currently limited to overseeing how cryptoassets are promoted and ensuring firms meet expected anti-money laundering, counter-terrorist financing, and proliferation financing standards.

1.2 This legislative change will provide the foundation for a new regulatory regime for public offers of qualifying cryptoassets and their admission to trading on CATPs (the A&D regime) alongside a Market Abuse Regime for Cryptoassets (MARC). Both regimes will be introduced through the Designated Activities Regime (DAR) under Part 5A of the Financial Services and Markets Act 2000. The DAR framework enables the government to 'designate' activities, and to give us rule-making, supervisory and enforcement powers over these activities. The Cryptoasset Regulations designate a range of activities including offering qualifying cryptoassets to the public, admitting qualifying cryptoassets to trading, prohibiting the use and disclosure of inside information and market manipulation regarding qualifying cryptoassets, and certain stablecoin-related activities.

1.3 The A&D and MARC regimes form a central part of the UK's broader future financial services regulatory regime for cryptoassets. Together, they are designed to:

- strengthen safeguards and protection by improving the quality and reliability of information available at the point of admission to trading
- enhance market integrity by tackling fraud, scams and abusive practices such as insider dealing and market manipulation
- raise standards across cryptoasset markets, supporting fair competition and clean, well-functioning cryptoasset markets

1.4 Introducing these regimes will establish a base level of rules that will build consumer confidence, enable firms to compete on a level playing field, and reinforce the UK's position as a jurisdiction that combines high regulatory standards with support for innovation.

1.5 This Consultation Paper (CP) sets out our proposed rules and guidance for implementing and operating the A&D and MARC regimes. We have worked closely with stakeholders while developing these proposals. In December 2024, we published Discussion Paper DP24/4 to gain early views on the shape of the regime.

1.6 We received 56 responses, 64% of which were broadly supportive of the proposed direction, though views differed on some specifics. In addition, we engaged with a wide range of market participants and other interested parties. This CP explains how we have taken their feedback forward in our revised proposals.

Interaction with our existing and broader cryptoasset regime

1.7 This CP is published alongside CP25/40 and CP25/42, which cover the proposed requirements for new regulated activities, as well as a combined glossary instrument. Together, these consultations form part of our wider approach to regulating cryptoassets. Readers should consider this CP in conjunction with these related consultations and future publications that will complete the overall crypto framework.

Scope of this consultation

1.8 Our proposed rules and guidance, based on the designated activities set out in the Cryptoasset Regulations, cover:

- the offering to the public of qualifying cryptoassets that are or will be admitted to trading on a CATP
- the admission of qualifying cryptoassets to trading on CATPs
- disclosure obligations relating to admissions to trading and the issuance of UK-issued qualifying stablecoins
- requirements to prevent, detect and disrupt market abuse in cryptoasset markets

1.9 Any consequential amendments will be consulted on early next year. Firms and individuals carrying on designated activities do not need to be authorised by us unless they also carry out regulated activities. CATPs, intermediaries and other relevant market participants carrying out a designated activity will need to follow both the requirements of the Cryptoasset Regulations and our rules for that designated activity.

External engagement

1.10 We have engaged with industry to inform the development of our rules for the A&D and MARC regimes. In April and May 2024, we held Crypto Policy Roundtables with a wide range of market participants to gather views on opportunities and challenges. Feedback from these sessions shaped the proposals set out in DP24/4, which presented our initial thinking on the future A&D and MARC regimes. We have since considered and incorporated DP24/4's responses where appropriate, refining our proposals accordingly. We continue to engage with stakeholders to ensure their insights are reflected in the formal consultation process.

1.11 We have engaged internationally to ensure UK standards are consistent with global approaches. This includes contributing to the Financial Action Task Force (FATF) standards, the International Organization of Securities Commissions (IOSCO)'s Crypto and Digital Assets (CDA) Recommendations, and the Financial Stability Board (FSB) work on cryptoasset regulation. We continue to play a leading role in implementation and collaborate closely with IOSCO, the FSB and FATF.

Our strategy and objectives

1.12 Over recent months we have consulted on different aspects of the future regulatory regime for cryptoassets, as set out in our crypto roadmap. Our recently published consultation papers CP25/14, CP25/15, and CP25/25 explain how our proposals align with our Strategy and statutory objectives.

1.13 Throughout our publications, we have been clear that our proposals take account of the novelty of the cryptoasset market and the business models of the firms within it. Regulation will not be able to limit all the risks in the cryptoasset sector. Anyone who buys cryptoassets should be aware of the risks involved - including that they might lose all the money they invest and the significant volatility of the cryptoassets' value. We know there are trade-offs in designing a regulatory regime for cryptoassets, and we are open to feedback on our proposals.

How our proposals link to our objectives

1.14 Our proposals are aligned with our primary strategic and operational objectives, and advance our secondary international competitiveness and growth objective**:**

- **Ensuring relevant markets function well:** Our A&D and MARC regimes will ensure markets function well by improving disclosure standards and preventing market abuse, supporting fairer, more transparent cryptoasset markets.
- **Consumer protection:** Qualifying cryptoasset disclosure documents (QCDDs) will give consumers information about qualifying cryptoassets before they buy. Other than for UK-issued qualifying stablecoins, CATPs will need to do appropriate checks to prevent or reduce the admission to trading of cryptoassets that could cause consumers harm (eg scam tokens). The MARC regime enhances consumer protection by requiring firms to detect, prevent, and disrupt market abuse, helping to ensure that consumers can participate in a cleaner cryptoasset market.
- **Market integrity:** Our rules will drive higher, consistent standards for admissions and disclosures. CATPs and intermediaries will need systems and controls to prevent, detect and disrupt market abuse. This will help increase trust and confidence in the system. As also noted in the Treasury's consultation and DP24/4, we do not consider it currently feasible to deliver the same regulatory outcomes for crypto market abuse as the UK Market Abuse Regulation (UK MAR) does for financial instruments. Instead, we initially propose a pragmatic approach tailored to cryptoasset markets.
- **Effective competition:** Our rules aim to be proportionate to the size and nature of a firm's business. For example, under MARC we have proposed a size threshold to determine whether certain obligations apply. This, combined with other rules, will provide a proportionate approach to help smaller CATPs manage the total regulatory burden. The A&D regime supports effective competition and growth by setting clear, proportionate standards that enable firms to compete on a level playing field.

- **Secondary international competitiveness and growth objective:** We have aligned our A&D and MARC regimes to international standards, where appropriate, to ensure the UK cryptoasset market's global competitiveness.

Measuring success

1.15 We expect to see benefits, including:

- QCDDs being available when qualifying cryptoassets can be traded by retail investors on a CATP or offered to retail investors to provide consumers and market participants with consistent and reliable information.
- Other than for UK-issued qualifying stablecoins, evidence of CATPs rejecting the admission of qualifying cryptoassets to trading on the grounds that they are likely to be detrimental to the interests of retail investors.
- A significant reduction in instances of scam or fraudulent cryptoassets admitted to trading on CATPs.
- A decrease in the proportion of adults who do not conduct any research before buying cryptoassets, compared to our 2025 cryptoassets consumer research baseline where 13% of cryptoasset users did no research. This improvement to be supported by the introduction of better-quality information on cryptoassets, including concise and accessible summaries through QCDDs under the forthcoming A&D regime.
- CATPs taking action to warn, remove or restrict those suspected of market abuse, providing greater protection for consumers.
- Evidence that inside information is disclosed in a timely and accessible manner by issuers, offerors, CATPs or intermediaries through websites and social media in line with proposed rules.
- Large CATPs establishing and participating in industry-led information-sharing initiatives to improve prevention, detection and disruption of market abuse.

1.16 Alongside these criteria, we will monitor how firms adapt to the overall new crypto regime, the outcomes for consumers and other relevant factors to determine if the regime is delivering good outcomes.

Consultation with the CBA Panel

1.17 We consulted the Cost Benefit Analysis (CBA) Panel in preparing the CBA included in Annex 2, in line with the requirements of section 138IA(2)(a) Financial Services and Markets Act 2000 (FSMA). Annex 2 summarises their main recommendations, and our subsequent changes.

Equality and diversity considerations

1.18 We do not consider our proposals will disadvantage the groups with protected characteristics under the Equality Act 2010 (the Equality Act for the most part does not extend to Northern Ireland law but other anti-discrimination legislation applies). Based on analysis from our Financial Lives Survey (2024), cryptoasset owners are more likely to be male, younger, with a higher-than-average income or from an ethnic minority.

1.19 While these groups are currently overrepresented in ownership of cryptoassets, we expect all consumers who use cryptoasset-related services will benefit from a regulatory regime for cryptoasset firms.

Digitally excluded consumers

1.20 Our proposals are unlikely to have an impact on digitally excluded consumers, as they do not use the digital services needed to buy cryptoassets. Our proposals are also unlikely to have an impact on levels of cash use.

Next steps

1.21 We welcome feedback on our proposed rules, guidance and other content in this CP. The specific questions for feedback are in Annex 1.

1.22 You can submit responses via the form on our website or by email to cp25-41@fca.org.uk. The consultation period will end on 12 February 2026.

1.23 We will publish further consultations in line with our crypto roadmap. After considering responses to all the consultations, we will then set out our final rules and guidance in Policy Statements.

Chapter 2

Admissions & Disclosures

2.1 In DP24/4, we proposed a regime for admitting qualifying cryptoassets to trading on a CATP. We sought views on the regime's scope, operation and requirements. This included what QCDDs should contain, whether requirements should vary by asset type, the use of industry-created templates and the processes for admitting and rejecting cryptoassets.

2.2 Our rules are part of the legal framework created by the Cryptoasset Regulations, which, among other things:

- ban public offers of qualifying cryptoassets in the UK other than those kinds of offers listed in Schedule 1: these include offers that are conditional on admission to trading, offers of qualifying cryptoassets that have been admitted to trading and offers of qualifying stablecoins issued in the UK
- create a 'material information' requirement for QCDDs defining the baseline disclosure standard
- create a statutory compensation regime for untrue or misleading statements and omissions in QCDDs

2.3 Within this legislative framework, our proposed rules set out the requirements for CATPs, persons making public offers to retail investors under paragraph 6 of Schedule 1 to the Cryptoasset Regulations, any intermediaries through whom qualifying cryptoassets are bought or subscribed for, and stablecoin issuers when preparing and publishing a disclosure document for a UK-issued qualifying stablecoin.

2.4 We recognise that developing a regulatory framework for cryptoassets presents unique challenges. This is a complex and fast-moving market, and designing rules that are effective from the outset is not straightforward. Our A&D proposals aim to provide a proportionate, outcomes-focused regime that can adapt as the market evolves, guided by evidence and ongoing engagement. Differences between crypto and traditional markets – for example the lack of a reliable basis for the valuation of unbacked cryptoassets – need to be recognised and have implications for the regulatory approach and our ability to deliver in line with the principle of 'same risk, same regulatory outcomes'. We expect implementation to be an iterative process and remain committed to refining our approach over time.

2.5 This chapter summarises the feedback we received to DP24/4. We explain the changes to our proposals in light of that feedback and set out our draft rules for consultation. Our proposed rules represent the next step in finalising a regime that is proportionate, outcomes-focused and can adapt to the evolving cryptoasset market.

Background to our proposals

Policy objectives

2.6 The purpose of the A&D regime is to improve the quality and accessibility of information for market participants, strengthen CATPs' admission processes and promote fair, competitive and well-functioning markets.

2.7 Even with the regime in place, some risks will remain. Under our proposals, the A&D regime for qualifying cryptoassets other than UK-issued qualifying stablecoins will operate as a point-in-time gateway at admission. Any post-admission disclosure obligations will fall under the dissemination of inside information requirements under the proposed MARC regime, as discussed in Chapter 3.

2.8 Due diligence requirements and mandated disclosures should not lead to investor complacency. Fraudulent or scam tokens could still enter the market, and consumers will need to remain vigilant when making investment decisions. CATPs will be expected to ensure that consumers have access to material information, presented in a clear and compliant way, to support informed decision-making. At the same time, consumers should continue to assess whether an investment matches their risk appetite and tolerance.

2.9 The proposed A&D regime is designed to complement and align with other regulatory frameworks, while avoiding unnecessary duplication. In this chapter we also set out how the A&D regime is expected to work alongside the Financial Promotions regime and stablecoin regime.

Overview of the proposed A&D regime

2.10 The A&D regime will apply to the admission to trading of qualifying cryptoassets on CATPs that allow retail participation, and to public offers to retail investors made under the admission exception in paragraph 6 of Schedule 1 to the Cryptoasset Regulations.

2.11 The regime will apply to the following designated activities:

- Offering a qualifying cryptoasset to the public in the UK.
- Disclosing, other than in an advertisement, information about an offer of a qualifying cryptoasset.
- Disclosing information relating to a qualifying stablecoin offered to the public in the UK.
- Requesting or obtaining the admission of a qualifying cryptoasset to trading on a CATP.
- Disclosing, other than in an advertisement, information about an admission, or proposed admission, of a qualifying cryptoasset to trading on a CATP.
- Admitting a qualifying cryptoasset to trading on a CATP.

2.12 The majority of A&D rules will apply directly to the operators of CATPs. Some rules will apply to other persons, for example rules which supplement provisions in the Cryptoasset

Regulations relating to withdrawal rights and the compensation regime. Through CATP-created rules, they will also apply to persons seeking admission to trading.

2.13 Within this framework, qualifying stablecoins (including those issued overseas) are a subset of qualifying cryptoassets. Under the Cryptoasset Regulations, qualifying stablecoins issued by a UK-authorised firm ('UK-issued qualifying stablecoins') under the regulated activity of issuing qualifying stablecoin will be able to be offered directly to the public without an authorised CATP admitting them to trading.

2.14 When these stablecoins are offered to the public, we propose the issuer must produce a QCDD that is specific to UK-issued qualifying stablecoins, upload this to an FCA-owned centralised repository, such as the National Storage Mechanism (NSM), and share a permalink with relevant CATPs when seeking admission to trading on a CATP.

2.15 The QCDD that is specific to UK-issued qualifying stablecoins should contain the information that is necessary for prospective holders to make an informed decision about the product. We view this as the same in substance as the information we proposed in CP25/14 for the issuer's own website. This covers information on the stablecoin and backing asset pool, the underlying technology, redemption policy and process, third parties used by the issuer and any risks to the holder of the stablecoin.

2.16 The broader A&D requirements proposed in this chapter, with the exception of the record-keeping requirements, do not apply to UK-issued qualifying stablecoins and QCDDs that are specific to UK-issued qualifying stablecoins. For details, please see the 'UK-issued qualifying stablecoins' section (starting at paragraph 2.162).

Rules on processes for admission to trading

2.17 Our proposed A&D rules will require operators of CATPs to have processes for:

- conducting due diligence on qualifying cryptoassets that are to be admitted to trading
- preventing the admission of qualifying cryptoassets where this is likely to be detrimental to the interests of retail investors
- the production and publication of QCDDs and SDDs, including pre-publication checks of their content by the operator
- record-keeping

Rules on QCDDs

2.18 Our proposed A&D rules specify who is required to produce and publish QCDDs and who is responsible for the QCDD under the statutory liability regime for QCDDs in regulation 14 of, and Schedule 2 to the Cryptoasset Regulations. Our proposed rules also specify when and how statutory withdrawal rights under the Cryptoasset Regulations can be exercised.

2.19 The Cryptoasset Regulations set minimum content requirements for QCDDs. Our rules provide guidance on these requirements and introduce some additional disclosures. CATPs will be able to set additional content requirements for QCDDs. These rules aim to ensure a consistent and proportionate approach to meeting the requirements of the material information test under the Cryptoasset Regulations.

2.20 Our rules will also specify when forward-looking statements in QCDDs may be subject to the statutory liability regime for protected forward-looking statements.

Intermediaries

2.21 We propose that UK consumers can only buy or subscribe for qualifying cryptoassets via regulated intermediaries where the qualifying cryptoassets are:

- sold as part of an offer that is conditional on an admission to trading
- already admitted to trading on a CATP
- UK-issued qualifying stablecoins

2.22 In each case, we are proposing regulated activity rules in CP25/40 that will require there to be an A&D-compliant QCDD in place.

2.23 In CP25/40, we also propose that when intermediaries deal or arrange deals in qualifying cryptoassets for a consumer, they should make available to the consumer the A&D-compliant QCDD and SDDs (if available) for the qualifying cryptoasset.

A&D rules and guidance on admission to trading

Admission criteria

DP24/4 feedback

2.24 In DP24/4, we asked whether CATPs should have detailed admission standards, which would also include criteria for rejecting applications for admission. We also asked whether our rules should be prescriptive, or outcomes based.

2.25 Additionally, we asked whether CATPs should be required to publish their admission standards.

2.26 Approximately 60% of respondents agreed that CATPs should have clear and consistent standards for rejecting admission applications. Many considered such requirements necessary to safeguard consumers.

2.27 A few respondents cautioned that an outcomes-based approach could expose CATPs to liability, particularly where rejection criteria are broad or inconsistently applied. Some favoured prescriptive FCA-imposed minimum standards to ensure consistency across platforms.

2.28 Views diverged on whether CATPs should be required to publicly disclose their admission standards. Some said transparency could help consumers understand risks and increase trust. Others raised concerns that public disclosure might expose commercially sensitive or proprietary information, create legal and commercial risks or risks undermining ongoing investigations.

2.29 Some respondents were also concerned that disclosure requirements could create an obligation to publish individual rejection decisions, which could be disproportionate, legally sensitive and commercially challenging.

2.30 Several respondents emphasised the need for proportionality, noting that smaller CATPs may not have the same resources as larger platforms. They favoured a hybrid model that combined FCA-set minimum standards with flexibility for CATPs to adapt their criteria to the qualifying cryptoasset's risk profile and characteristics.

2.31 Many respondents also highlighted the importance of allowing CATPs to update their criteria over time, to reflect changes in the market or emerging risks.

Proposed requirements for assessing eligibility for admission

2.32 Taking account of feedback, we propose requiring CATPs to establish risk-based and objective admission criteria for assessing whether a proposed admission to trading for qualifying cryptoassets (other than UK-issued qualifying stablecoins) is likely to be detrimental to the interests of retail investors. CATPs would be required to reject an application for admission if, based on its admission criteria and due diligence assessment (discussed in the next section), the CATP considers the qualifying cryptoasset is likely to be detrimental to retail investors.

2.33 We propose that the criteria be approved by the CATP's governing body, published on the CATP's website, and be periodically reviewed and updated where appropriate. The requirement to publish admission criteria aligns with IOSCO CDA recommendation 6. For clarity, we are not proposing to require CATPs to publish individual rejection decisions.

2.34 The admission criteria should take into account the non-exhaustive factors listed in CRYPTO 3.2. These factors relate to the persons associated with the qualifying cryptoasset, the quality of the proposed QCDD, the characteristics of the qualifying cryptoasset, and the ability of the persons responsible for the QCDD to pay compensation if required to do so under the statutory liability regime for QCDDs in regulation 14 of, and Schedule 2 to, the Cryptoasset Regulations.

2.35 CATPs would have flexibility to go above and beyond these outcomes-based requirements to take account of the risk profiles and characteristics of different qualifying cryptoassets.

2.36 In their assessments, CATPs should focus on whether admitting the qualifying cryptoasset could expose retail investors to material harm. For example, evidence of fraud or misconduct, or governance or technical arrangements that could enable manipulation.

2.37 Our approach aims to strike a balance between protecting consumers and avoiding unnecessary prescriptiveness by allowing CATPs flexibility to adapt their admission criteria to different business models and asset types, provided those criteria achieve the outcome required by our rules.

2.38 These proposals respond directly to the feedback to DP24/4. They reinforce the expectation that CATPs act as responsible gatekeepers to protect consumers and maintain market integrity. We welcome your views.

Question 1: **Do you agree with our proposal to require CATPs to establish and publish admission criteria, and to take into account the non-exhaustive factors listed in CRYPTO 3.2? If not, which elements do you think should be changed? Please provide detailed rationale.**

Managing conflicts of interest

2.39 Under our proposed rules, where the operator of a CATP is admitting a qualifying cryptoasset on that platform on its own behalf, or a member of the same group is seeking admission, the admission criteria will need to be applied as rigorously and objectively as if a third-party were applying for admission.

2.40 Our proposed disclosure requirements on the potential conflicts of interest in this scenario are discussed below in the section on QCDDs.

2.41 Beyond the A&D framework, broader requirements on managing conflicts of interest already apply through our Handbook. These include Principle 8 of the FCA's Principles for Businesses and chapter 10 of the Senior Management Arrangements, Systems and Controls (SYSC) sourcebook on conflicts of interest, which set out general firm-wide standards and expectations. As noted in CP25/25, we intend to consult on changes to SYSC 10 to clarify how these requirements apply to cryptoasset firms.

2.42 Some business models may pose specific conflicts of interest risk, for example, vertical integration risks. These activity-specific conflicts of interest issues are being addressed and consulted on separately through CP25/40.

Due diligence

DP24/4 feedback

2.43 In DP24/4, we proposed that CATPs should carry out due diligence before admitting a qualifying cryptoasset to trading. This would help CATPs make informed decisions about the potential risk of consumer detriment, verify that disclosures are true and not misleading and check compliance with the statutory information requirements, our disclosure requirements and the CATP's own standards.

2.44 Stakeholders had mixed views. Around 57% supported imposing due diligence obligations on CATPs, recognising the importance of verifying disclosures and protecting consumers from harm. Some also said due diligence at the admission gateway could increase consumer trust.

2.45 Others argued for an outcomes-based approach, tailored to the size and nature of the CATP and the qualifying cryptoasset. These respondents asked for tiered requirements, lighter due diligence for lower-risk projects and the ability to rely on existing audits or assessments where appropriate.

2.46 Several respondents considered our initial proposals too onerous, especially where information about the origin of a qualifying cryptoasset may be difficult to obtain. They were concerned that mandatory disclosure of due diligence findings could increase CATPs' legal and operational risks.

2.47 A number of respondents opposed requiring CATPs to review third-party code audits, citing the absence of agreed industry standards, and the risk of placing liability on CATPs for audits they had not commissioned. Respondents suggested instead that CATPs assess the robustness of the underlying technology on a best-effort basis.

2.48 Respondents also sought more clarity on what constitutes a 'reasonable level of certainty' in verifying disclosures and requested FCA guidance on minimum expectations for due diligence. Some highlighted the importance of aligning with international standards (such as IOSCO recommendations) to reduce regulatory friction and improve consistency across markets.

Proposed due diligence requirements

2.49 As described in the section above on admission criteria, our proposed A&D regime will require CATPs to assess whether approving an application for admission would likely be detrimental to retail investors. As part of this obligation, we are proposing rules that will require CATPs to conduct due diligence before admitting a qualifying cryptoasset to trading.

2.50 Taking account of feedback to DP24/4, we propose that CATPs should conduct their due diligence and include the factors listed in the CATP's admission criteria.

2.51 In addition, CATPs should review the QCDD before admission and must not admit a qualifying cryptoasset to trading unless they are reasonably satisfied that the QCDD includes the information required by both regulation 13(1) of the Cryptoasset Regulations and the CATP's own disclosure requirements and that the information in the QCDD is true and not misleading.

2.52 Figure 1 sets out non-exhaustive examples of our expectations for the type of checks CATPs should perform to assess whether the information in a QCDD (or SDD, where applicable) is true and not misleading

Figure 1: Non-exhaustive examples of checks we expect CATPs to perform

QCDD (or SDD, if any) content	Expectation on CATPs' checks
Identity of the key persons associated with the offer and admission	Check whether the identities of key persons are verifiable and credible (for example, through anti-money laundering/counter-terrorist financing process, public records or independent sources).
Purpose and functionality of the qualifying cryptoasset	Assess whether the claimed utility, rights, governance functions or technical features are consistent with the underlying code, documentation or observable behaviour of the qualifying cryptoasset on-chain.

QCDD (or SDD, if any) content	Expectation on CATPs' checks
Tokenomics, supply structure and lock-up arrangements	Review disclosures on token supply, distribution and lock-up arrangements. Check these are supported by on-chain data.
Project roadmap and development status	Verify whether the stated development progress or partnerships are credible and evidenced (for example, via public repositories, announcements or engagement with the project team).
Risk disclosures	Assess whether the QCDD includes appropriate disclosures of material risks and limitations.

2.53 Where a QCDD is not required because the cryptoasset is fungible with one admitted under an A&D-compliant QCDD (see section 'Requirement for a QCDD or SDD'), the due diligence requirement to assess whether admitting the cryptoasset is likely to be detrimental to retail investors still applies.

Question 2: **Do you agree with our proposal to require CATPs to conduct due diligence before admitting a qualifying cryptoasset to trading? If not, which elements should be amended, and why?**

Record-keeping

2.54 We propose that CATP operators should make and keep appropriate records, including for example, their due diligence processes and the rationale for admission or rejection decisions. See CRYPTO 3.10 for detailed record-keeping requirements.

2.55 CATPs should keep these records for at least 5 years, or at least 7 years if requested by the FCA. These requirements will help ensure transparency and accountability in CATPs' decision-making, while also providing an audit trail for supervisory purposes. This will also support CATPs in meeting wider regulatory and risk management obligations.

Question 3: **Do you agree with our proposal to require CATP operators to keep records of their due diligence processes and the rationale for admission or rejection decisions for at least 5 years (or at least 7 years where requested by the FCA)? If not, what alternative approach to record retention would be more appropriate?**

Due diligence where verification is limited

2.56 In DP24/4, we proposed that CATPs should be required to disclose in QCDDs a summary of the scope and key findings of due diligence conducted on the qualifying cryptoasset.

2.57 Based on feedback to DP24/4, we are no longer proposing this requirement. Respondents said it would be disproportionate, create legal and commercial risks and in some cases be impracticable where information cannot be verified.

2.58 Instead, we propose a more proportionate approach. Where CATPs cannot fully verify information during the due diligence process, and where a QCDD is required, the CATP must prepare a report of any information they were unable to verify.

2.59 Where admission proceeds, we propose a requirement for CATPs to provide the persons producing the QCDD with the report of the limitations of the CATP's due diligence. The QCDD must then include a clear and prominent statement of any information that the CATP operator was unable to verify as noted in the CATP operator's report.

2.60 In such circumstances, we propose that CATPs need to first be satisfied that the inability to verify information does not mean the admission of the qualifying cryptoasset is likely to be detrimental to retail investors, in line with their admission criteria.

2.61 To illustrate, a CATP might reasonably conclude that unverifiable information about the creation of the qualifying cryptoasset is not likely to be detrimental to retail investors because the governance and control of the blockchain is clearly highly decentralised and transparent. This conclusion might be further supported by the qualifying cryptoasset's strong performance and track record. By contrast, a qualifying cryptoasset which is clearly subject to a high degree of independent control by a person for whom no information can be gathered may be considered likely to be detrimental to retail investors. This would be especially relevant where this control had previously resulted in changes to the rules or code of the blockchain to benefit the controlling person.

Question 4: **Do you agree with our proposed approach for cases where CATPs cannot fully verify certain information during due diligence? If not, what alternative approach would you suggest?**

QCDDs

Overview of requirements and guidance for CATP operators

2.62 The purpose of a QCDD is to provide clear and accurate information to support well-informed investment decisions at the point a qualifying cryptoasset is admitted to trading on a CATP and also when a qualifying cryptoasset is offered to the public on the condition that it will be admitted to trading.

2.63 The intended audience for a QCDD is prospective investors of the qualifying cryptoasset, including retail investors. By reading the document, they should be able to better understand the nature of the asset, the risks involved and the basis on which they are making their decision. QCDDs also support market participants more broadly, by promoting transparency and comparability across qualifying cryptoassets admitted to trading.

2.64 QCDDs are point-in-time disclosures at the point of admission. Consistent with the treatment of prospectuses under the Public Offers and Admissions to Trading Regulations 2024 (POATRs) regime, there is no ongoing obligation to update the document unless a significant new factor, material mistake or material inaccuracy occurs between the time the CATP publishes the document and the admission to trading of the

qualifying cryptoasset on that CATP. Where this occurs, the QCDD must be updated via a supplementary disclosure document (SDD) so that information provided to consumers and other market participants stays accurate.

2.65 Post-admission, we maintain our DP24/4 policy position that any ongoing disclosures should be disseminated to the market in compliance with MARC inside information requirements. See section 'Inside information disclosure responsibilities' for further detail.

2.66 In accordance with the Cryptoasset Regulations, QCDDs must contain the information which is material to a person considering buying or subscribing for the qualifying cryptoasset to enable that person to make an informed assessment of various factors relating to the qualifying cryptoasset. This 'material information' requirement is the cornerstone of the A&D regime's disclosure requirements.

2.67 In this section, we describe our proposed rules for:

- when a QCDD is required
- the disclosure requirements that CATPs must include in their own rules

2.68 Our proposed rules will apply to CATPs. The disclosure requirements set by the CATPs will apply to the persons responsible for the QCDD.

2.69 The specific content requirements set by CATPs, in accordance with our high-level requirements, are intended to ensure a consistent and proportionate approach to meeting the 'material information' requirements.

Requirement for a QCDD or SDD

DP24/4 feedback

2.70 In DP24/4, we asked whether a QCDD should always be required at the point of initial admission. We also asked if a QCDD should be required for the admission of a further issuance of qualifying cryptoassets that are fungible with those already admitted to trading on the same CATP.

2.71 Around 39% of respondents agreed that QCDDs should always be required at initial admission. Some said disclosure requirements at the gateway would help safeguard against fraud and ensure a minimum baseline of information.

2.72 Other respondents argued that requiring a QCDD in all cases could be disproportionate. They suggested exemptions or streamlined requirements, for example, for well-established cryptoassets (such as Bitcoin), repeated offerings of the same asset or offers limited to sophisticated or institutional investors.

2.73 Around 30% of respondents considered that a QCDD should be required at the point of further issuance of cryptoassets that are fungible with those already admitted to trading on the same CATP. However, many argued that a new QCDD should not always be necessary where the cryptoasset is fungible with one already admitted and there have been no material changes or new risks.

2.74 Some stakeholders suggested that a new or updated QCDD should be required where there are material changes to the cryptoasset, its risks or the information originally disclosed. Examples included using a new token contract, protocol changes or issuance events that could affect the cryptoasset's supply or value.

Proposed rules for when CATPs must require a QCDD

2.75 Based on the feedback to DP24/4, we propose that CATPs may only admit a qualifying cryptoasset to trading where a QCDD has been prepared and published in accordance with our A&D rules.

2.76 This proposed requirement will not apply where:

- the qualifying cryptoasset is a UK-issued qualifying stablecoin (see below for our proposed approach to the admission to trading of UK-issued qualifying stablecoin)
- the qualifying cryptoasset is fungible with qualifying cryptoasset(s) already admitted to trading on the same CATP and a QCDD was published in connection with that prior admission
- only qualified investors will be able to trade in the qualifying cryptoasset

2.77 Additionally, when a public offer to retail investors relies on an exception under paragraph 6 of Schedule 1 to the Cryptoasset Regulations, we propose that the offer may only be made if the CATP has published the relevant QCDD. This ensures retail investors have access to information about the cryptoasset and that at least 1 CATP operator has performed due diligence on it. Furthermore, for offers made under paragraph 6(a) of Schedule 1, investors will benefit from the material information requirement and compensation provisions in the Cryptoasset Regulations and may have withdrawal rights if a SDD is published.

2.78 We only propose to require a QCDD for the admission to trading of a qualifying cryptoasset on CATPs that require authorisation under FSMA to operate in the UK.

2.79 CATPs may specify additional circumstances in which a QCDD is required.

Question 5: **Do you agree with our proposal that CATPs should only admit a qualifying cryptoasset where a QCDD has been prepared and published, subject to the exceptions we set out? If not, please provide detailed alternative suggestions.**

Proposed rules for when CATPs must require an SDD

2.80 To ensure that market participants have all available up-to-date material information, we propose that CATPs must require the publication of an SDD if there is a significant new factor, material mistake or material inaccuracy relating to the information included in a QCDD which may be material to a person considering buying or subscribing for the qualifying cryptoasset.

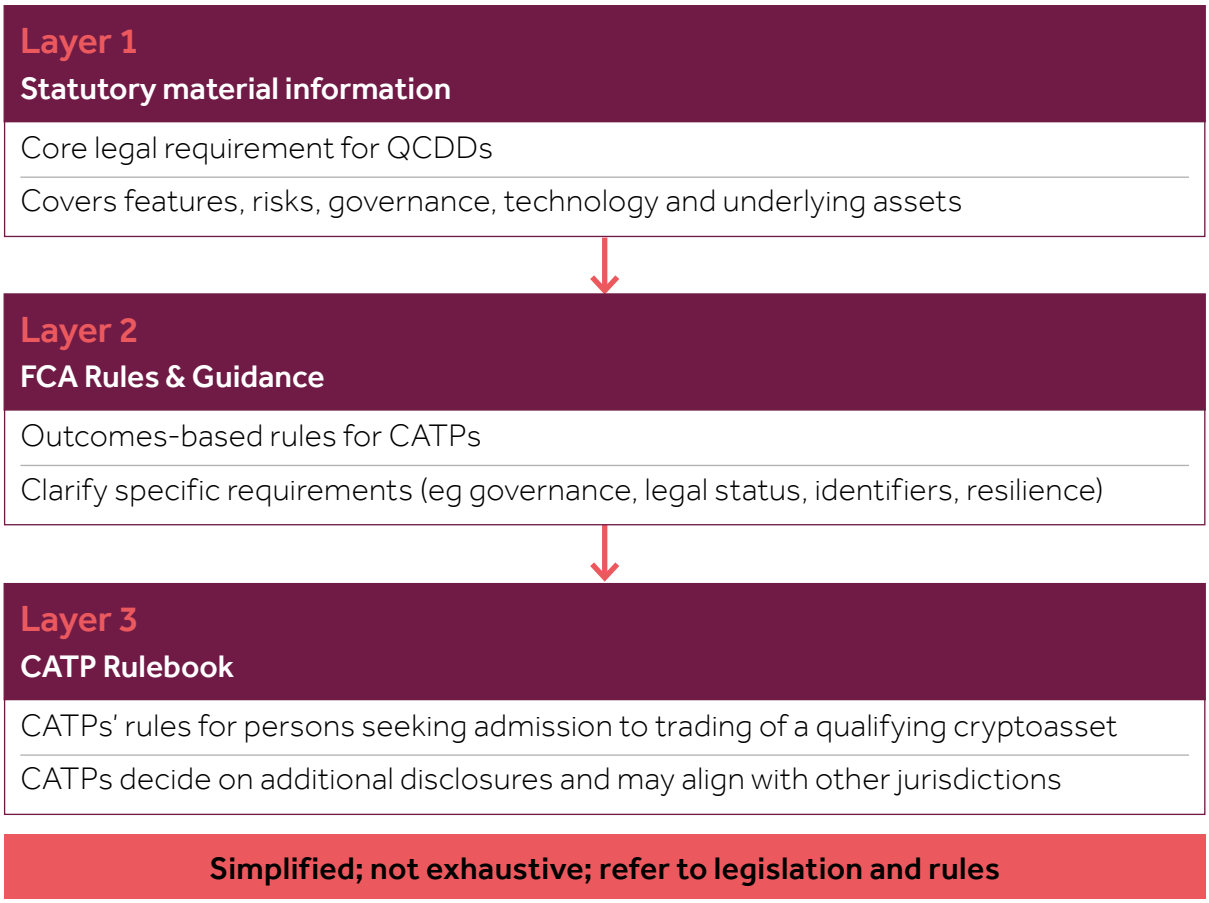
2.81 This requirement would only apply where a QCDD is required and the significant new factor, material mistake or material inaccuracy arises or is noted after the QCDD is published and before the qualifying cryptoasset is admitted to trading on the CATP.

2.82 The QCDD and SDD may involve an offer of a qualifying cryptoasset. If someone agrees to buy or subscribe after the QCDD is published, and an SDD is later published, they will have withdrawal rights under the Cryptoasset Regulations. This applies if the circumstances requiring the SDD arose or were noted before the cryptoasset was admitted to trading on the CATP. These requirements are explained later in this chapter.

Question 6: **Do you agree with our proposal relating to SDDs? If not, please explain what changes you would suggest and why.**

Content requirements

Figure 2: 3 layers of disclosure document content requirements



2.83 We are proposing guidance for CATPs on how QCDDs should comply with regulation 13(1) of the Cryptoasset Regulations. In addition, we are proposing additional requirements to support consistency and proportionality.

DP24/4 feedback

2.84 In DP24/4, we discussed options for our disclosure requirements. While more detailed and standardised rules could promote consistency and comparability, they may risk being overly rigid and burdensome in a fast-changing market. Our preferred approach in DP24/4 was to allow CATPs flexibility to tailor disclosures within the statutory requirements.

2.85 Most respondents supported our outcomes-focused approach to disclosure and suggested allowing for lighter or tiered requirements for lower-risk assets. They emphasised the importance of avoiding overly detailed rules that could produce disclosures that overwhelm consumers and obscure the most important information. Others warned against excessive prescriptiveness that could create unnecessary compliance burdens.

2.86 Stakeholders also welcomed allowing CATPs flexibility, within our rules and guidance, to tailor disclosure requirements to the nature of the asset and intended investor audience.

2.87 Some respondents advocated for more detailed disclosure requirements to increase investor protection, including additional categories such as tokenomics and sustainability considerations. Some also asked for greater clarity on which party would be responsible for meeting these requirements.

2.88 Many respondents supported differentiating disclosure requirements according to cryptoasset type, recognising that different categories - for example, stablecoins, meme coins and utility tokens - carry different risk profiles and purposes. Some proposed exempting UK-issued qualifying stablecoins from the A&D regime to avoid duplication with the UK's stablecoin framework. Others noted that disclosure requirements should distinguish between retail and professional investors, with content calibrated to the needs of each audience.

2.89 There was strong support for aligning UK disclosure requirements with international regimes to reduce compliance burdens for cross-border market participants and avoid regulatory fragmentation. Some suggested that, in appropriate cases, whitepapers used in other jurisdictions could be accepted under the UK regime, supplemented by UK-specific 'top-up' disclosures to meet local requirements.

Proposed high-level content requirements

2.90 Reflecting feedback that supported our preferred approach in DP24/4, we propose outcomes-based rules and guidance in CRYPTO 3.4 which describe the requirements we expect CATPs to include in their own disclosure rules. Our proposals are to:

- have general requirements and guidance about the format of QCDDs and SDDs
- give guidance on the information we expect to be included in QCDDs to meet the requirements of regulation 13 of the Cryptoasset Regulations

- require some additional specific information to be included in QCDDs
- require certain information to be highlighted in QCDDs

2.91 The general requirements and guidance on the format of QCDDs are high-level and will (broadly speaking) require these documents to be presented in a concise and comprehensible form. There are also specific rules which require information in QCDDs to be presented in English, and in a form which is suitable for retail investors (more information on this is given in the section below on Consumer Duty considerations).

2.92 We propose guidance on the information we expect to be included in a QCDD to meet the requirements of regulation 13 of the Cryptoasset Regulations. This includes (amongst other things) information on the governance mechanisms and characteristics of the qualifying cryptoasset, its operational and cyber resilience, its underlying technology and protocols, its ownership and its trading performance and history. Please note that we propose a separate regime for disclosures relating to UK-issued qualifying stablecoins as explained in the dedicated section below.

2.93 The additional specific information we propose should be included in QCDDs is any Digital Token Identifier (DTI) for the qualifying cryptoasset and the identity of the person seeking or obtaining admission to trading.

2.94 The information we propose should be highlighted in QCDDs is:

- who is liable to pay compensation for misleading statements or omissions in the QCDD under the statutory liability regime
- that SDDs may be published
- any potential conflicts of interest involving the operator of the CATP (see the section on managing conflicts of interest below)

2.95 Additionally, where the qualifying cryptoasset seeks or purports to maintain a stable value in relation to another asset or right, the persons responsible for the QCDD should disclose:

- features associated with that cryptoasset designed to maintain its stable value, including the holding and management of assets and the application of algorithms to those features
- risks that could affect the stabilisation mechanism
- redemption policy for holders

2.96 Our proposals are intended to ensure that CATPs have processes in place to ensure that information required by the Cryptoasset Regulations is included in QCDDs. Our proposed rules and guidance will also provide CATPs with flexibility to decide if additional disclosures are needed, based on the specific characteristics of the qualifying cryptoasset. This approach allows for proportionate adjustments over time for future admissions and across different categories of cryptoassets, avoiding overly rigid requirements that could hinder innovation.

2.97 CATPs will have discretion to align their own rules with other jurisdictions' requirements, provided they still meet the requirements of our rules and the Cryptoasset Regulations. This flexibility will help ensure our rules remain proportionate.

Question 7: **Do you agree with our proposal to introduce high-level, outcomes-based disclosure rules and guidance for what we expect CATPs to require in their rules for QCDDs, while allowing CATPs flexibility to determine additional disclosures where appropriate? If not, how should this approach be amended?**

Summary of key information

2.98 DP24/4 respondents suggested we require a summary document to improve the accessibility and usability of QCDDs. We propose introducing a requirement for a short 'summary of key information' to be included in each QCDD under the A&D regime other than UK-issued qualifying stablecoin QCDD. The purpose of this summary would be to provide a clear and concise overview of the key information to promote consumer understanding of the technical details in the QCDD.

2.99 The intention is that this summary would be a constituent part of the QCDD. We propose that it should:

- Be true and not misleading.
- Consistent with the other parts of the QCDD.
- Be no longer than 2 pages and written in plain English.
- Present the key features and risks of the qualifying cryptoasset.
- Warn readers that investment decisions should be based on the full QCDD, not the summary alone.
- Include a warning that the summary and other parts of the QCDD will not be updated if an SDD is published and direct the reader to where they can find important statements about SDD documents within the QCDD itself.
- Include references to any statements in QCDD about conflicts of interest, and non-UK qualifying stablecoin status, where relevant.

2.100 We expect the summary of key information to contain information such as:

- The name and DTI of the qualifying cryptoasset.
- The name of the person responsible for preparing the QCDD.
- Cross-references to where further detail is set out in the full QCDD.

2.101 We welcome views on this proposal.

Question 8: **Do you agree with our proposal to require a short summary of key information to be included in each QCDD? If not, please explain your reasons.**

Industry standards and market practice

2.102 We recognise support from respondents for an industry-led initiative in developing standardised disclosure templates for QCDDs.

2.103 Our aim is for the content, format and presentation of the summary of key information to be industry-led, with templates potentially drawing on approaches like the 'Key Information Document' used in other markets.

2.104 An industry-led approach could draw on existing good practice and international standards. It could also make it easier for market participants to compare cryptoassets and, over time, help maintain a consistent level of quality in disclosures, even while CATPs retain flexibility over format and presentation.

2.105 We are aware of industry-led solutions emerging to help firms develop standardised disclosure templates for QCDDs. At least 1 Regulatory Technology (RegTech) provider, is currently exploring and testing solutions in our Regulatory Sandbox. We welcome more industry participation in this initiative.

2.106 Finally, we have decided not to take forward the DP24/4 proposal to require CATPs to check the National Storage Mechanism before accepting a new QCDD, as feedback suggested this would be burdensome and inefficient. Instead, we think an industry-led standardisation effort offers a more proportionate way to promote alignment and ensure comparability of disclosures across platforms.

Question 9: **Do you consider that industry-led initiatives could play a useful role in developing standardised disclosure templates for QCDDs? If not, what alternative approaches should be considered to facilitate the creation of industry-led solutions?**

Managing conflicts of interest

2.107 Where the CATP is admitting a qualifying cryptoasset on its own platform, or an affiliated entity is seeking admission to trading, the due diligence assessment would need to satisfy the same admission criteria as if a third-party were applying.

2.108 Conflicts of interest could impact disclosure quality and consumer protection. These risks may arise if a qualifying cryptoasset is admitted or being admitted to trading on a CATP where:

- The CATP (or any affiliated entities, including major shareholders or senior management) has a financial interest in the qualifying cryptoasset or the entities involved in creating or offering the qualifying cryptoasset, or has received any incentive from them to get admitted to trading on the CATP.
- The CATP prepares and approves its own QCDD.

2.109 In these situations, we propose requiring CATPs to prominently disclose the conflict in the QCDD, including in the summary of key information.

2.110 Additionally, we propose requiring CATPs to keep records to show they have put in place measures to mitigate any risk of their admission criteria being applied less rigorously or objectively in relation to the admission to trading of a qualifying cryptoasset on behalf of the CATP operator.

2.111 Where conflicts exist, we propose that CATP operators put in place mitigating measures. We expect these measures to include written policies to ensure separation between the parts of the business and the individuals responsible for commercial decisions relating to the admission to trading of qualifying cryptoassets and those responsible for deciding whether the admission to trading meets the admission criteria for the CATP.

Question 10: **Do you agree with our proposal to require CATPs to disclose conflicts of interest in QCDDs, retain evidence of equivalent due diligence undertaken and implement enhanced governance measures? If not, what alternative measures would you suggest to address conflicts of interest in the admission process? Please provide details.**

Publication and filing

DP24/4 feedback

2.112 DP24/4 set out proposals to use the National Storage Mechanism (NSM) as the central repository for QCDDs. We noted that this would provide market participants with free and consistent access to information, in line with existing practice for securities under the UK Listing Rules, DTR and UK MAR. We also asked whether CATPs should be required to file QCDDs on the NSM in machine-readable format.

2.113 A majority of respondents (71%) agreed with our suggested approach to filing QCDDs on the NSM, recognising benefits for transparency, accessibility and comparability across platforms. However, respondents raised 2 main issues:

- **Responsibility for filing:** Some sought clarity on whether issuers, CATPs or third-party information providers should take responsibility for filing QCDDs.
- **Machine-readable formats:** Many stakeholders supported moving towards machine-readable formats (such as XBRL or XML), citing benefits for automation, searchability and analysis. However, others had concerns about proportionality and costs, particularly for smaller admissions, and questioned if consumers would use such formats in practice. Some said machine readable files would be appropriate for predominantly numerical or quantitative data. Several suggested a flexible approach, allowing submissions in multiple formats (for example, PDF, Excel, XML, XBRL).

Proposed requirements for publication by CATPs and filing with a centralised repository

2.114 We propose that CATPs be required to file approved QCDDs (and any SDDs, where published) with an FCA-owned centralised repository, such as the NSM, before trading starts. As CATPs are the authorised persons responsible for approving admissions under the A&D regime, we consider it appropriate they take on this obligation. Having considered feedback, we intend to explore in detail the operational aspects of implementation. CATPs will need to obtain and maintain a Legal Entity Identifier (LEI) (if they do not already have one) with an 'issued' registration status on the Global Legal Entity Identifier Foundation (GLEIF) Global LEI Index to use the centralised repository.

We envisage that registration and submission activities would be conducted through the Electronic Submission System (ESS), our secure document sharing system.

2.115 We also propose that CATPs must publish approved QCDDs (and SDDs, if any) on their own websites. This will ensure that consumers and market participants can consistently access QCDDs (and SDDs, if any) in a reliable location. For offers that are conditional on the offered cryptoassets being admitted to trading, the QCDD has to be published by the time the offer commences. For all other admissions, QCDDs have to be published before the admission to trading. We also propose that CATPs maintain and publish on their websites a list of QCDDs and any SDDs they have published which relate to qualifying cryptoassets that are currently admitted to trading on the CATP.

2.116 Noting feedback, we do not currently propose mandating a specific machine-readable format for QCDDs. While we recognise the potential benefits of machine-readability, stakeholders raised concerns about proportionality, cost and usability. We intend to explore proportionate solutions in the future as the market develops.

2.117 We welcome your views on these proposals.

Question 11: **Do you agree with our proposal to require CATPs to file approved QCDDs (and SDDs, if any) with an FCA-owned centralised repository before trading starts, and to publish them on their websites alongside an up-to-date list of QCDDs and any SDDs for admitted qualifying cryptoassets? If not, how should these requirements be amended?**

A&D rules and guidance on liability for QCDDs and withdrawal rights

Overview of FCA rules for other persons

2.118 The persons who are responsible for a QCDD or SDD will be subject to the statutory liability and compensation provisions in the Cryptoasset Regulations. Our proposed rules specify who is responsible for a QCDD or SDD in different situations.

2.119 Our proposed rules also specify the types of information that will be subject to the modified liability regime for protected forward-looking statements (PFLS). The PFLS liability regime uses a recklessness/dishonesty liability standard. The regime aims to encourage the disclosure of such information in QCDDs, which we expect will help consumers make better informed investment decisions.

2.120 Finally, in situations where an SDD is published for an offer, our proposed rules specify the circumstances when withdrawal rights are available to those who have already agreed to buy or subscribe for the qualifying cryptoasset.

Responsibility for QCDDs

2.121 We propose rules in CRYPTO 3.6 to specify who is responsible for QCDDs in different scenarios.

2.122 A person who is responsible for a QCDD or SDD may be liable: (1) for the content of that document, and (2) to pay compensation to a person who has:

- bought or subscribed for a qualifying cryptoasset to which that document applies; and
- suffered loss in respect of the qualifying cryptoasset as a result of
  - an untrue or misleading statement in that document, or
  - the omission from the QCDD or SDD of a matter that is required to be included under the Cryptoasset Regulations' material information requirement.

2.123 Our proposed approach aims to ensure clear accountability:

- **Persons seeking admission who prepare their own QCDD or SDD:** Where the person seeking admission of the qualifying cryptoasset prepares their own QCDD or SDD, they will be responsible for its content, along with each person who accepts responsibility and is stated in the QCDD or SDD as doing so.
- **Use of third-party QCDDs or SDDs:** Where the person seeking admission uses a QCDD or SDD prepared by a third-party, the person seeking admission will be responsible for the QCDD or SDD. This situation may arise where the same qualifying cryptoasset has previously been admitted to trading on a different CATP. The third parties who were originally responsible for the QCDD or SDD will not be responsible for the QCDD or SDD when it is used by the person seeking admission, unless the third parties accept and are stated in the document as accepting responsibility in relation to the new admission.

2.124 We propose that the persons responsible for the document are clearly and prominently stated in the QCDD (and any SDD). For example, where there is no identifiable issuer (eg Bitcoin), a CATP may admit the qualifying cryptoasset on its own behalf and prepare a QCDD. In this case, our proposed rules will require that the QCDD clearly state that the CATP is the person responsible for the document.

2.125 For intermediaries offering qualifying cryptoassets to consumers, where an intermediary prepares a QCDD, it has responsibility for its content. Where a QCDD is prepared by a party other than the intermediary (such as a CATP), such other party has responsibility for the QCDD content.

2.126 This model ensures there is always a clearly identifiable party responsible for the accuracy and completeness of QCDDs and SDDs. This approach also ensures that consumers have a clear line of recourse if they suffer loss due to misleading or inaccurate information, or the omission of material information.

Question 12: Do you agree with our proposed approach to allocating responsibility and liability for QCDDs and SDDs (if any)? If not, how should this framework be amended?

Protected forward-looking statements

DP24/4 feedback

2.127 In DP24/4, we sought views on how to set requirements for the PFLS liability regime.

2.128 Around 70% of respondents generally agreed with our suggestions for the types of information that should qualify as PFLS.

2.129 Many respondents viewed PFLS as a means of encouraging transparency and enabling issuers to share forward-looking information in QCDDs, such as projections, product roadmaps or environmental impact estimates. These respondents emphasised that such statements should be clearly identified as PFLS and accompanied by appropriate cautionary language, so that consumers understand the inherent uncertainty. They also noted the value of FCA guidance on how PFLS should be prepared, including clarity on the basis for claims, specificity and the language used to reduce risks of abuse.

2.130 Other respondents cautioned that requiring PFLS could create a false sense of certainty or invite speculative and potentially misleading claims. These respondents argued that any PFLS regime should be optional rather than mandatory, and that we should not require PFLS.

Proposed rules for PFLS

2.131 Having considered respondents' feedback, we propose to proceed with the approach outlined in DP24/4, with some refinements.

2.132 Under our proposals, the use of PFLS would be voluntary. This proposed framework would provide the persons responsible for the QCDD or SDD with the option to include certain types of forward-looking information in their QCDDs or SDDs, such as:

- a projection, estimate, forecast or target
- a statement giving guidance
- a statement of opinion on future events or circumstances or
- a statement of intention

2.133 For persons responsible for QCDDs, the different liability regime reduces the risk of successful consumer compensation claims. This could encourage persons responsible for QCDDs or SDDs to disclose information that is relevant, informative and which may be useful for consumers. We would also seek to ensure these statements are presented transparently and with appropriate context, and to guard against PFLS being used to give a misleading impression of certainty or to promote speculative claims. At the same time, our rules require that, when included, such statements are clearly identified as based on specific assumptions, subject to uncertainties, and not guarantees of future performance.

2.134 Our proposed rules for PFLS would broadly follow the approach under the POATRs regime, adapted for the cryptoasset context. These protections would only apply to disclosures in QCDDs and SDDs, and only where the 'accompanying statement' meets the relevant content and format requirements as specified in CRYPTO 3.7.

2.135 A forward-looking statement would qualify as a PFLS only where it meets the following requirements:

- The statement contains either financial or operational information in accordance with specified criteria.
- It is only possible to determine whether the statement is untrue, misleading, or omits any material information as required under the Cryptoasset Regulations by reference to events or set of circumstances occurring after its publication.
- The statement includes an estimate of when the event or set of circumstances it relates to is expected to happen.
- The statement contains information that a reasonable person would be likely to use as part of the basis for their investment decision, and
- The statement is accompanied by a content-specific statement and the QCDD also includes a general accompanying statement as specified in CRYPTO 3.7.

2.136 We propose that certain forward-looking statements should not qualify as PFLS, particularly where a statement contains information that is required to be disclosed under regulation 13(1) of the Cryptoasset Regulations, our QCDD content rules or under the rules of a CATP operator. There is no need to encourage the disclosure of information that is already required. We consider this information should not be considered PFLS because that would shift the liability treatment more favourably towards the persons responsible for the QCDD without any corresponding change in the information provided to consumers.

2.137 We recognise, however, that we may be able to encourage the inclusion of more detailed information in mandatory disclosures by applying the PFLS liability regime to certain types of information. We are interested in views on this point.

2.138 We also propose requirements on placing and presenting PFLS to make them clear for readers. PFLS must be clearly demarcated within a QCDD or SDD but may be included in multiple locations and presented in any way the person responsible for the document considers is likely to be useful to readers. These requirements are designed to balance flexibility for the responsible person with the need to make PFLS readily identifiable and understandable to consumers.

Question 13: **Do you agree with our proposal to introduce a voluntary regime for PFLS in QCDDs or SDDs (if any), subject to the criteria we set out? If not, please explain what changes you would suggest and why?**

Proposed rules for withdrawal rights

2.139 We want to ensure consumers can make informed investment decisions based on all available material information. So, we propose that where a person applying for admission is required to publish an SDD for an offer of qualifying cryptoassets to the public, consumers should have the right to withdraw their acceptances. For proposals on withdrawal rights for UK-issued qualifying stablecoin QCDDs please see the 'UK-issued qualifying stablecoin' section of this chapter

2.140 These withdrawal rights would apply only if:

- the agreement was entered into after publication of a QCDD
- an SDD has subsequently been published as required under CRYPTO 3.3, and
- the circumstances which required the publication of the SDD arose or were noted before the admission to trading of the qualifying cryptoasset on the CATP

2.141 Consumers may only withdraw their acceptances within 2 working days after publication of the SDD, unless the persons responsible for the offer, or the intermediary through whom the cryptoasset was bought or subscribed for, allows an extension to this period.

Question 14: **Do you agree with our proposed rules for the circumstances and manner in which withdrawal rights may be exercised? If not, how should this safeguard be amended?**

Financial promotions

2.142 The Cryptoasset Regulations will amend article 70 of the Financial Promotion Order (FPO) to provide an exemption for QCDDs and SDDs from the restrictions on financial promotions under section 21 FSMA.

2.143 The restrictions on financial promotions will apply as normal to other communications relating to offers and admissions of qualifying cryptoassets such as advertisements or other documents which might be used to make an offer which are not QCDDs. We are considering what further amendments might be needed to our rules on financial promotions to deal with advertisements that relate to admissions or proposed admissions where there is a QCDD. Our proposed rules for advertisements will be consulted on in a separate consultation paper that we expect to publish in Q1 2026.

2.144 For offers made to the public where there is no corresponding QCDD, we do not intend to disapply any requirements of the financial promotions regime.

2.145 We expect that CATPs, and other firms (for example, intermediaries) may apply for a relevant financial promotion approver permission to enable them to approve advertisements and offers made without a QCDD.

Consumer Duty considerations

2.146 In our letter to the Prime Minister in January 2025, we said we will ensure future consultations on consumer protection ask if the Consumer Duty rules are sufficient rather than creating new rules.

2.147 We will take account of the outcome of the discussion questions raised in CP25/25 on the Consumer Duty, and provide further clarity on our approach to Consumer Duty in the context of regulated cryptoasset activities in a future CP.

Discussion in DP24/4 and CP25/25

2.148 In DP24/4, we asked if respondents agreed that, while the Consumer Duty sets a robust baseline for expectations on firms, specific A&D requirements would deliver an appropriate degree of consumer protection.

2.149 Feedback from DP24/4 respondents suggested broad interest in exploring whether bespoke A&D requirements could play a greater role in delivering consumer protection. Points raised included:

- Sector-specific rules could provide greater relevance and benefit consumers and market participants.
- Bespoke A&D requirements could help ensure consumers are given the material information to make informed decisions.
- Bespoke rules would support greater comparability and consistency across cryptoasset disclosures.

2.150 As discussed in CP25/25, we considered whether it would be appropriate to apply Consumer Duty rules to the new activities within scope of the A&D regime. We have also considered the strong support in the DP24/4 feedback for bespoke A&D rules, which would likely be an effective way to deliver an appropriate degree of consumer protection, focusing particularly on consumer understanding.

2.151 Feedback to CP25/25 showed strong support for including provisions drawn from the Consumer Duty within bespoke A&D rules:

- A vast majority of respondents expressed support for introducing bespoke A&D rules and guidance.
- Respondents agreed that some sector-specific requirements are necessary to address cryptoasset-specific risks and improve consumer understanding.
- Respondents also indicated a preference for embedding consumer understanding provisions within A&D rules to reflect Consumer Duty-style outcomes.

2.152 After further analysis, we have come to the view that embedding Consumer Duty-aligned outcomes through tailored A&D rules is, on its own, likely to be better suited to securing an appropriate degree of protection for consumers in this context. We propose that the Consumer Duty will not apply to activities relating to public offers, and admissions to trading, of qualifying cryptoassets. Instead, those activities will be subject to bespoke A&D rules which, unlike the Consumer Duty, will apply whether or not the persons engaged in the activities are approved persons.

2.153 The disapplication of the Consumer Duty will be done using an amendment to the glossary definition of "retail market business", which is used to determine the scope of the Consumer Duty. At this time, we consider our regulatory aims would be more effectively met via bespoke requirements on matters such as the content of QCDDs to enable comparability across cryptoassets, and to allocate clear responsibility and liability for those documents.

2.154 This disapplication will not apply to disclosures relating to UK-issued qualifying stablecoins as we view those disclosures as activities carried out as part of or ancillary to

the regulated activity of issuing qualifying stablecoin described in Article 9M of the RAO (see "UK-issued qualifying stablecoins" section for details).

2.155 We propose to include specific provisions on consumer understanding (drawn from the Consumer Duty) within the bespoke A&D rules. These provisions aim to ensure firms communicate in a way that helps consumers make properly informed decisions.

2.156 Building on this, we propose requiring CATP operators to have rules that require QCDDs to be prepared and presented in a way that supports consumer understanding. To achieve this, we propose that CATP operators' rules require QCDDs to:

- Meet the information needs of consumers.
- Be likely to be understood by consumers.
- Equip consumers to make timely, effective, and properly informed decisions.
- Communicate information to consumers in a way that is clear, fair and not misleading.

2.157 We also propose guidance on preparing QCDDs that support consumer understanding. Such guidance will include, for example:

- Presenting information in a logical structure.
- Using plain language.
- Making key information prominent and easy to identify.

Question 15: **Do you agree with our view that disapplying the Consumer Duty and embedding consumer understanding provisions within bespoke A&D rules, reflecting Consumer Duty-style outcomes, is the most appropriate way to deliver consumer protection for activities within the A&D regime? If not, what alternative approach would you suggest and why?**

Transitional period

2.158 The Treasury's October 2023 response to its consultation and call for evidence noted that 'there should be disclosure documents in place for all cryptoassets which are made available for trading on a UK cryptoasset trading venue'. This requirement would extend to well-established cryptoassets and those which do not have a clearly identifiable creator.

2.159 The Treasury's report also said there should be sufficient transitional arrangements to reduce the risks and impacts of 'cliff edges' and avoidable removals from trading of cryptoassets already in circulation.

2.160 Similarly, some respondents to DP24/4 stressed the importance of introducing transitional arrangements for the A&D regime, particularly for cryptoassets already admitted to trading in the UK. They argued that immediately applying new disclosure requirements could create significant costs for firms. They suggested a defined transition period to give CATPs and persons applying for admission time to prepare for the new requirements.

2.161 We are considering transitional arrangements as part of the wider crypto regime and will provide clarity in a future consultation.

Figure 3: Overview of key disclosure document requirements for cryptoassets other than UK-issued qualifying stablecoins

What	**Qualifying Cryptoasset Disclosure Document (QCDD):** disclosure information that meets the statutory material information requirement, FCA rules and CATP rules
	Summary of key information: 2-pager with clear and concise overview of the key information
	Supplementary Disclosure Document (SDD): for significant new info before admission to trading
Who	**Person requesting admission to trading, a CATP (when admitting on its own behalf) or anyone else who accepts responsibility in the QCDD** will be responsible and can be **liable** for its content
	If offeror uses a QCDD **prepared by another party**, offeror becomes responsible for content
When	**QCDD (incl. summary disclosure):** For admissions only, publish before the admission to trading. For offers conditional on admissions to trading, publish by the time the offer begins
	SDD: publish once information arises
Where	QCDDs published **on CATP websites** and uploaded on a repository (eg NSM)
	CATPs' websites list all published QCDDs (and SDDs, if any) related to A&D compliant qualifying cryptoassets

Simplified; not exhaustive; please refer to legislation and rules for full detail

UK-issued qualifying stablecoins

Background and rationale

2.162 It is important that existing and prospective UK-issued qualifying stablecoin holders, and wider market participants, have access to sufficient information. As money-like instruments that play an important role within the cryptoasset sector and wider financial ecosystem, we want to ensure UK-issued qualifying stablecoins are trusted. Having adequate transparency and accurate information helps achieve this.

2.163 We believe the secondary market for stablecoins plays a crucial role in the broader cryptoasset market, as stablecoins are used as an important trading pair and settlement asset for a range of cryptoasset activities. The ability of UK-issued qualifying stablecoins to be traded on CATPs will help provide liquidity in the market. It will also provide alternative options to redemption and for holders to exchange their stablecoins for other assets. As provided for in the Cryptoasset Regulations, issuers of UK-issued qualifying stablecoins, unlike issuers of other qualifying cryptoassets, will be able to offer qualifying stablecoins directly to the public, or through CATPs or other intermediaries.

2.164 We will authorise and regulate issuers of UK-issued qualifying stablecoins specifically for the activity of issuing a qualifying stablecoin. Subject to finalising proposals following consultation, the stablecoins they issue will need to meet our proposed standards, set out in CP25/14, on managing and safeguarding backing assets, redemption requirements, and other requirements designed to maintain stability. Authorised issuers will need to demonstrate to us that they are continuously meeting these requirements, and the specific requirements on communicating information set out in CP25/14. Many respondents to DP24/4 suggested that UK-issued qualifying stablecoins should not be subject to the same A&D requirements as other qualifying cryptoassets because their issuance will be directly regulated.

2.165 We propose that UK-issued qualifying stablecoins will be subject to separate admission and disclosure requirements to other qualifying cryptoassets. Where we have already authorised the issuer of a UK qualifying stablecoin, we want to reduce the burden on firms by ensuring these issuers do not have to comply twice with overlapping disclosure requirements through our rules and the A&D regime. As well as to the extent possible to ensure that CATPs can rely on the information authorised issuers produce in compliance with our rules.

Our proposals

2.166 We propose that issuers of UK-issued qualifying stablecoins will need to produce 2 forms of disclosure:

- Disclosures in the form of information on the issuer's website, available to holders, prospective holders and the general public- as addressed in CP25/14.
- A UK-issued qualifying stablecoin QCDD, available on the issuer's website and on an FCA-owned centralised repository, such as the NSM.

2.167 We propose that the required information for both types of disclosure above should be the same and subject to identical update frequencies. This is to ensure information on UK-issued qualifying stablecoins is consistent, regardless of where that information is accessed. This also reduces the burden on issuers to produce different types of information and at different frequencies.

2.168 We do not propose to apply rules around issuing voluntary Protected PFLS to issuers of UK qualifying stablecoins. We consider the proposed regulatory framework for UK-issued qualifying stablecoins, including website disclosures and a UK-issued qualifying stablecoin QCDD, are proportionate and sufficient.

2.169 In addition, for UK-issued qualifying stablecoins we do not propose to require a QCDD summary. This is because our proposed stablecoin disclosures provide adequate information in a clear and concise format and do not need to be summarised further.

2.170 Our proposals cover:

- The information required in website disclosures and the UK-issued qualifying stablecoin QCDD.
- How frequently the information should be updated.
- Who is responsible for the information in the UK-issued qualifying stablecoin QCDD.
- How issuers and third parties can use the UK-issued qualifying stablecoin QCDD to seek the admission of a UK-issued qualifying stablecoin to trading on a CATP.
- How a CATP can admit a UK-issued qualifying stablecoin to trading.
- Withdrawal rights for prospective holders of UK-issued qualifying stablecoins.

2.171 We also propose that the UK-issued qualifying stablecoin QCDD must be made available to prospective holders before they buy or subscribe for a UK-issued qualifying stablecoin, either directly with the issuer, through a CATP or intermediary.

2.172 We do not propose any changes to how authorised stablecoin issuers must comply with the obligations proposed for the Market Abuse Regime for Cryptoassets. These obligations will apply once a qualifying stablecoin has been admitted to trading on a CATP as set out in legislation.

2.173 Other qualifying stablecoins – such as those issued overseas or otherwise outside of the regulated activity – would be subject to the same A&D requirements as other qualifying cryptoassets. Additionally, the persons responsible for the QCDD will need to clearly state that the stablecoin is not issued by a person with permission in the UK for issuing stablecoins. This is because the issuance of these stablecoins would not be authorised and regulated by us.

Information required in the disclosure document

2.174 This section covers the information that issuers of UK-issued qualifying stablecoins will be required to disclose. We expect all disclosures for UK-issued qualifying stablecoins to contain the same information as we proposed in CP25/14. We consider that the information that we proposed in CP25/14 meets the obligation for the stablecoin QCDD to contain material information for prospective holders to make decision as set out in Cryptoasset Regulations. This will apply to the UK-issued qualifying stablecoin QCDD and disclosures on the issuer's own website. The material information is described in Figure 4, which we proposed in CP25/14. We expect issuers to cover the information on the stablecoin and backing asset pool, underlying technology, redemption policy and process, third parties used by the issuer and any risks to the holder of the stablecoin. There are 2 principal forms of disclosure we propose an authorised stablecoin issuer will need to make:

2.175 **Website disclosures:** Information issuers must publish online and keep up to date so that prospective or current stablecoin holders can find relevant information, regardless of how they come to acquire a UK-issued qualifying stablecoin. Issuers can provide this

information to prospective holders at different points in the consumer journey. This differs from the A&D regime which will function as a point-in-time disclosure at the point at which an individual wishes to purchase a UK-issued qualifying stablecoin, as outlined in paragraph 2.64.

2.176 **A UK-issued qualifying stablecoin QCDD:** This must be uploaded to the issuer's website and uploaded to an FCA-owned centralised repository, such as the NSM. We expect issuers to receive a 'permalink' from the NSM which will be shared with CATPs when an application is made to admit a UK-issued stablecoin to trading on a CATP.

Figure 4: Proposed required information in website disclosures in CP25/14

Summary of existing website disclosure proposals for UK-issued qualifying stablecoins

CP25/14 outlined the information we proposed UK stablecoin issuers must publish as website disclosures to give holders the information they need to make appropriate decisions. We proposed certain information must be disclosed and updated when it becomes inaccurate such as:

- A description of the technology used for the qualifying stablecoin (eg the blockchain which the UK-issued qualifying stablecoin is issued on).
- The potential fees for, and the steps involved in, processing a redemption request.
- The names of any third parties who have arrangements with the issuer to carry on part of the issuing activity.
- The names of any firms who provide the issuer with a backing funds account or backing asset account.

We also proposed that certain information must be updated at least once in every 3-month period. This included:

- The value and percentage breakdown of the assets which make up the backing asset pool.
- The total number of stablecoins that have been minted and issued.
- A statement that confirms the issuer is meeting the requirement for the stablecoin pool to be backed 1:1 by assets in the backing asset pool.

We further outlined that UK stablecoin issuers could provide information about:

- The risks from the technology used to support the UK-issued qualifying stablecoin.
- Risks to the holder's interests.
- Risks to the UK-issued qualifying stablecoin's ability to continue maintaining the stability or value of the UK-issued qualifying stablecoin.

2.177 Alongside the disclosure requirements set out in CP25/14, we are proposing the following disclosure requirements are included in both website disclosures and the QCDD to align with the material information requirement in the Cryptoasset Regulations for qualifying cryptoassets. We will also require issuers to update this information whenever it is inaccurate. This includes:

- the risks associated with the UK-issued qualifying stablecoin (this is now a rule compared to guidance from CP25/14)
- the name and LEI (where eligible) that is included on the GLEIF Global LEI Index of the person who is the UK qualifying stablecoin issuer
- the name or other identifier which clearly identifies the UK-issued qualifying stablecoin.

Frequency of the information update

2.178 In CP25/14 we proposed that certain information would need to be updated every 3 months, and other information whenever it becomes inaccurate (see figure 4). We propose that UK-issued qualifying stablecoin QCDDs will be updated to the same schedule as website disclosures to ensure consistency of information across different sources. The issuer will be responsible for ensuring the updated document is uploaded to an FCA-owned centralised repository, such as the NSM. As issuers will share a 'permalink' of the relevant page on the NSM which contains the most recent UK-issued qualifying stablecoin QCDD with CATPs, this will reduce the risk of CATPs requesting a separate UK-issued qualifying stablecoin QCDD. We would also expect issuers to share the same link if a cryptoasset intermediary requests it before listing. Holders or prospective holders will be able to access the 'permalink' to the NSM from which they will be able to find the latest version of the UK-issued qualifying stablecoin QCDD.

Who is responsible for the information in the disclosure document

2.179 Issuers will be responsible for misleading statements made in their disclosures under the liability provisions in regulations 12 and 14 of the Cryptoasset Regulations. This is in line with the liability of all persons responsible for a QCDD under the A & D regime. UK stablecoin issuers could also potentially be liable for inaccurate or incomplete information on their websites at the suit of a private person under section 138D FSMA, where such inaccuracies are a breach of FCA rules and cause loss.

Application of the Consumer Duty

2.180 We are not proposing to apply the exclusions to the Consumer Duty outlined in 2.152 -2.153, to UK-issued stablecoin QCDDs. We will confirm whether we propose to apply the Consumer Duty to UK-issued qualifying stablecoin QCDDs in our consultation in January 2026 following DP25/1.

How a CATP can admit or reject a UK-issued qualifying stablecoin to trading

2.181 If a CATP seeks to admit a UK-issued qualifying stablecoin for trading on their platform, they will be able to use the permalink for the UK-issued qualifying stablecoin QCDD

without any further amendments. However, CATPs may also conduct further due diligence or, if necessary, request additional information from the issuer before admitting the QCDD. If a CATP does wish to carry out further due diligence on the issuer, the CATPs will not be able to charge a fee to the stablecoin issuer or a third party seeking admission to trading. This is to avoid a disproportionate burden on issuers whom we have already authorised for the activity they carry out.

2.182 An operator of a CATP has the right to reject admission of a UK-issued qualifying stablecoin. However, CATPs will not be permitted to do so on the basis of the quality or accuracy of the stablecoin QCDD. If they do reject the admission of a UK-issued qualifying stablecoin we will require them to notify both the issuer and us with details of their justification for doing so.

Admission of a UK-issued qualifying stablecoin via a third party

2.183 We recognise third parties (other than the issuer) will be able to seek the admission of a UK-issued stablecoin to a CATP using the existing UK-issued qualifying stablecoin QCDD uploaded to an FCA-owned centralised repository. In these scenarios, issuers would continue to remain responsible, and liable, for the content of the document in the repository as the issuer is best placed to provide accurate and up to date information.

2.184 The third party would not need to seek permission from the issuer to request the admission to trading. However, we propose that issuers of UK-issued qualifying stablecoins can make representations to CATPs if they want to oppose the admission of their stablecoin to trading, with trading platforms having to inform the issuer and allow at least 5 business days for the issuer to make representations on the proposed admission to trading. We believe these proposals will support the wider availability of UK-issued qualifying stablecoins to consumers, while ensuring that adequate disclosures are provided, regardless of the route by which they are admitted to trading.

Withdrawal rights for prospective holders of UK-issued qualifying stablecoins

2.185 The withdrawal rights of stablecoin holders are set out in the Cryptoasset Regulations. For stablecoins, these rights will be largely exercised when a holder has agreed to buy or subscribe to a UK-issued qualifying stablecoin on the basis that it is admitted to trading on a CATP.

2.186 These withdrawal rights would only apply if:

- an agreement to buy or subscribe to a UK-issued qualifying stablecoin is contingent on being admitted to trading on a trading platform
- the agreement was entered into after publication of a UK-issued qualifying stablecoin QCDD
- a UK-issued qualifying stablecoin QCDD has subsequently been published where there is a material change eg the relevant backing asset information has materially changed
- the circumstances which required the subsequent publication of the most recent UK-issued qualifying stablecoin QCDD arose or were noted before the admission to trading on a CATP.

Question 16: Do you agree that a UK-issued qualifying stablecoin disclosure document should be made available to prospective holders before the UK-issued qualifying stablecoin can be sold or subscribed to? If not, please explain why.

Question 17: Do you agree with our proposed rules for withdrawal rights of prospective holders of UK-issued qualifying stablecoins?

Question 18: Do you agree third parties should be able to request admission to trading on a CATP, using the UK-issued qualifying stablecoin disclosure document prepared by the UK stablecoin issuer? If not, please explain why.

Question 19: Do you agree with our approach that the information required in website disclosures and UK-issued qualifying stablecoin disclosure documents is the same?

Question 20: Do you agree that issuers of UK-issued qualifying stablecoins update the QCDD as frequently as they update their website disclosures?

Chapter 3

Market Abuse Regime for Cryptoassets

3.1 This chapter outlines our proposals for a Market Abuse Regime for Cryptoassets (MARC) which builds on the framework in Chapter 2 of the Cryptoasset Regulations. MARC will incorporate certain elements of UK MAR, but tailored to the unique features of cryptoassets. Its objective is to enhance market integrity and better protect market participants through clear and proportionate rules.

3.2 MARC will sit alongside requirements that tackle other illicit behaviours like money laundering, terrorist financing and proliferation financing. We consider MARC integral to the development of cleaner cryptoasset markets. However, as stated in DP24/4 and in previous Treasury publications, we do not expect MARC to achieve the same regulatory outcomes as UK MAR. We recognise that designing a market abuse framework for cryptoassets is complex and will require refinement over time. MARC is intended as a 'day one' market abuse framework that can be recalibrated over time as the market matures.

3.3 Our rules will be underpinned by the legal framework created by the Cryptoasset Regulations and together they will include requirements to:

- prohibit insider dealing in relevant qualifying cryptoassets
- prohibit the unlawful disclosure of inside information
- require the public disclosure of inside information on relevant qualifying cryptoassets admitted to trading on a CATP
- prohibit market manipulation of relevant qualifying cryptoassets admitted to trading on a CATP

3.4 Our position remains that, whilst MAR is a good starting point, simply transposing UK MAR would not be suitable. DP24/4 highlighted some fundamental differences (see paragraph 3.7) between cryptoasset and traditional financial (TradFi) markets. These differences make it challenging to create a market abuse regime equivalent to that for traditional financial instruments. We do not consider it currently feasible to deliver the same regulatory outcomes that UK MAR does for financial instruments.

3.5 The majority (77%) of DP24/4 respondents 'agreed' or 'generally agreed' with the described risks, harms and target outcomes we identified for MARC. Respondents highlighted the need to consider the unique challenges posed by cryptoassets.

3.6 The MARC chapter in DP24/4 covered the following sub-topics:

- inside information disclosure responsibilities
- methods for disseminating inside information
- safe harbours and exceptions for legitimate behaviour
- market abuse systems and controls
- cross-platform information sharing

Background to our proposals

Overview of the proposed MARC regime

3.7 Market abuse in cryptoasset markets encompasses a range of behaviours, such as insider dealing, unlawful disclosure of inside information, and market manipulation. In developing our MARC proposals, we have drawn on established TradFi principles and guidance where appropriate (such as from MAR 1) adapting them to reflect the unique features of cryptoasset markets. For example, our proposed rules and guidance on identifying and evidencing market abuse behaviours are closely based on our existing approach for TradFi. We tailored these to address challenges such as the decentralised nature of many cryptoassets, the absence of a clear issuer in some cases, and the prevalence of on-chain activity.

3.8 Where possible, we have in our proposed rules replicated the structure and substance of MAR 1 guidance, such as the use of non-exhaustive lists of abusive behaviours. This approach ensures that market participants benefit from the familiarity with the existing UK MAR framework, while also recognising the need for regulation tailored to the specific characteristics of cryptoasset markets.

3.9 The MARC regime applies when a qualifying cryptoasset has been admitted to trading, or is subject to an application seeking admission to trading, on a CATP. Prohibitions on insider dealing, unlawful disclosure and market manipulation apply regardless of the location of the market abuse activity (which could take place within the UK or overseas). This is consistent with the MAR approach and is necessary due to the highly globalised nature of cryptoasset markets.

3.10 Per the Cryptoasset Regulations, the regime will apply to the following designated activities:

- the use and disclosure of inside information, and
- market manipulation

3.11 Our proposed MARC rules will include requirements on:

- the disclosure of inside information
- legitimate market practices
- preventing, detecting and disrupting market abuse
- market abuse systems and controls for CATPs and intermediaries
- information sharing between trading platforms (subject to size threshold) to aid in deterring and disrupting cross-platform market abuse
- creating and maintaining insider lists

3.12 The rules also set out in detail the general application of the market abuse provisions, and provide extensive guidance, rules and examples on the types of behaviour that would or would not constitute market abuse. We are also consulting on guidance on the key concepts that apply with respect to market abuse, adapted to the cryptoasset context.

Requirements for issuers, offerors and CATPs

3.13 Our proposed MARC rules will require issuers, offerors and CATPs to comply with certain requirements. These are:

- the timely disclosure of inside information
- creating and maintaining insider lists.

Requirements for CATPs and intermediaries

3.14 The Cryptoasset Regulations require CATPs and intermediaries to establish systems and controls aimed at preventing, detecting and disrupting market abuse. As provided in the Cryptoasset Regulations, we are proposing further requirements that set out in more detail the required design, scope and application of those arrangements. These must enable CATPs and intermediaries to effectively monitor orders and transactions, including generating and analysing alerts. These systems must be proportionate to the CATPs and intermediaries' scale and nature of business.

3.15 As part of their systems and controls requirements, CATPs who qualify as Large CATP (see paragraph 3.74 below) will also be subject to rules on on-chain monitoring and cross-platform information sharing. Our rules do not require intermediaries to implement on-chain monitoring or cross-intermediary information-sharing arrangements. However, intermediaries are required under the Cryptoasset Regulations to notify CATPs of suspicious activity.

Inside information disclosure responsibilities

Policy considerations

3.16 The Cryptoasset Regulations define inside information as information of a precise nature, which has not been made public, relating directly or indirectly to:

- an issuer or offeror of a relevant qualifying cryptoasset or a related instrument
- an operator of a CATP on which a relevant qualifying cryptoasset is admitted to trade or is subject to an application seeking admission to trading
- a relevant qualifying cryptoasset or related instrument

which, if it were made public, would likely have a significant effect on the price of that relevant qualifying cryptoasset or related instrument

3.17 As we discussed in DP24/4, the continuous and timely public disclosure of inside information is a fundamental requirement for ensuring fair and transparent markets. It helps create a level playing field for market participants and is necessary to foster trust in cryptoassets markets. In the long run, our objective is that cryptoasset market participants should be able to trade in a fair and orderly environment, with equal access to information.

3.18 Cryptoassets have unique features which pose challenges for managing inside information. In particular, it is not always possible to identify a clear issuer for some

cryptoassets (for example, Bitcoin). This differs from traditional financial markets, particularly for companies issuing shares, where issuers have a clear obligation to disclose inside information. Non-issuer entities involved in the design, offering or admission of cryptoassets, such as a CATP seeking to admit a qualifying cryptoasset to trading, can themselves possess inside information. Mishandling this information can present insider dealing risks.

3.19 Our rules place responsibilities on issuers, offerors and CATPs for disclosing inside information. These participants are required to inform the public as soon as possible of inside information that directly concerns them. Disclosure must be complete, correct and timely, unless delayed disclosure of inside information is considered necessary.

DP24/4 feedback

3.20 In DP24/4 we set out our proposed approach on managing inside information and related disclosure responsibilities. We asked respondents for input on our proposal to make the person seeking admission to trading of a qualifying cryptoasset responsible for the disclosure of inside information, examples of what could be considered inside information and whether our approach had any significant risks.

3.21 In situations without an identifiable issuer, or where the issuer is not involved with the admission of a qualifying cryptoasset, 45% of respondents to DP24/4 agreed the person seeking admission of the qualifying cryptoasset to trading should be responsible for disclosing inside information. Respondents noted the extent of information that non-issuer persons are responsible for disclosing must be reasonable. This means it should not include information which non-issuers cannot access or are not aware of.

3.22 To further clarify and delineate intended inside information disclosure responsibilities, we discussed a hypothetical 'Person A' in DP24/4 question 25. Overwhelmingly, 78% of respondents to this question agreed that Person A should only be responsible for the disclosure of inside information which relates to Person A and of which Person A is aware. Respondents suggested this approach would avoid unrealistic burdens on the disclosure of inside information and align with international standards.

3.23 Most respondents asked us for further clarity or guidance on inside information involving cryptoassets. They suggested we should provide a non-exhaustive list of examples of inside information which would help firms in identifying, controlling and disclosing inside information appropriately. Respondents also flagged that further clarity on what constituted inside information may help reduce the risk of information asymmetry for consumers.

Our proposals

The nature of inside information

3.24 In DP24/4, we described considerations of how inside information would arise. In traditional securities markets, inside information is not always easily identifiable, and identifying inside information in cryptoasset markets can also be challenging. For persons executing orders on behalf of clients (for example, intermediaries or brokers),

inside information may include information of a precise nature, which has not been made public, conveyed by a client and involving that client's pending orders in a relevant qualifying cryptoasset or a related instrument.

3.25 To provide industry with further clarity, we propose to provide guidance in CRYPTO 4.3 (based on existing MAR 1 guidance and DTR 2) on some factors to consider to help determine whether information has been made public. For example, if the information has been disclosed on a firm's own website or widely accessible social media platforms by an issuer, offeror or CATP, the information is seen as having been made public and should not be considered to be inside information. We have also provided guidance on when information in relation to a pending order may constitute inside information.

Requirement to disclose inside information

3.26 The Cryptoasset Regulations provide that relevant persons must, where required by our rules, publicly disclose inside information, that directly concerns them. We propose in our rules that the relevant persons responsible for disclosure should be the issuers, offerors and CATPs.

3.27 The Cryptoasset Regulations have broadened the responsibility for disclosure to persons beyond the issuer (and limited the disclosure to information that directly concerns the person) which addresses DP24/4 feedback. This is a necessary departure from UK MAR, given the nature of cryptoassets market, where persons beyond the issuer may be responsible for disclosing inside information. We have set out examples in guidance in CRYPTO 4.10 to provide some clarity on what type of information may directly concern an issuer, offeror or CATP.

Non-exhaustive list of inside information

3.28 We propose to provide guidance on a list of non-exhaustive examples of inside information. We have taken account of industry feedback in shaping this list, which we consider could provide clarity and help reduce information asymmetry for consumers. We stress, however, that this list is non-exhaustive. Issuers, offerors and CATPs will always need to assess whether information they possess constitutes inside information.

3.29 Examples of inside information may include: information about admission or cancellation from admission of relevant qualifying cryptoassets, information about the viability or instability of a stablecoin, non-public information around code vulnerabilities, and others. For the non-exhaustive list, please refer to CRYPTO 4.3.

Delayed disclosure of inside information

3.30 Under regulation 26 of the Cryptoasset Regulations and our proposed rules in CRYPTO 4.10, inside information should be disclosed as soon as possible. However, an issuer, offeror or CATP may delay public disclosure of inside information where immediate disclosure is likely to prejudice their legitimate interests, the delay is not likely to mislead the public and the confidentiality of the inside information can be ensured. The approach we propose is based on Article 17 UK MAR and DTR 2.

3.31 We propose that any person delaying disclosure should, amongst other requirements, maintain a record of the information and justification for the delay, and provide us with the record on request. We have included guidance with non-exhaustive examples of legitimate interests being prejudiced, which may justify a delay.

3.32 We welcome your views on our qualifying cryptoasset inside information proposals.

Question 21: **Do you agree with our proposals on inside information disclosure and delayed disclosure?**

Question 22: **Do you agree with our list of non-exhaustive examples of inside information?**

The method of disseminating inside information

DP24/4 proposals

3.33 Enabling inside information to be effectively disseminated ensures all market participants have fair access to this information. As explained in DP24/4, information dissemination in cryptoasset markets is often arbitrary and done across a number of social media platforms or community channels. Without more formalised or reliable channels for disseminating inside information, it is harder for consumers to find inside information on the cryptoassets they hold. To address this, in our DP we proposed that firms promptly disclose inside information through public channels to ensure consistent dissemination. Enabling effective dissemination of these disclosures would ensure fair access for all market participants, promoting transparency and reducing the risk of market abuse.

3.34 In DP24/4, we sought industry views on 3 potential models for inside information dissemination. These included:

- Option 1: creating crypto-specific Primary Information Providers (PIPs)
- Option 2: using existing PIPs
- Option 3: publishing inside information on the firm's own website and relying on 'active' dissemination

DP24/4 feedback

3.35 Most respondents preferred option 3: publishing inside information on websites and relying on 'active' dissemination. Respondents gave a range of reasons, including efficiency, cost effectiveness, large retail participation via social media and alignment with EU MiCA regulations.

3.36 Half the respondents considered a hybrid approach of website dissemination and existing PIPs might be workable. Respondents suggested that disseminating through websites may be the best approach for 'day one' of the regime. In the long-term

however, establishing a bespoke crypto PIP, or using traditional PIPs catering to the 24/7 nature of crypto, may be the most suitable approach to ensure the information could be readily and widely available.

3.37 Respondents considered that the option for establishing a bespoke crypto PIP would be the most effective long-term approach, but that building such infrastructure from scratch may take significant time and cost. Therefore, it may be a more suitable approach as industry matures.

Our proposals

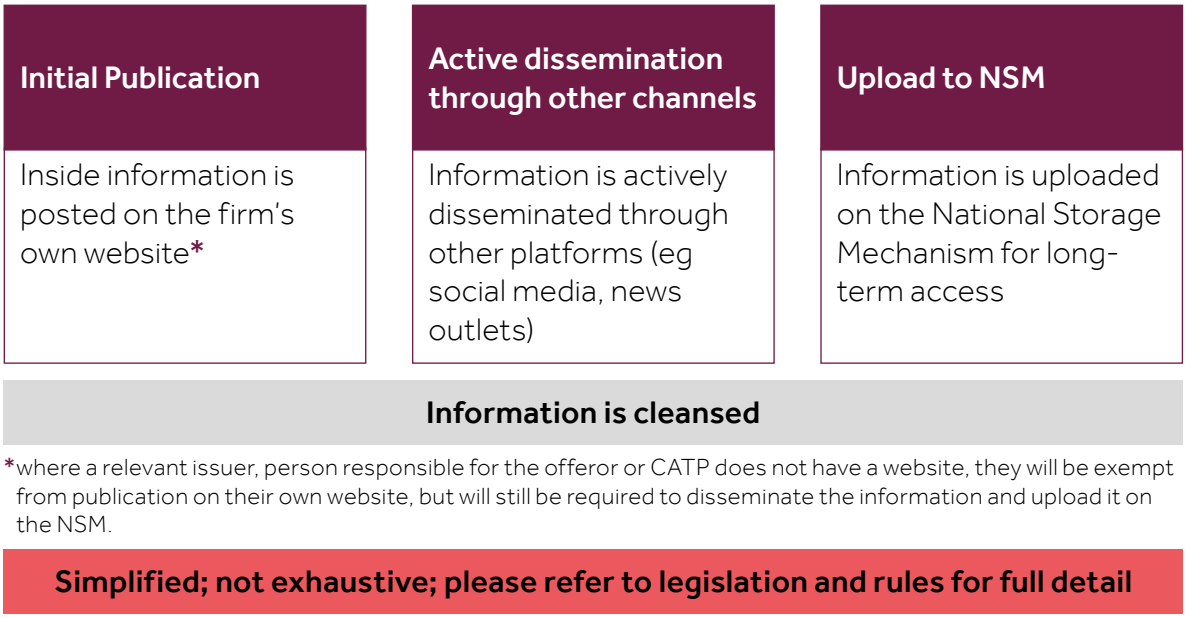
3.38 On 'day one' of the MARC regime, we propose that inside information must be published on the issuer, offeror, or CATP's own website and actively disseminated through other channels (for example, social media or news outlets) used by consumers and other market participants. Where an issuer, offeror or CATP does not have a website, they will be exempt from publication on their own website, but will still be required to actively disseminate the information to as wide a public as possible. We agree with industry views that this approach would be the most cost effective, efficient and internationally consistent starting point.

3.39 We propose that any inside information published via a website and actively disseminated should subsequently and as soon as possible be uploaded on an FCA-owned centralised repository such as the NSM. The NSM could serve as a formal centralised repository for market participants to locate previously disclosed inside information. It would also provide a reliable source if websites are subsequently shut down if firms or other persons cease operations.

3.40 We are therefore minded to use the NSM for this purpose, while exploring in more detail the operational aspects of implementation. Issuers, offerors and CATPs will need to have a Legal Entity Identifier (where eligible) that is included on the GLEIF Global LEI Index to use the NSM. We envisage all NSM registration and submission activities would be carried out through the ESS, as described in paragraph 2.113.

3.41 In the longer term, we may consider requiring the use of more formal channels for inside information dissemination as cryptoasset markets develop, in line with suggestions made by the DP24/4 respondents. However, at this stage we consider the proposed approach – website publication and active dissemination, with subsequent storage on the NSM – is proportionate. It recognises the current maturity and scale of the cryptoasset market, while improving transparency and access to information for the public.

Figure 5: Inside information disclosure



Question 23: **Do you agree with our revised proposals for the dissemination of qualifying cryptoasset inside information, specifying option 3 (website and active dissemination) as the most suitable approach for day one of the regime?**

Legitimate market practices

Policy considerations

3.42 Under UK MAR, certain behaviours or actions are exempted from the market abuse prohibitions where they are carried out in accordance with the types of behaviour described in UK MAR. These include safe harbours for legitimate behaviours such as the conduct of market soundings and Accepted Market Practices (AMPs). These exemptions recognise that some activities can legitimately support effective price formation and market efficiency when undertaken in a way that reduces the risk of market abuse. The Cryptoasset Regulations give us powers to make designated activity rules specifying legitimate market practices.

3.43 We maintain our position in DP24/4 that legitimate market practices will play an important role in cryptoasset markets. Our proposals for legitimate market practices aim to provide clarity on when activities will be considered acceptable under the regime, ensuring that activity which benefits market stability and consumer outcomes is not unnecessarily restricted, while still minimising risks of abuse.

DP24/4 feedback

3.44 A large majority of DP24/4 respondents supported applying safe harbours for delayed disclosure of inside information, possession of inside information and legitimate behaviours (65% agreeing and 31% generally agreeing, with only 4% disagreeing). We sought views on whether we should introduce AMPs tailored to cryptoasset markets. A strong majority (84%) agreed, noting potential benefits for market functioning. We explained that no AMPs have so far been established under UK MAR, and invited feedback on whether this should be different for qualifying cryptoassets.

3.45 Respondents highlighted the importance of safe harbours or exceptions for behaviours that are necessary to facilitate market activity and support orderly markets, including stabilisation, market making and cryptoassets buybacks. Some raised the potential for safe harbours or AMPs to cover MEV (maximal extractable value, where transactions can be ordered in a way that maximises the value extracted from block creation) related activities. While views differed, some respondents considered it premature to define specific MEV safe harbours or to categorise all MEV as abusive. These respondents stressed the need for flexibility, given the pace of technological change in the cryptoasset market. More broadly, respondents emphasised the importance of clear guidance on what constitutes legitimate market practices and welcomed further clarity.

3.46 A small number of respondents asked for further clarity on whether certain decentralised finance (DeFi) activities and practices could benefit from safe harbours or exemptions.

Our proposals

3.47 We propose to provide rules and guidance on the application of legitimate market practices (LMPs) and exceptions for the benefit of cryptoasset market participants. We agree with industry feedback that to avoid inadvertently prohibiting forms of financial activity which are legitimate, it is necessary to recognise acceptable behaviours.

3.48 In specifying LMPs, we have had regard to the matters in Regulation 34 of the Cryptoasset Regulations, including designating practices that safeguard market efficiency and transparency without creating risks for other market participants.

3.49 We have provided rules on specific LMPs to ensure industry has sufficient clarity on what constitutes legitimate behaviours:

1. **Coin burning and crypto-stabilisation:** we propose coin burning and crypto-stabilisation could, in certain circumstances, be considered as legitimate market practices.

    1.1. **Coin burning**, in summary, is the process by which relevant qualifying cryptoassets are removed from circulation, reducing the number of cryptoassets available. By reducing the availability of cryptoassets, the entities doing the burning hope to make the cryptoassets more valuable and less attainable. They do so by controlling the cryptoasset supply and maintaining or increasing the value of their own holdings. This is not dissimilar to 'buy-back programmes' in TradFi, where entities trade in their own shares. We have

proposed rules setting out the conditions coin burning should meet to qualify as an LMP, for example having the sole purpose of reducing the amount of cryptoassets in circulation, recording full details of the coin burning process ahead of trading and disclosing transactions to the public (disclosure may not be needed where the existence of the transaction can be observed directly on the blockchain). For a full definition, please refer to our Glossary

1.2. **Crypto-stabilisation**, in summary, refers to measures taken to support the price of a cryptoasset, often during or after its initial coin offer or secondary coin offer, to prevent or reduce volatility. This is similar to the stabilisation of new issues in TradFi. Crypto-stabilisation can qualify as a LMP where market participants carry out the stabilisation process for a limited time, and transactions are recorded and disclosed to the public (disclosure may not be needed where the existence of the transaction can be observed directly on the blockchain). For a full definition, please refer to CRYPTO 4.11.

2. **Legitimate reasons:** under the proposed rules and guidance, we suggest firms will not be considered to have engaged in market manipulation where their conduct is undertaken for legitimate reasons. We have proposed guidance setting out various matters which must be considered and which are indications that a transaction is or is not for legitimate reasons. Behaviour is unlikely to be considered legitimate if it is intended to induce others to trade, to move the price of a cryptoasset, or to create a false or misleading impression. Our guidance clarifies that it is unlikely that the behaviour of CATP users when dealing at times and in sizes most beneficial to them (whether for the purpose of long-term investment objectives, risk management or short-term speculation) and seeking the maximum profit from their dealings will of itself amount to market manipulation.

3.50 DP24/4 respondents suggested for market making to be recognised as an LMP. We agree market makers play an important role in providing liquidity and ensuring efficient price discovery and market functioning. In line with our powers under the Cryptoasset Regulations, the approach we are taking with market making is to mirror TradFi provisions under Article 9 UK MAR. We have proposed rules in CRYPTO 4.4 setting out circumstances under which a person who possesses inside information is not to be regarded as using that information and engaging in insider dealing. This includes where that person is a market maker pursuing their legitimate business of dealing in relevant qualifying cryptoassets or related instruments. Other examples include where persons have effective internal arrangements in place to prevent persons from making or influencing trading decisions.

3.51 Market participants should maintain sufficient records in relation to these LMPs to ensure we are able to fulfil our supervisory functions.

3.52 We welcome your views on our legitimate market practices proposals.

Question 24: Do you agree with our revised proposals on legitimate market practices under MARC?

Market abuse systems and controls

Policy considerations

3.53 Effective market abuse systems and controls are essential to reducing risks such as insider dealing and market manipulation.

3.54 The Cryptoasset Regulations will require that CATPs and intermediaries maintain systems and procedures to prevent, detect and monitor market abuse. In addition, they will require intermediaries to notify CATPs without unnecessary delay where they reasonably suspect that an order or transaction constitutes market abuse. The Cryptoasset Regulations include a requirement on CATPs that receive such notifications to also comply with our rules. The FCA has been given powers to make designated activity rules in relation to this.

3.55 In DP24/4, in summary, we proposed (1) robust systems and controls at the firm level should be the main mode for addressing cryptoasset market abuse, (2) those systems and controls should be proportionate to the scale and nature of the firm's business activities, (3) we would not take a central role in the receipt and assessment of Suspicious Transactions and Orders Reports for the MARC regime, as we do in TradFi, and (4) if firms are unable to address cryptoasset market abuse appropriately using their systems and controls, they should inform us.

3.56 See DP24/4 for further details of our policy considerations.

DP24/4 feedback

3.57 89% of respondents supported the introduction of systems and controls requirements for CATPs and intermediaries. A strong majority (77%) agreed that the onus for monitoring and disrupting market abuse should be placed on CATPs and intermediaries to both monitor and disrupt market abuse. Many agreed that surveillance should be proportionate and tailored to the unique features of cryptoasset markets.

3.58 48% of respondents opposed (and 22% were neutral) the introduction of Persons Discharging Managerial Responsibilities (PDMR)-style disclosure obligations, noting that such requirements would be disproportionate for non-issuer entities and difficult to implement in practice.

Our proposals

3.59 Taking into account the Cryptoasset Regulations and DP24/4 feedback, we will continue with the proposals for CATPs and intermediaries to establish systems and controls on their platforms. These systems should be proportionate to the scale and nature of their business. This is consistent with our approach to trading venues in TradFi and was strongly supported by DP responses.

3.60 We have taken the systems and controls requirements in UK MAR (and in particular article 16 of UK MAR and articles 3 to 8 of the UK MAR Commission Delegated Regulation (EU) No 2016/957) as a helpful starting point. We have then tailored the existing TradFi framework to reflect the unique features of cryptoassets.

3.61 Our rules and guidance for the systems and controls of CATPs and intermediaries are set out in CRYPTO 4.7 and CRYPTO 4.8 respectively. By way of a summary of the obligations in CRYPTO 4.7 and CRYPTO 4.8, the overarching systems and controls requirements to implement are listed below. We are proposing detailed minimum requirements, but propose these should be applied proportionately:

Figure 6: Overarching systems and controls requirements

Category	CATPs (4.7)	Intermediaries (4.8)
Surveillance on application for admission to trading.	Monitoring activities and communications relating to qualifying cryptoassets that are subject to an application for admission to trading to detect market abuse.	Not applicable.
Surveillance of orders and transactions.	Monitoring all orders received and transmitted as well as trading activities executed on the trading platform to detect market abuse.	Monitoring all orders received and transmitted as well as transactions executed.
Notification of suspicious orders.	Receiving and assessing notifications of suspicious orders from intermediaries.	Assessing whether to notify a CATP of suspicious orders and transactions.
Prevention and disruption.	Preventing and/or disrupting market abuse activity.	Preventing and/or disrupting market abuse activity.

3.62 The specific systems and controls that all CATPs and intermediaries will be required to have in place (as a minimum) to prevent, detect and disrupt market abuse include:

1. Personal account dealing arrangements and internal rules on personal account dealing for employees (such as employees seeking clearance before trading relevant qualifying cryptoassets or related instruments).
2. Information barriers that limit access employees have to client orders to prevent market abuse activities such as front running.
3. Employee training on market abuse (eg management of cryptoasset inside information disclosures to the market about initial exchange offerings, overall cryptoasset inside information management and others).
4. Record-keeping and audit arrangements, including regular assessments of their monitoring and surveillance arrangements through audits and internal reviews.
5. Contractual or other agreements with clients which would allow the firm to disrupt activities which they identify as abusive, including the ability to off-board the client and, in the case of **CATPs only**, to undertake the additional actions set out in the platform specific rules.
6. [**For CATPs only**] platform specific rules to disrupt abusive activity, including the ability to halt or suspend trading, warn users, restrict the activities of users and remove relevant qualifying cryptoassets from the CATP.
7. [**For Large CATPs only**] a requirement to participate in cross-platform information sharing. The rules for this are set out in CRYPTO 4.9 and are discussed further in the section below.

3.63 As explained in DP24/4, a key change from the TradFi market abuse regulatory framework is that we will not have a central role in the receipt and assessment of STORs. Under the Cryptoasset Regulations, intermediaries will report suspicious transactions to the CATPs on which the relevant qualifying cryptoasset is traded. The CATPs must then undertake their own assessment as quickly as practicable, consider an appropriate course of action and then take action to prevent or disrupt the cryptoasset market abuse. We would only expect to be notified where the intermediary and the CATPs cannot adequately prevent, disrupt or deter the market abuse (see CRYPTO 4.7 and CRYPTO 4.8).

3.64 The detailed rules for these intermediary notifications closely align with those for cross-platform information sharing. Under the Cryptoasset Regulations, intermediaries should report whenever there is a suspicious transaction, which differs from cross-platform information sharing. Note that the regulations will sometimes require notification to multiple CATPs. We will introduce a safe harbour to ensure that intermediaries who comply with our rules on notifying CATPs of suspicious orders and transactions do not open themselves to civil liability claims. The safe harbour will be substantially similar to the safe harbour provided for information sharing by Large CATPs under CRYPTO 4.9.

3.65 CATPs should consider, where possible, the use of automated tools and RegTech solutions as part of their systems and controls, to detect, disrupt and prevent cryptoasset market abuse.

3.66 CATPs and intermediaries can outsource monitoring functions to third parties or group entities. Where they do so, they will be subject to the rules and guidance in SYSC 8. The firm delegating those functions should remain fully responsible for ensuring the arrangement is clearly documented, and the tasks and responsibilities are assigned and agreed, including the duration of the delegation.

3.67 We do not propose to introduce PDMR-style disclosure obligations at this stage as we agree with DP24/4 respondents this will be disproportionate for non-issuer entities and difficult to implement in practice.

3.68 We welcome your views on our market abuse systems and controls proposals.

Question 25: Do you agree with our proposals for qualifying cryptoasset market abuse systems and controls?

On-chain monitoring

Policy considerations

3.69 Monitoring can be carried out on on-chain activity (namely activity which relates to orders or transactions that are settled on a distributed ledger) and off-chain activity (wider activities beyond settlement on a distributed ledger). For example, monitoring orders or transactions placed on a CATP as well as internal and external communications.

3.70 On-chain trading activity is a defining feature of cryptoasset markets, that sets it apart from TradFi. Activities such as wash trading, pump-and-dump schemes and insider dealing can occur directly on-chain, bypassing conventional monitoring systems. Unlike TradFi markets where trading occurs within centralised venues, cryptoasset transactions often take place directly on distributed ledgers outside the venue. This creates unique opportunities for transparency but also introduces risks of market abuse that may not be captured by off-chain surveillance tools alone.

DP24/4 feedback

3.71 In DP24/4, our approach was to require all CATPs and intermediaries to have on-chain monitoring capabilities.

3.72 Stakeholders broadly supported including on-chain monitoring as part of market abuse systems and controls. However, many respondents emphasised the need for proportionality and flexibility. They raised concerns about the feasibility of scanning all on-chain activity, particularly for smaller firms, and about the lack of standardisation in blockchain analytics tools. Respondents highlighted the importance of aligning monitoring expectations with the scale and nature of a firm's business.

3.73 Several respondents requested clarity on the scope of on-chain monitoring, particularly whether CATPs would be expected to monitor activity beyond their own business operations. Some stakeholders suggested that on-chain monitoring should focus on activity directly related to the firm's operations, such as wallet interactions linked to its platform or users. Others proposed we should encourage firms to adopt RegTech solutions that integrate on-chain data with off-chain behavioural analytics.

Our proposals

3.74 In consideration of DP24/4 feedback and in the interests of proportionality, our policy approach is to require Large CATPs (with ≥ £10 million annual average revenue over the previous 3 years) to monitor on-chain activities relevant to their operations (see CRYPTO 4.7). This may include monitoring wallet interactions, token flows and transaction patterns of their platform or users.

3.75 Large CATPs' on-chain monitoring capabilities should complement off-chain surveillance and enable Large CATPs to detect and respond to suspicious behaviours that manifest on the blockchain. We believe this dual-layered approach is essential to maintaining market integrity and protecting consumers.

3.76 Smaller CATPs as well as intermediaries will need to maintain proportionate off-chain monitoring capabilities but will not be required to undertake on-chain monitoring under MARC requirements. Whilst not a requirement under the proposed rules, smaller CATPs are still encouraged to undertake on-chain monitoring.

3.77 Our proposed rules are outcomes-based, allowing firms to determine the most appropriate tools and methods for on-chain monitoring. This should include the use of blockchain analytics, wallet clustering, anomaly detection and other tools. Large CATPs will be expected to demonstrate how their on-chain monitoring supports the detection

and disruption of market abuse, and to integrate these insights into their broader surveillance frameworks.

3.78 We welcome your views on our on-chain monitoring proposals.

Question 26: **Do you agree with the proposed requirements on on-chain monitoring?**

Question 27: **Do you agree with the proposed revenue threshold for applying on-chain monitoring requirements? If not, what alternative threshold or metric (for example, non-revenue-based measures) would you suggest, and why? Please provide details, including any supporting quantitative data where available.**

Insider Lists

Policy considerations

3.79 Insider lists are a key tool for managing the risks of unlawful disclosure of inside information and insider dealing. In traditional finance, issuers with securities in scope of UK MAR are required to maintain insider lists to record those with access to inside information, including employees, external persons performing tasks for the issuer or acting on the issuer's behalf. In the cryptoasset context, similar risks arise where persons involved in the admission of a qualifying cryptoasset (such as CATPs, project teams, or foundations) possess inside information.

3.80 Given the decentralised nature of cryptoasset markets, insider lists can help establish accountability and support regulatory oversight. They enable firms to implement effective information barriers and ensure they control access to inside information appropriately.

3.81 Regulation 31 of the Cryptoasset Regulations requires insider lists in some circumstances, and gives the FCA the power to make rules to determine the form of the list, which relevant persons it applies to, and other requirements.

DP24/4 feedback

3.82 DP24/4 respondents strongly supported the introduction of insider list requirements, with 92% agreeing or generally agreeing. Stakeholders recognised the importance of tracking access to inside information, particularly in scenarios where CATPs or other entities act as the person seeking admission. Respondents emphasised the need for flexibility in how insider lists are maintained, including the ability to record wallet addresses.

3.83 Some concerns were raised about the operational burden of maintaining insider lists, especially for smaller firms or decentralised entities. However, most respondents agreed that the benefits in terms of market integrity and regulatory compliance outweighed the cost.

Our proposals

3.84 We propose to require issuers, offerors and CATPs to maintain insider lists. They would have ultimate responsibility for lists maintained by entities conducting work for them, such as professional advisers.

3.85 The detailed requirements for insider lists would be based closely on those in traditional finance, as we believe this precedent works well, in particular Article 2 of (EU) 2016/347 and former DTR 2.8. Proposed templates for insider lists can be found in CRYPTO 4.12. These templates would include:

- Identity of individuals with access to inside information (including name, surname, date of birth, telephone numbers, ID number, home address).
- Reason for inclusion on the list.
- Date and time the individual obtained or ceased to have access to the information (or, for permanent insiders, the date they became or ceased to be a permanent insider).
- Cryptoasset wallet addresses, if applicable.

3.86 Our rules propose that insider lists should be kept accurate and up to date (and contain the date they were created and updated), be maintained securely and be made available to us as soon as possible on request.

Question 28: **Do you agree with our proposals on insider lists?**

Cross-platform information sharing

DP24/4 proposals

3.87 In DP24/4, and in line with previous government consultations, we proposed that CATPs should share information with each other to help prevent, detect and disrupt market abuse. We proposed an industry-led approach that could benefit from the flexible adoption and implementation of RegTech solutions and best practices as capabilities evolve.

3.88 Our DP sought views on different mechanisms for information sharing. We asked about the level of central coordination required, and the role we should play in supporting the industry-led effort.

DP24/4 feedback

3.89 74% of responses received agreed with our approach to cross-platform information sharing. Respondents generally recognised the value of this for mitigating cross-platform market abuse. However, many suggested ways in which it could be implemented more effectively.

3.90 Respondents highlighted the legal and technical challenges that these information sharing requirements would pose. Handling sensitive user data would require CATPs to introduce system changes to ensure data privacy and confidentiality. The cost of this would be especially burdensome for smaller firms to implement on 'day one' of the MARC regime.

Our proposals

3.91 Regulation 32 of the Cryptoasset Regulations, which creates an obligation to share information to counter market abuse, enables the FCA to make rules specifying the situations and firms to which this obligation applies. Given the benefits to market integrity, and the positive response to the principle of information sharing in the DP, we propose to introduce such rules for Large CATPs. Specifically, they would be required to disclose information to other Large CATPs in the following circumstances: (1) they have reasonable grounds to suspect that cryptoasset market abuse has occurred, is occurring or is likely to occur and (2) it is necessary to disclose the information to detect, prevent or disrupt the market abuse of concern. We are also proposing guidance in CRYPTO 4.9 giving examples of when the conditions in our proposed rules will be met.

3.92 As above, the disclosure requirements would be limited to 'large' CATPs, defined as above a certain size threshold. We propose to set this threshold at £10 million annual average revenue for the authorised entity. This is in line with the threshold we suggested for on-chain monitoring. This, combined with other rules, will provide a proportionate approach to help smaller CATPs manage the total regulatory burden, ensuring that the information sharing is proportionate to the CATP's scale and nature of business.

3.93 We would not prescribe the frequency of information sharing (eg by requiring real-time sharing or a daily batch feed) but information should be shared without unnecessary delay once a platform has identified the suspicious behaviour. We would also not be prescriptive in our rules about the specific data fields that will need to be shared in every case. Instead, we would have a rule that the information shared must be relevant and proportionate and use Handbook guidance to set out specific information attributes that may meet this. CATPs will only be expected to share information they already have access to, for example as a result of their market abuse monitoring and detection activities. As the data required under those systems and controls rules are proportionate to the CATP's scale and nature of business, this effectively means that the data required here will also be proportionate.

3.94 Information should be shared securely, complying with data protection and other relevant legislation. However, in line with the industry-led approach, we do not intend to prescribe a specific mechanism or solution for sharing information. Our proposed rule therefore allows information to be shared directly or indirectly through a centralised platform. We support innovation that benefits consumers and the market through our Innovation Hub. Our Regulatory and Digital Sandboxes offer firms the opportunity to test new products and services in a controlled environment. Through Innovation Pathways, we also provide hands-on support to show how regulation might apply to innovative products. We always welcome expressions of interest from firms interested in developing, testing and potentially operating industry-led solutions.

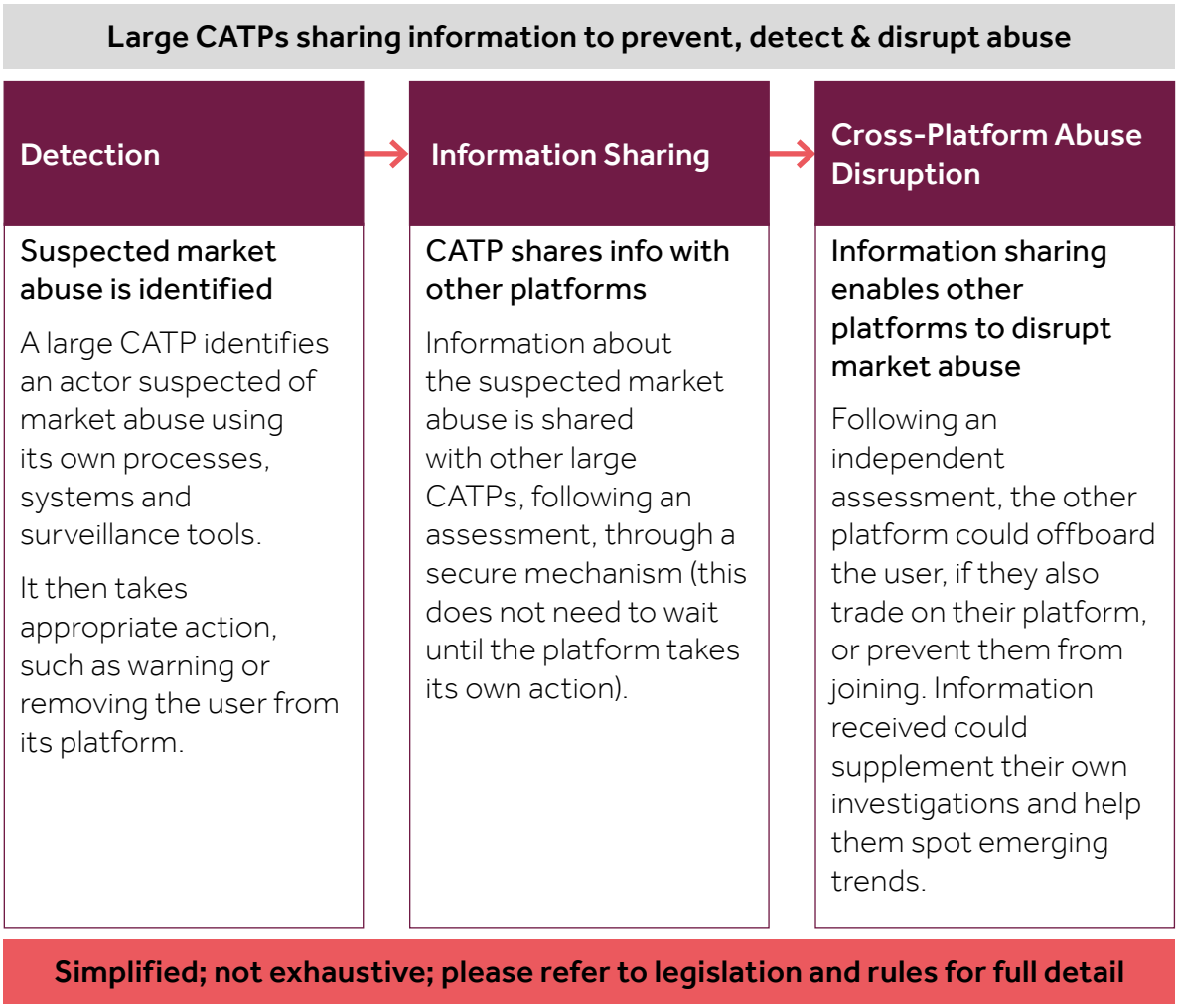
3.95 Finally, the Cryptoasset Regulations also give us a power to provide in rules circumstances where this sharing would not give rise to a breach of any obligation of confidence, or give rise to any civil liability to the person to whom the information relates. We do not want CATPs who genuinely try to comply with our rules to open themselves up to civil liability for doing so, and we therefore propose to make use of this power and introduce such rules. However, there is a balance to be struck between protecting CATPs and protecting the rights of customers and investors.

3.96 Accordingly we are proposing rules in CRYPTO 4.9 to provide such a safe harbour, but only when specific conditions are met: (1) the Large CATP must be acting in good faith (2) it must reasonably believe that the disclosure itself was necessary to counter the suspected market abuse (3) it reasonably believes that the information disclosed is relevant and proportionate to countering the abuse; and (4) the information must be shared securely. So long as these conditions are met, even when information is shared that is not strictly required by the disclosure obligation, the safe harbour is intended to apply. We acknowledge that this may result in the sharing of information, on a protected basis, even when it is not strictly required by our rules. But on balance we consider this to be the appropriate threshold in order to facilitate our objectives of effective cross-platform information sharing with a view to disrupting market abuse, and full compliance with our disclosure requirements.

3.97 The rules would also be limited in scope. We are proposing that they would not cover liability for data protection breaches, in line with similar provisions in s. 188 of the Economic Crime and Corporate Transparency Act 2023. They would also only apply to the disclosure and receipt of information, and not the subsequent use of information (for example, a decision on the part of the receiving CATP to offboard a customer). In our view, it would be arbitrary for a CATP to have protection if it takes action based on information from a third party, when there is no such protection if it takes action based on information generated internally. In any case, this creates an artificial and impractical distinction when such decisions are taken holistically based on information from both external and internal sources. Finally, the rules also require that information received is only used for the purposes of countering market abuse, and contain restrictions on the onward sharing of this information.

3.98 The rules also contain a requirement to keep records for 5 years of information that was shared, or has not been shared following analysis, so that the FCA can determine if these rules have been complied with.

Figure 7: Cross-platform information sharing in action



Question 29: **Do you agree with our approach for cross-platform information sharing?**

Question 30: **Do you agree with the proposed revenue threshold for applying cross-platform information sharing requirements? If not, what alternative threshold or metric (for example, non-revenue-based measures) would you suggest, and why? Please provide details, including any supporting quantitative data where available.**

Annex 1

Questions in this paper

A&D and MARC:

Question 1: Do you agree with our proposal to require CATPs to establish and publish admission criteria, and to take into account the non-exhaustive factors listed in CRYPTO 3.2? If not, which elements do you think should be changed? Please provide detailed rationale.

Question 2: Do you agree with our proposal to require CATPs to conduct due diligence before admitting a qualifying cryptoasset to trading? If not, which elements should be amended, and why?

Question 3: Do you agree with our proposal to require CATPs to keep records of their due diligence processes and the rationale for admission or rejection decisions for at least 5 years (or at least 7 years where requested by the FCA)? If not, what alternative approach to record retention would be more appropriate?

Question 4: Do you agree with our proposed approach for cases where CATPs cannot fully verify certain information during due diligence? If not, what alternative approach would you suggest?

Question 5: Do you agree with our proposal that CATPs should only admit a qualifying cryptoasset where a QCDD has been prepared and published, subject to the exceptions we set out? If not, please provide detailed alternative suggestions.

Question 6: Do you agree with our proposal relating to SDDs? If not, please explain what changes you would suggest and why.

Question 7: Do you agree with our proposal to introduce high-level, outcomes-based disclosure rules and guidance for what we expect CATPs to require in their rules for QCDDs, while allowing CATPs flexibility to determine additional disclosures where appropriate? If not, how should this approach be amended?

Question 8: Do you agree with our proposal to require a short summary of key information to be included in each QCDD? If not, please explain your reasons.

Question 9: Do you consider that industry-led initiatives could play a useful role in developing standardised disclosure templates for QCDDs? If not, what alternative approaches should be considered to facilitate the creation of industry-led solutions?

Question 10: Do you agree with our proposal to require CATPs to disclose conflicts of interest in QCDDs, retain evidence of equivalent due diligence undertaken and implement enhanced governance measures? If not, what alternative measures would you suggest to address conflicts of interest in the admission process? Please provide details.

Question 11: Do you agree with our proposal to require CATPs to file approved QCDDs (and SDDs, if any) with an FCA-owned centralised repository before trading starts, and to publish them on their websites alongside an up-to-date list of QCDDs and any SDDs for admitted qualifying cryptoassets? If not, how should these requirements be amended?

Question 12: Do you agree with our proposed approach to allocating responsibility and liability for QCDDs and SDDs (if any)? If not, how should this framework be amended?

Question 13: Do you agree with our proposal to introduce a voluntary regime for PFLS in QCDDs or SDDs (if any), subject to the criteria we set out? If not, please explain what changes you would suggest and why?

Question 14: Do you agree with our proposed rules for the circumstances and manner in which withdrawal rights may be exercised? If not, how should this safeguard be amended?

Question 15: Do you agree with our view that disapplying the Consumer Duty and consumer understanding provisions within bespoke A&D rules, reflecting Consumer Duty-style outcomes, is the most appropriate way to deliver consumer protection for activities within the A&D regime? If not, what alternative approach would you suggest and why?

Question 16: Do you agree that a UK-issued qualifying stablecoin disclosure document should be made available to prospective holders before the UK-issued qualifying stablecoin can be sold or subscribed to? If not, please explain why.

Question 17: Do you agree with our proposed rules for withdrawal rights of prospective holders of UK-issued qualifying stablecoins?

Question 18: Do you agree third parties should be able to request admission to trading on a CATP, using the UK- issued qualifying stablecoin disclosure document prepared by the UK stablecoin issuer? If not, please explain why.

Question 19: Do you agree with our approach that the information required in website disclosures and UK- issued qualifying stablecoin disclosure documents is the same?

Question 20: Do you agree that issuers of UK-issued qualifying stablecoins update the QCDD as frequently as they update their website disclosures?

Question 21: Do you agree with our proposals on inside information disclosure and delayed disclosure?

Question 22: Do you agree with our list of non-exhaustive examples of inside information?

Question 23: Do you agree with our revised proposals for the dissemination of qualifying cryptoasset inside information, specifying option 3 (website and active dissemination) as the most suitable approach for day one of the regime?

Question 24: Do you agree with our revised proposals on legitimate market practices under MARC?

Question 25: Do you agree with our proposals for qualifying cryptoasset market abuse systems and controls?

Question 26: Do you agree with the proposed requirements on on-chain monitoring?

Question 27: Do you agree with the proposed revenue threshold for applying on-chain monitoring requirements? If not, what alternative threshold or metric (for example, non-revenue-based measures) would you suggest, and why? Please provide details, including any supporting quantitative data where available.

Question 28: Do you agree with our proposals on insider lists?

Question 29: Do you agree with our approach for cross-platform information sharing?

Question 30: Do you agree with the proposed revenue threshold for applying cross-platform information sharing requirements? If not, what alternative threshold or metric (for example, non-revenue-based measures) would you suggest, and why? Please provide details, including any supporting quantitative data where available.

Cost Benefit Analysis:

Question 1: Do you agree with our assumptions and findings as set out in this CBA on the relative costs and benefits of the proposals contained in this consultation paper? Please give your reasons.

Question 2: Do you have any views on the cost benefit analysis, including our analysis of costs and benefits to consumers, firms and the market?

Annex 2

Cost Benefit Analysis

Summary

1. Cryptoassets are increasingly popular with UK consumers. Our Cryptoasset Consumer Research survey data indicates demand among UK adults more than doubled between 2020 and 2025 (from 4% to 8%), with consumers primarily motivated by large asset price rises and the opportunity to make money quickly. Our research further indicates most UK consumers report having positive experiences when engaging in cryptoasset markets.

2. However, complex product features and regulatory gaps have resulted in market abuse practices being widespread in cryptoasset markets globally. These include insider dealing, market manipulation and the use of Ponzi-like schemes. These forms of market abuse, which occur due to lack of rules preventing them, have resulted in significant harm to consumers who are exposed to fraudulent tokens and higher prices as a result. These harms negatively impact market integrity, through a lack of transparency and accountability.

3. Harms from market abuse practices are compounded by consumers not being provided sufficient information to make informed decisions when choosing to invest in cryptoassets. This has meant consumers rely heavily on advice from trusted influencers or online forums, making cryptoasset markets highly sensitive to speculation and rumours. Reliance on incomplete or inaccurate information can result in poor investment decision-making, creating inefficiencies for firms and consumers.

4. Cryptoasset providers face weak incentives to voluntarily prevent harms from market abuse and lack of information, as doing so could potentially result in higher costs and reduced profits. In the absence of regulatory intervention, harms from market abuse and incomplete information are likely continue in UK cryptoasset markets.

5. The FCA's current regulatory remit for cryptoassets is limited to the Money Laundering, Terrorist Financing, and Transfer of Funds (Information on the Payer) Regulations 2017 (MLRs), the financial promotions regime, and consumer protection legislation (including the Consumer Rights Act 2015 and Consumer Protection from Unfair Trading Regulations 2008).

6. His Majesty's Treasury (the Treasury) recently laid draft legislation in Parliament to bring certain cryptoasset-related activities under our regulation. This legislation includes:

   - A regime governing offers of cryptoassets to the public and the admission of cryptoassets to trading platforms, and:
   - A market abuse regime relating to cryptoassets.

7. This consultation paper sets out our proposed rules and guidance for the implementation and operation of the Admissions & Disclosures (A&D), and the Market Abuse Regime for Cryptoassets (MARC) regimes. Introducing these regimes, which adapt elements of rules in the traditional financial markets, is intended to establish common minimum standards that build consumer confidence and enable firms to compete on a level playing field.

8. This CBA assesses the impact of introducing MARC and A&D rules to participants in UK cryptoasset markets. In this CBA, quantified benefits accrue to consumers and market participants through reduced harm from market abuse, in particular reduced fraudulent tokens available to UK consumers. Qualitatively assessed benefits include improved regulatory, better-informed investment decisions, and increased trust in the UK as a jurisdiction that combines high regulatory standards with support for innovation. .

9. Costs are primarily driven by compliance, familiarisation and business model changes that our regulation will introduce for firms. Firms will need to become familiar with our rules and guidance, and update their internal processes to become compliant, which will result in costs to them. Firms may pass on these higher operating costs to consumers in the form of higher prices or reduced quality of product offerings.

10. Our breakeven analysis indicates our proposed intervention will be net beneficial if the average net benefit experienced by each current UK cryptoasset consumer exceeds £15 in total across our 10-year appraisal period. Given current average UK cryptoasset portfolios were £2,250 as of August 2025, and that our research suggests most consumers (72%) would welcome additional regulatory protections, we consider it plausible that the benefits from our intervention to consumers will exceed our estimated breakeven threshold.

Summary of costs and benefits (10 years, present values, central estimates)

Group Affected	Item Description	PV Benefits	PV Costs
Market participants	Demand for Products	Increased consumer demand for cryptoassets	
	Familiarisation Costs	-	£1.5m
	Information sharing mechanisms	-	£4.7m
	Market abuse systems and controls	-	£70m
	Insider lists	-	£12.5m
	Disclosing inside information	-	£20.5m
	Disclosure documents	-	£22.9m
	Storing disclosure documents on an FCA owned central repository	-	£2.3m
	Due diligence	-	£5.2m

Group Affected	Item Description	PV Benefits	PV Costs
	Admissions to trading	-	£1.3m
Consumers	Avoiding scam tokens	£5.2m	-
	Disclosure documents	Improved investment decisions	
	Reduced insider dealing	Lower prices	
Total impacts		£5.2m	£140.9m
Net Impact		-£135.7m	
Breakeven point (per consumer)	+£15 (aggregate over 10 year period)		

11. Our rules may impact competition in cryptoasset markets, through raising barriers to entry for firms or reducing the variety of products admitted to UK trading platforms. We consider the potential adverse impacts of our intervention on market competition to be proportionate in order to reduce the aforementioned harms, and will monitor these impacts.

12. Overall, we anticipate the MARC and A&D rules will deliver net benefits whilst balancing proportionality. The proposed rules and guidance will introduce higher standards and improved protections for consumers who choose to engage in cryptoasset markets. In addition, we expect our rules will improve market integrity and result in more efficient price discovery and decision-making in UK cryptoasset markets, benefiting both firms and consumers. Our analysis indicates these benefits will be more substantial than the higher compliance costs to firms our rules will create.

Introduction

13. The Financial Services and Markets Act (2000) requires us to publish a cost benefit analysis (CBA) of our proposed rules. Specifically, section 138I requires us to publish a CBA, defined as 'an analysis of the costs, together with an analysis of the benefits that will arise if the proposed rules are made'.

14. In the UK, cryptoassets are currently regulated for Anti-Money Laundering and Countering Terrorist Financing (AML & CTF). As of December 2025, there were 53 firms registered with the FCA for these purposes, as listed here. Firms must also comply with the Travel rule and collect, verify and share transmit information about both the originator and beneficiary of a cryptoasset transfer. In addition, since October 2023, cryptoasset firms offering products to UK consumers are required to comply with our financial promotions' regime.

15. Accurate information is a crucial component of investment decision-making, that allows investors (both retail and wholesale) to choose products that best align with their risk preferences and investment goals. Currently, there are no uniform standards on the

information that must be provided to investors purchasing a cryptoasset token by either the issuer of the token or a trading platform offering the token. This means cryptoasset investors face challenges making informed investment decisions due to the information available being of poor quality, unreliable or missing key components. This limited transparency inhibits price discovery and risks consumers being exposed to fraudulent tokens or making uninformed decisions.

16. Furthermore, the lack of consistent and accurate information in cryptoasset markets can result in market manipulation and abuse. Market abuse in cryptoasset markets includes deliberately misleading practices such as "rug-pulls" and "pump and dump" schemes[1], in addition to other behaviours such as insider trading. These practices can result in significant consumer harm, and when not promptly addressed, substantially undermine market integrity.

17. Market abuse may be more prevalent and harmful in cryptoasset markets relative to traditional financial markets due to the cross-border nature of products, markets being highly fragmented, and the pseudoanonymous nature of Distributed Ledger Technology making surveillance and enforcement challenging. These features can also result in market abuse being more challenging to detect prevent in cryptoasset markets.

18. The draft legislation Treasury has laid in Parliament for Parliament's approval will establish the following:

- An **Admissions and Disclosures (A&D) regime** for admissions of qualifying cryptoassets to trading on a qualifying cryptoasset trading platform and public offers of qualifying cryptoassets in the UK. This will set requirements for disclosures by issuers or offerors at the point of admission to trading on a UK authorised trading platform.
- A **Market Abuse Regime for Cryptoassets (MARC)** which will prohibit insider dealing, unlawful disclosure of inside information and market manipulation

19. This analysis presents estimates of the significant impacts of our proposals for MARC and A&D rules. We provide monetary values for the impacts where we believe it is reasonably practicable to do so. For others, we provide a qualitative explanation of their impacts. Our proposals are based on weighing up all the impacts we expect and reaching a judgement about the appropriate level of regulatory intervention. This CBA is additional to other analyses we have published on proposed rules for cryptoasset markets, including CP 25/14 (Stablecoin Issuance and Cryptoasset Custody) and CP 25/25 (Cross-Cutting Handbook requirements).

20. This CBA has the following structure:

- The Market
- Problem and rationale for intervention
- Our proposed intervention
- Options assessment
- Baseline and key assumptions

1 A "rug pull" characterises a scenario where developers abandon a project after raising assets, leaving participants with worthless tokens. Pump and Dump schemes are a form of market manipulation that involves artificially inflating the price of an owned asset through false and misleading positive statements (pump), in order to sell the cheaply purchased stock at a higher price (dump

- Summary of impacts
- Benefits
- Costs
- Competition assessment and wider economic impacts
- Monitoring and Evaluation

The Market

Cryptoassets and the global context

21. The term 'qualifying cryptoasset' is defined in the draft legislation[2] laid in Parliament and includes both unbacked (Bitcoin, Ethereum, Dogecoin) and backed (Stablecoins such as USDC) forms of digital assets. While initially popular with privacy advocates as an alternative to currency, our consumer research indicates cryptoassets today are primarily considered as an investment product by UK consumers (although not exclusively so).

22. Cryptoassets rely on Distributed Ledger Technology (DLT)[3] for transactions, a key feature of which are their pseudoanonymous nature. On public DLTs, all transactions are publicly observed, although parties to a transaction are only distinguished by a unique identifier label referred to as a wallet address[4]. This allows for a transparent ledger without exposing individuals using cryptoassets to a loss of privacy.

23. We have previously described cryptoasset markets within CP 25/14 and CP 25/25. In this CBA, we focus on aspects of the market relevant to our A&D/ MARC regime, in addition to changes we have observed in UK cryptoasset markets as outlined in our Consumer Research Wave 6.

The UK Cryptoasset market

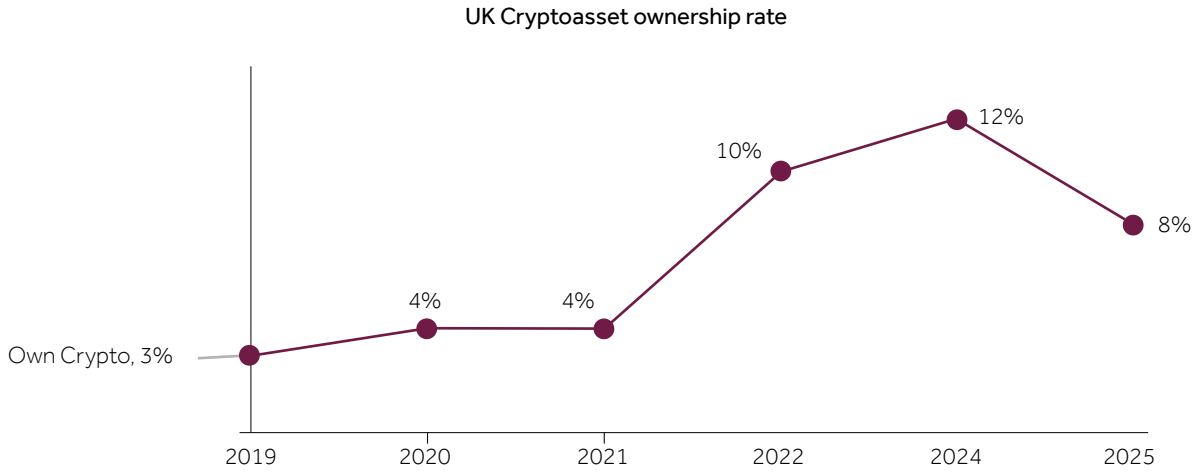
24. UK demand for cryptoassets has increased sharply in recent years. FCA survey data indicates that ownership rates among UK adults have more than doubled since 2020, with our Consumer Research series estimating 5 million crypto owners across the UK as of August 2025 (8% of adult population).

2 A "qualifying cryptoasset" is a cryptoasset which is— (a) fungible; and (b) transferable.

3 Often referred to as "blockchain"

4 For example, the Ethereum Blockchain uses the following nomenclature for a wallet address: 0x00000000219ab540356cBB839Cbe05303d7705Fa

Figure 1: Consumer demand for crypto (Cryptoasset Consumer Research Series)

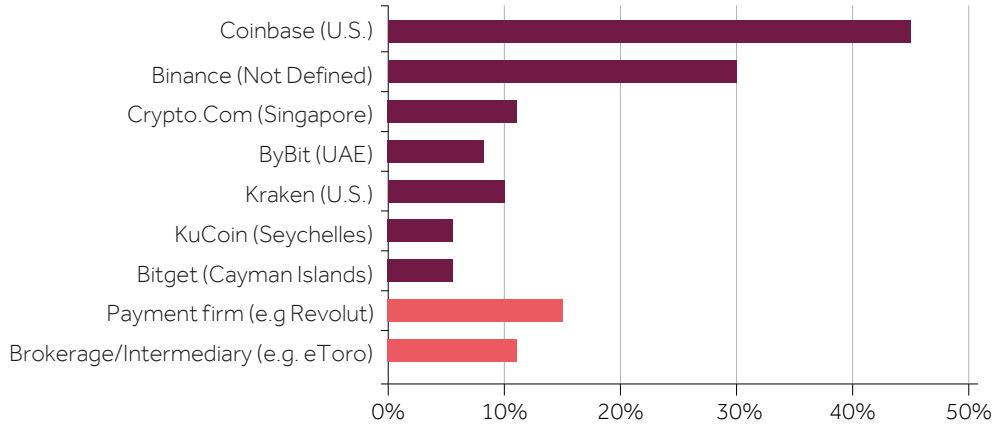


Source: YouGov Data, 2019 – 2025

25. Our Cryptoasset Consumer Research indicates that, as of August 2025, UK cryptoasset consumers held a mean average of £2,250 worth of cryptoassets, with the median consumer holding around £750. Consumers holding smaller portfolios (less than £1,000) are more likely to consider cryptoasset a speculative gamble, while those who hold larger volumes are more likely to view it as an important element of their investment portfolio. Cryptoasset consumers tend to be younger, male and earn above average incomes.

26. The majority of UK consumers rely on a small number of popular trading platforms and payment providers for purchasing cryptoassets as demonstrated below (note consumers may purchase from multiple sources and so figures below sum to greater than 100%). Our consumer research indicates cryptoasset holders have a high degree of trust towards these firms, driven by their longevity operating in cryptoasset markets and having large user numbers. The most popular trading platforms with UK consumers are domiciled in overseas jurisdictions, with our consumer research suggesting US cryptoasset firms as being the most popular with UK consumers.

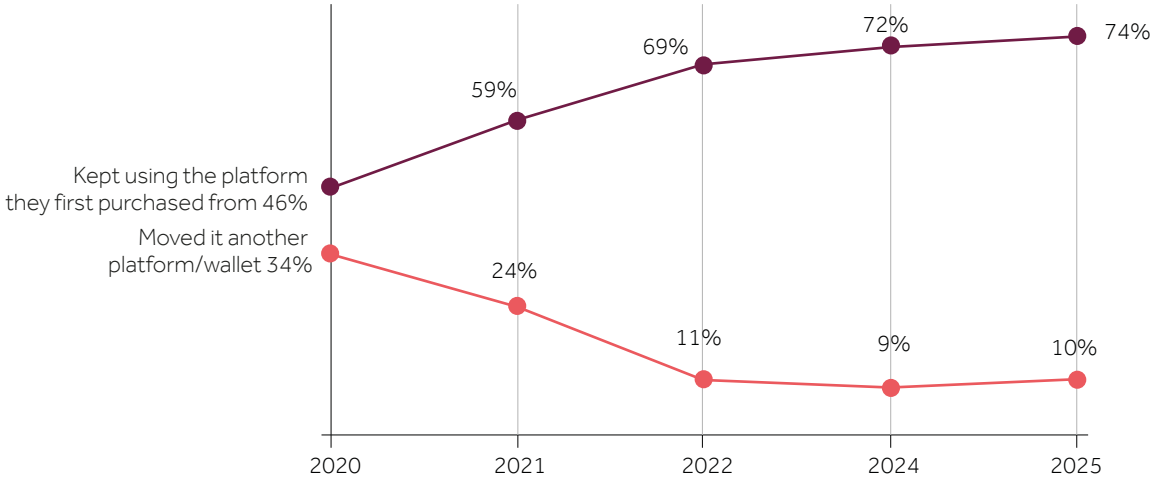
Figure 2: Where UK consumers are buying Crypto (2025)



Cryptoasset Consumer Research (YouGov) Wave 6

27. Our consumer research also indicates UK consumers are reluctant to change platform once they have selected a provider and prioritise ease of use for accessing markets. Consumers largely treat asset prices as quoted through their chosen trading platform or intermediary, rather than comparing prices across platforms. This suggests trading platforms primarily compete for new customers and have high retention rates once a consumer has decided to use that platform.

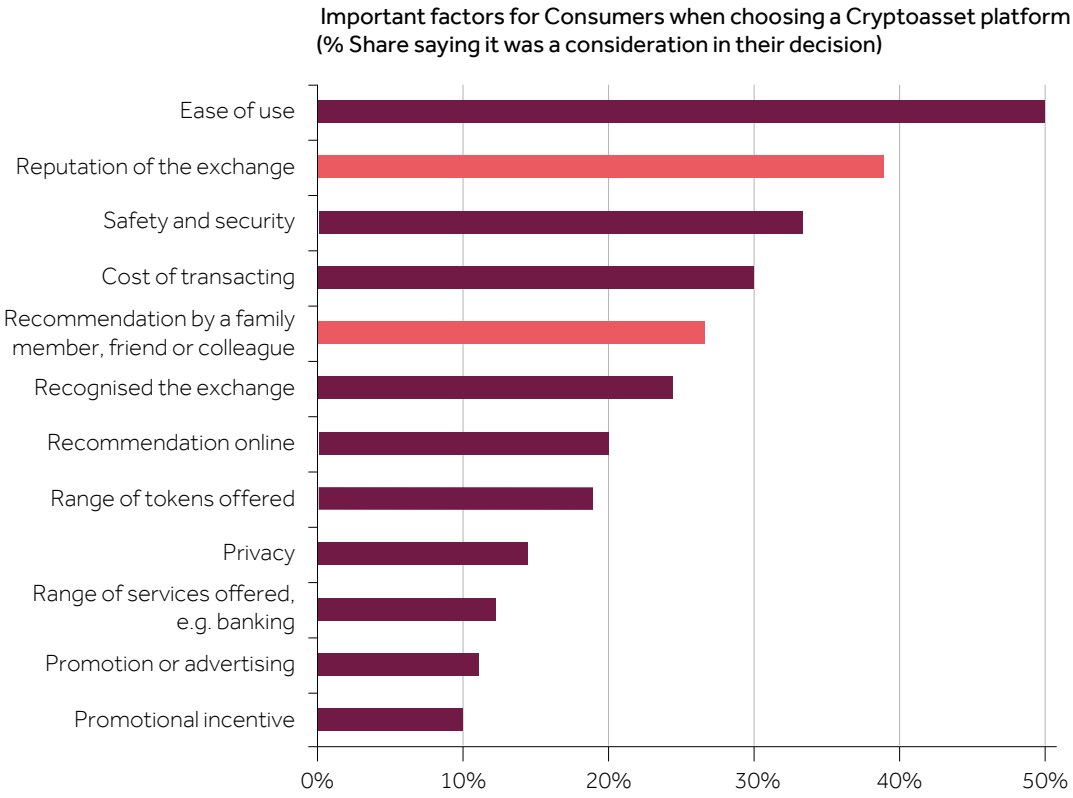
Figure 3: Proportion of consumers that change platform providers



Source: YouGov Data, 2019 – 2025

28. Trading platforms will offer a variety of different tokens, based on their internal policy on how tokens are admitted to their venue. Our consumer research suggests the range of tokens offered by an exchange is less important to consumers than ease of use, platform reputation and recommendations by friends or family.

Figure 4: Factors consumers consider when choosing a trading platform



Source: Cryptoasset Consumer Research (YouGov) Wave 6

29. In terms of wholesale markets and institutional investors, reports by blockchain analytics firm Chainalysis suggests the UK has the 3rd largest market globally for raw cryptoasset transaction volumes (behind U.S. and India)[5]. Based on a recent survey of firms by the FCA, whilst institutions only account for around 14% of total investors, they account for around 95% of transaction value.

Types of Cryptoassets

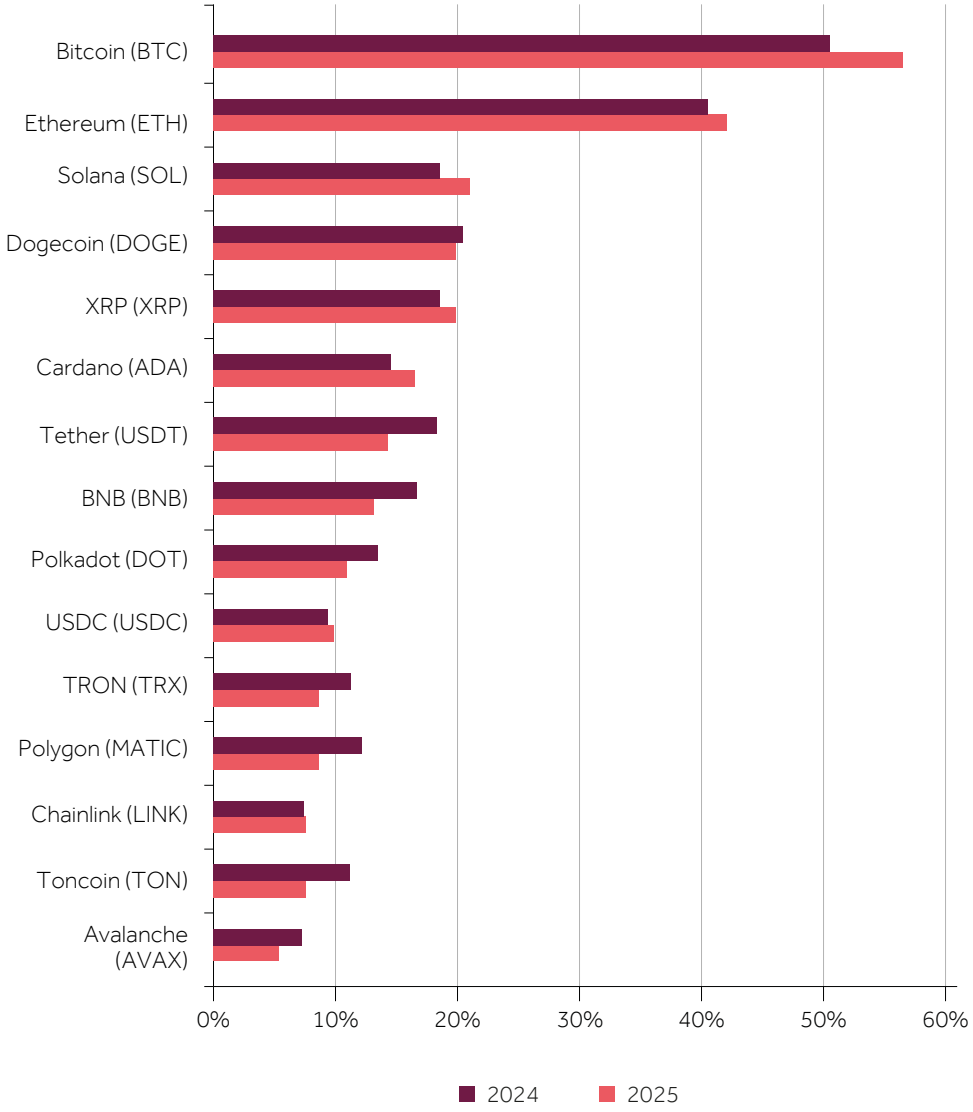
30. There are a diverse range of cryptoassets, which serve different purposes. Some are native to "Layer 1" blockchains, including Bitcoin (BTC), Ethereum (ETH), and Solana (SOL). Other types of cryptoassets are built on top of existing blockchains to serve specific purposes. These include stablecoins (designed to maintain a stable value), governance tokens (used for voting in decentralised protocols), and "memecoins," which often lack a clear utility or business model.

31. Blockchains operators typically set their own standards for creating assets on the their platform. For example, the Ethereum network utilises the ERC-20 standard to ensure interoperability between projects and enable smart contracts to automate transactions.

32. The most popular cryptoassets owned by UK consumers include a mix of native Layer 1 assets (such as Bitcoin and Ethereum) and application-layer tokens issued on these networks, such as stablecoins and governance tokens. UK consumers own a diversity of assets, as outlined below.

5 https://www.cityam.com/uk-remains-worlds-third-largest-crypto-economy-and-biggest-in-europe/

Figure 5: UK cryptoasset ownership by asset

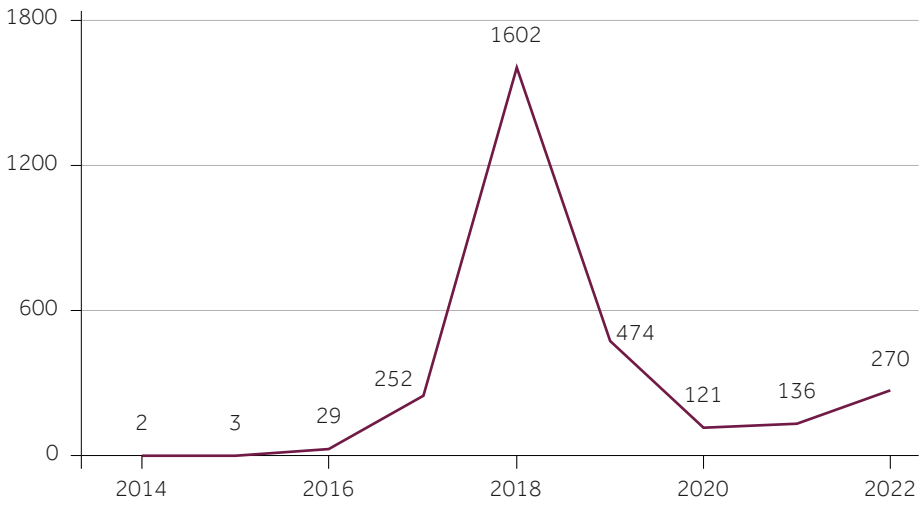


Source: Cryptoasset Consumer Research (YouGov) Wave 6

33. Cryptoassets are most commonly offered to UK consumers via centralised trading platforms but can also be purchased through "decentralised exchanges", initial coin offerings (ICOs), or offered for free as "Airdrops". Trading platforms may admit cryptoassets they have a material interest in for trading on their platform. Cryptoassets can be issued by an independent 3rd party, the trading platform itself, by an affiliate entity of the group or by a partner with privileged commercial relationships.

34. A formerly common way of issuing new cryptoasset tokens was via an ICO, which became highly popular between 2017-2019. These operated in a similar manner to an initial public offering (IPO), and offered investors the opportunity to purchase a cryptoasset token based on an intended functionality set out in a white paper or prospectus. ICOs significantly declined in popularity following numerous high-profile failures and only a small share of current UK cryptoasset owners (2%) say they have purchased cryptoassets this way.

Figure 6: Number of ICOs per year[6]



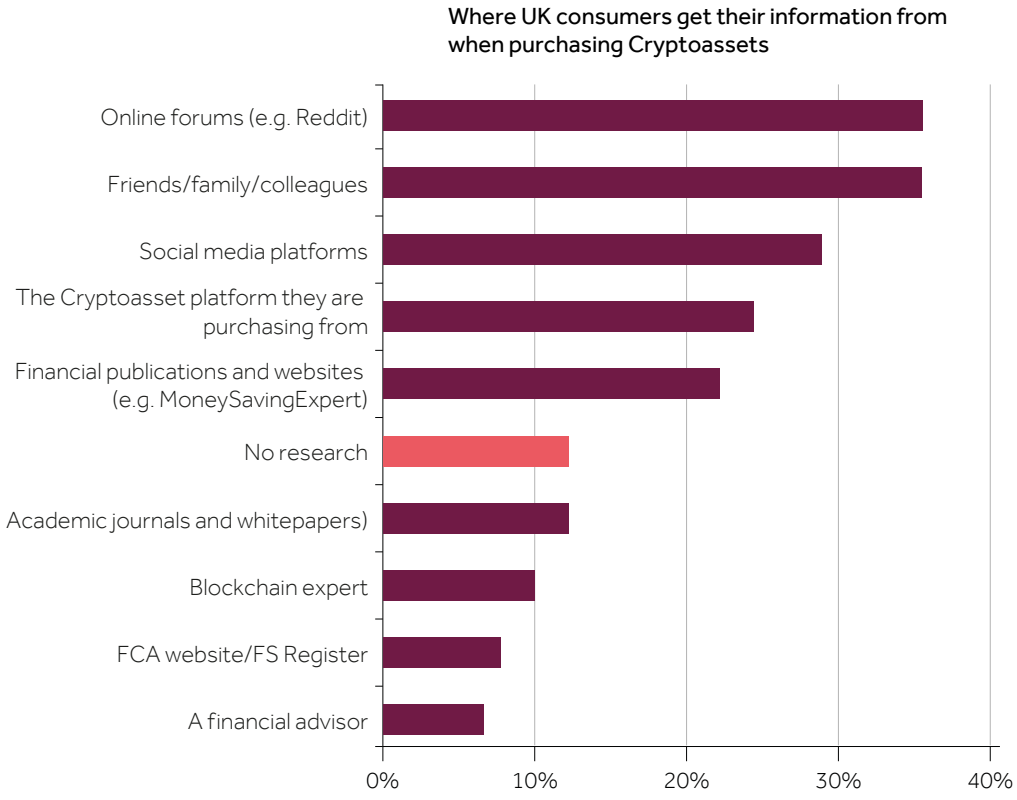
Investment Information and consumer research

35. Information disclosed to investors varies significantly by asset and trading platform. Financial promotions rules require that promotions are fair, clear and not misleading, including for example disclosure of risks. Centralised trading platforms, which are the most common way UK consumers currently access cryptoassets, typically disclose basic information such as tokens key features and risks.

36. In contrast, there are typically limited disclosures on cryptoassets offered via other avenues. ICOs and Launchpad offers are usually accompanied with a "whitepaper" describing the cryptoasset and technology, but these documents may not provide sufficient information and are considered unreliable. Our consumer research suggests 19% of consumers examined whitepapers prior to their purchase, with online forums and peers much more relied upon.

6 https://www.coininsider.com/ico/

Figure 7: Source of UK consumers information when purchasing cryptoassets



Source: Cryptoasset Consumer Research (YouGov) Wave 6

Cryptoasset firms and business models

37. Cryptoasset trading services are provided by a variety of entities with different matching and execution protocols. Some cryptoasset exchanges combine discretionary and non-discretionary trading systems, as well as dealing activities and operating multilateral trading systems. Trading platforms regularly trade in principal capacity on - and off - platform with their clients but it is often unclear when they do so.

38. Trading Platforms currently use a variety of practices and strategies to manage and control market and counterparty credit risk. These include requiring prefunding of trades or offering credit lines to some counterparties. Our engagement with firms suggests these practices are mainly implemented by trading platforms due to the lack of an established financial market infrastructure that can manage risks of trading. By doing this, trading platforms internalise some of the risk from counterparties trading on their platforms.

39. Trading Platforms can earn revenue in multiple ways, with the most common involving charging fees to customers for spot cryptoasset transactions. They can also offer subscriptions or other service-based activities that earn them revenue e.g. offering more advanced trading platforms for a subscription or offering lending functionality on their platforms.

Current regulatory requirements

40. As noted above, many of the most popular cryptoasset firms with UK consumers are located in overseas jurisdictions, and these firms will be subject to the regulatory frameworks within those jurisdictions. IOSCO has published a set of 18 policy recommendations for the regulation of cryptoassets, and many member associations have implemented or are in the process of implementing these recommendations to firms they regulate.

41. For firms that are not based in the UK but have UK-based customers, there are additional regulatory requirements. Cryptoasset firms who carry out business within the UK must register with the FCA and comply with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.

42. Firms must register, comply with AML/CTF rules, including Travel rule and collect transmit information about both the originator (sender) and beneficiary (recipient) of a cryptoasset transfer. Furthermore, since November 2023, cryptoasset firms offering products to UK consumers must also comply with our financial promotions' regime.

Problem and rationale for intervention

Description of the harm

43. Currently, a small share of UK consumers (around 1 in 10 adults) engage with cryptoasset markets, with those who do typically considering cryptoassets an investment which may earn them high returns quickly. As outlined through our consumer research, while most consumers are content with the market being unregulated, most (72%) would also welcome additional regulatory protections.

44. The limited regulatory oversight cryptoasset firms currently face has resulted in market abuse behaviours, such as rug-pulls and insider dealing, being common in cryptoasset markets. This has resulted in consumer harm through higher prices and poor investments, in addition negatively impacting market integrity. Similarly, there are no restrictions on what tokens platforms can make available to their UK customers, which has resulted in further harm, with fraudulent tokens frequently being admitted to platforms.

45. In the absence of specific regulation addressing them, these harms are likely to continue. While activity specific rules we are introducing for trading platforms, intermediaries (CP25/40) and, stablecoin issuers (CP 25/14) will reduce some of these risks to consumers and market integrity, wider harms associated with market abuse and lack of sufficient information would likely remain without further intervention.

Harms we are seeking to reduce in UK Cryptoasset markets

46. We have observed harmful outcomes in cryptoasset markets which are driven by limited regulation and oversight. These harms have adversely impacted UK consumers and market integrity. The examples below are global and not specific to UK consumers,

although given the increasing popularity of cryptoassets, it is likely some UK consumers will have been affected. These harms include:

- **Poor quality tokens offered to UK Consumers:** The low quality of information available to UK consumers on certain cryptoassets for investment decisions has led to UK consumers purchasing assets that are inappropriate to their needs and enables a market for fraudulent assets that directly cause consumer harm. A high prevalence of fraud is also likely to lead to a loss in confidence in UK markets and regulators and can result in a deviation of capital from more productive enterprises. Examples of poor-quality tokens leading to harm include:
  - **Rug-pull tokens:** A rug-pull is characterised as when a cryptoasset token experiences a sharp increase, followed by a sharp decrease in asset value. The initial increase in value is designed to encourage non-insiders to purchase the asset (who see the price increasing), with insiders benefiting from selling at the peak of the market. Typically, a rug-pull token will experience a sharp increase in value following its issuance due to promotion on internet forums, backing by celebrities or, via social media. Once it has reached a certain level of market capitalisation, the original investors, who own most of the tokens, sell their holdings, pulling the liquidity out of the token leaving new investors 'suffering losses. A recent rug-pull token, LIBRA is estimated to have cost approximately 50,000 investors around $90m ($1,800 on average).
  - **Pump and Dump schemes:** These schemes artificially inflate a token's price before a rapid sell-off, leaving late investors with heavy losses. Insiders may use aggressive marketing and automated bots to inflate trading volumes and maintain price levels, attracting retail investors. Insiders aim to attract entrants to purchase the token and then sell at the peak, leaving late entrants with losses. Chainalysis, a cryptoasset data aggregator estimated that in 2022 up to 24% of new tokens launched had characteristics of pump-and-dump schemes
- **Inefficient markets and Market Disruption:** Due to lack of consistent standards, cryptoasset markets have become highly sensitive to rumours, with prices volatile in response to ad-hoc release of information. This reliance on limited and inconsistent information can result in inefficient price discovery, difficulty making informed investment decisions, investor harm and potential contagion/systemic risk from large institutional losses. Examples of harm include:
  - **Prices impacted by social media influencers:** Individual influencers with large online followings may indicate to their audience they believe a particular token is likely to appreciate in value ("to the moon"). Their audience may purchase the token in the belief the trusted influencer has inside information, driving up the tokens price and creating a self-fulfilling prophecy. The influencer may subsequently sell the token without alerting their audience, allowing them to capture profits from increased prices. This volatility can be common with memecoins, which have limited use cases[7]. The FCA has recently taken action against "Finfluencers" who use their platforms to promote products or services illegally and without authorisation through online videos and posts

7 Further discussed in "Market and regulatory implications of social identity cohorts: a discussion of crypto influencers", 2024

  - **Misleading or fake stories driving market behaviour:** The reliance on online rumours and speculation can result in significant market activity based on fabricated events. In 2021, a false press release circulated online designed to imply Walmart, a US based supermarket, was due to accept Litecoin, a popular cryptoasset for payments. This resulted in a surge in Litecoin prices, from £125 to £170. Prices returned to their original level following a statement by Walmart that the press release was inauthentic.

- **Insider Dealing:** When individuals or firms trade using information on a cryptoasset which is not available to the wider public, they gain an advantage which can adversely affect market integrity. While there are strict rules on trading using inside information in traditional financial markets, there are no rules in place for cryptoasset trading. Recent academic research has found systematic insider dealing in cryptoasset markets, where individuals use private information to buy tokens prior to a trading platform announcing it is due to be listed. This research estimates that insider dealing occurs in up to 50% of cryptoasset listings. Listings on popular trading platforms typically result in higher prices for a cryptoasset, due to increased liquidity and accessibility. Recent examples of insider dealing in cryptoasset markets include:

  - **Employee of a Trading Platform providing listing information to associates:** In the US, the Department of Justice prosecuted an individual who was an employee of a popular trading platform for advising associates which cryptoassets were due to be listed on the platform. This allowed his associates to purchase the token in advance on Defi platforms and offload them after the announcement increased their prices. This will have resulted in non-insider traders paying higher prices for the assets than they should have, and depending on how much the price increased, may have led to substantial losses of price for the asset once the insider traders sold off all their holdings.
  - **Related firm using inside information to support trading strategies:** FTX was a popular cryptoasset trading platform with retail investors which, within the same corporate structure, controlled Alameda Research, a trading firm. Alameda Research had advance access to token listings on FTX and used this information to front-run markets.

47. These harms primarily impact individuals and firms who choose to engage in cryptoasset markets, and so their impact on the wider UK economy is currently limited. However, as cryptoassets have grown in popularity, the risk of harmful behaviour from firms spilling over and adversely impacting the wider UK financial services has increased. This is driven by several interrelated trends including:

- Increased cryptoasset ownership and amount of cryptoasset owned by UK consumers, which could mean a sudden downturn in cryptoasset prices could adversely impact a significant share of the UK public. Our recent consumer research indicates 10% of current cryptoasset owners can be considered financially vulnerable (due to struggling to keep up with bills) and alongside consumers who have large proportions of their total wealth stored in cryptoassets these two groups are particularly vulnerable to the harms above.

- Greater interconnectedness between the existing financial sector and cryptoasset firms, caused partly by higher retail demand and the fast-evolving market[8]. This may mean banks and other financial institutions could be negatively impacted by a downturn in cryptoasset markets.
- Use of strategic cryptoasset reserves by several publicly listed companies, which may increase their exposure to cryptoasset price shocks.

48. Due to these trends, UK consumers (including those who do not own cryptoassets) are more exposed to negative shocks in cryptoasset markets than previously. This creates risk of harmful side-effects to wider financial markets and the UK economy as a result of lack of regulation in cryptoasset markets.

49. The risk of harm may be greater for qualifying cryptoassets compared to traditional finance due to unique features associated with cryptoassets, including:

- **Geographical scope:** Most UK consumers rely on cryptoasset trading platforms based overseas. This creates a risk of harm in the event of insolvency as it is likely that an overseas firm will be subject to the insolvency regime and procedures of the firm's home state. This is further complicated by issues associated with evidencing ownership rights, vertical integration, the nascency of the market resulting in firms having a lack of familiarity with financial regulation.
- **Legal uncertainty:** There is greater legal uncertainty around ownership and location of cryptoassets compared to custody assets in traditional finance.
- **Digital Nature of Assets:** The pseudoanonymity of wallet addresses, append-only nature of many blockchains and consensus mechanisms for validations mean that, once cryptoassets are moved to particular wallets, it is almost impossible to access them without the wallet's private key. This can mean, unlike traditional financial assets such as stocks or property where possession can be reestablished, cryptoassets may be irrecoverable following a hack or the loss of a private key.

50. Some of these harms may be mitigated by existing FCA regulation, such as money laundering rules and financial promotion requirements. In addition, our planned regulation for cryptoassets will reduce legal uncertainty. However, we anticipate most of the harms above would continue to materialise in the absence of regulation addressing them, due to the drivers of harm, which are market failures, as discussed below.

Drivers of Harms

51. We believe the above harms related to market abuse and insufficient information materialise due to negative incentives and feedback loops within cryptoasset markets. The drivers of harm are market failures which include information imbalances, regulatory failures, optimism bias and other behavioural distortions:

- **Asymmetric information:** Most of the harms above accrue due to unknown, inaccurate or false market information which often leads to consumers either purchasing tokens that are not appropriate for them, or purchasing more than they

8 https://www.fsb.org/uploads/P170723-2.pdf

would have with full information. Harm may also arise due to insiders trading with restricted or privileged information. Market abuse materialises from leveraging this non-public knowledge, or through spreading disinformation. These forms of asymmetric information disadvantage or manipulates other market participants to the advantage of the market abuser. While some communication is already captured under our financial promotions rules, these rules were not designed to prevent the types of market abuse we observe in cryptoasset markets.

- **Misaligned incentives:** A trading platform may face misaligned incentives in relation to governance, due to limited market competition and regulatory requirements. Detecting and preventing market abuse can be challenging to firms, who face limited pressure from customers to do so, with our research indicating consumers consider many market abuse behaviours accepted features of cryptoasset products. Other governance failures, such as an inadequate or inappropriate risk appetite framework and compliance function, can result in harmful tokens being admitted to trading, and poor or misleading disclosures being made. The issuer of a token may also have poor governance and oversight leading to failure of project to deliver plans, or harms resulting from unidentified or unmitigated conflicts of interest.
- **Regulatory failures:** Due to limited current regulation, many activities that are restricted in traditional financial markets, are permitted when conducted within the cryptoasset market. These activities can include individuals or firms engaging in insider dealing, providing false information, or other forms of market abuse. Even where activities are undertaken which would be permitted in traditional financial markets, a lack of regulation often leads to the implementation being poor quality. Allowing this lack of regulation to continue allows people to manipulate crypto markets or otherwise cause harm through poorly overseen decisions to the detriment of other investors and overall market integrity.
- **Behavioural biases:** Cryptoasset prices have risen significantly in recent years, and this appreciation has led to a "fear of missing out (FOMO)" within the sector. FCA research published in May 2024 based on interviews with UK consumers highlighted a strong culture of optimism in the sector, with recent asset price rises resulting in many consumers to conclude prices will continue to rise. Consumers also demonstrated herding behaviour, often relying on the activities of their peers to support their decision making. Consumers may consistently underestimate the likelihood of harm for cryptoassets and engage in unintended or inappropriate levels of risk-taking. Our consumer research indicates 22% of UK cryptoasset consumers consider themselves "risk averse", despite owning cryptoassets which are a high-risk investment.

52. While global regulation of cryptoassets is increasing and may partially mitigate some of these failures, these are likely to continue to materialise and negatively impact UK consumers. This harm may increase further if UK demand for cryptoassets or interconnectedness with traditional finance continues to rise, as observed in recent years. The FCA, through its experience regulating cryptoassets for AML/CTF and financial promotions, is best placed to deliver a new regime for cryptoassets which can mitigate harms to consumers, while being proportionate to firms and encouraging future financial innovation.

Our Proposed Intervention

53. Together with HMT, we are designing a regime based on our operational and strategic objectives, with a view to mitigate the risks cryptoasset firms may present. These are:

a. Protecting Consumers
b. Enhancing Market Integrity
c. Promoting Competition

54. Our rules will look to achieve these objectives through reducing risk factors which drive harm, while encouraging innovation in UK financial services markets.

55. Our rules also advance our Secondary International Competitiveness and Growth Objective, through creating a well-functioning cryptoasset market. Our intervention is not seeking to encourage UK consumers to purchase cryptoassets and instead aims to ensure that those engaging with the sector can do so with appropriate regulatory protections in place.

56. Our proposed rules are intended not to disproportionately burden firms and instead provide the appropriate levels of consumer protection we believe necessary to reduce harm. Our rules seek to create a broadly equivalent regime for admissions and disclosures and market abuse to similar rules for traditional financial instruments but with some variations to reflect the different nature of the cryptoasset market.

Intended outcomes

57. The outcomes we are seeking to achieve include:

- **Effective competition** that delivers high quality offerings and drives innovation in the UK cryptoasset sector.
- **Appropriate consumer protection** for users of cryptoasset services.
- **Consumers are appropriately informed** of risks before investing in cryptoassets and using services.
- **Cryptoassets used within our regime are not attractive for financial crime** including fraud, money laundering, terrorist and proliferation financing or any other criminal activities.
- **International competitiveness of the UK economy is supported**, as well as its growth in the medium to long term, and firms are encouraged to set up in the UK to offer cryptoasset products and services.
- **Well-run firms with appropriate standards and resources**, that means they are able to put matters right when things go wrong, with clear, proportionate standards which can be supervised effectively.

Proposed rules

58. In order to achieve these outcomes, our rules will support HMT legislation to create a bespoke **Market Abuse Regime for Cryptoassets** within the UK. The proposed requirements within this regime will be based upon the UK Market Abuse Regulation, while also accounting for unique risks and features of cryptoasset markets. Market participants will be required to comply with our MARC rules.

59. Specific MARC requirements we propose applying to market participants include:

- Market abuse systems and controls, and the monitoring of on-chain data
- Cross-platform information sharing of suspected market abuse
- Safe harbours & exceptions for legitimate activity
- Dissemination of important information
- Disclosure responsibilities for inside information

60. In addition, our rules will support legislation to establish an **Admissions and Disclosures (A&D)** regime for Cryptoassets. This will set out the requirements for market participants admitting tokens to UK regulated trading platforms.

61. Specific components of our proposed A&D Regime include:

- Due diligence by trading platforms on cryptoassets before admission to trading and a requirement that trading platforms do not list cryptoassets that could be detrimental to the interests of investors.
- A requirement for qualifying cryptoasset disclosure documents (QCDD) that have been checked by the trading platform to be published before admission to trading
- Rules to specify protected forward-looking statements which are given greater protection under the liability regime for disclosure documents in the draft HTM legislation.
- Proposals requiring CATPs to establish admission standards for accepting or rejecting cryptoassets for admission to trading
- Disclosure documents to be filed on an FCA-owned centralised repository, such as the National Storage Mechanism (NSM)

62. We anticipate the requirement for trading platforms to carry out due diligence on cryptoassets before admission to trading will reduce the incidence of consumer and investor harm, as risks associated with asymmetric information and, low quality, or scam tokens are significantly mitigated

Rebalancing risk through our proposed intervention

63. In identifying how our rules can support both FCA strategic and operational objectives, we consider our approach from a perspective of "**rebalancing risk**". This approach recognises the important role risk-taking plays in driving innovation and delivering benefits for consumers in financial services markets, whilst also reducing harm where needed. In "rebalancing risk" we look to assess the relationship between the benefits being sought and the potential harm that could be caused in pursuing these benefits. This approach is not about accepting harm, but rather about ensuring we make balanced, risk-informed decisions that reflect the real-world complexity of dynamic markets, and allow us to be a smarter, more adaptive regulator.

64. To assess our policy intervention within the context of rebalancing risk, we consider the following:

- There are trade-offs when making choices for policy interventions, and that the FCA does not operate a zero-fail regulatory regime.
- There may be a risk 'safety zone' where an increase in risk can deliver benefits without significant impacts on harm.

- As the level of risk increases, there may be a 'danger zone' where harm starts to outweigh the benefits from increased risk taking and we would want to avoid this space.
- Consistent with the approach set out in our Statement of Policy on CBAs, we also account for distributional impacts, particularly in determining who bears risk and how well equipped they are to bear the risk

65. Applying this approach within the context of cryptoasset markets, while we expect our proposed rules to significantly reduce the harms, we anticipate some harms will continue to occur. For example, our proposals will not seek to regulate issuance of DLT-platforms or require that these platforms become FCA authorised. This could result in continued harm to consumers, if for example a widely used DLT-platform experiences frequent outages which damages consumer trust and market integrity. We do not believe this illustrative harm, or similar harms that may continue post-regulation will be widespread or create systemic risk. In addition, we believe accepting some harms will continue is necessary to ensuring our regulation is proportionate to firms and providing opportunities for growth which benefit consumers. This has informed our overall policy interventions and consideration of a range of options.

Addressing market failures through the proposed intervention

66. The establishment of a Market Abuse Regime and A&D requirements through HMT's legislation and our rules for market participants will help address the market failures we observe and ultimately lead to improved confidence and market integrity. These market failures, which drive the harms we observe in the market can be substantially mitigated through our proposed intervention, through creating clear standards participants must follow when admitting and trading cryptoasset tokens in UK authorised venues.

67. How we anticipate this specific intervention will address the identified market failures is outlined in the table below.

How our rules address market failures

Market Failure	Addressed by our proposed rules
Asymmetric Information	Disclosure requirements Insider lists Dissemination of important information
Misaligned Incentives	Liability and the potential enforcement action against firms who do not comply with our MARC and A&D rules.
Regulatory Failures	Improved regulatory clarity, including processes for rejecting admission of tokens to trading platforms Prohibition on insider dealing, unlawful disclosure of inside information and market manipulation
Behavioural Biases	Improved regulatory clarity Better access to information, reducing reliance on online influencers and rumours

68. As outlined above, we expect the proposed intervention will help address the market failure identified primarily though correcting for asymmetric information and addressing regulatory gaps. In mitigating the presence of these market failures in UK cryptoasset markets, we expect the harms we currently observe in these markets to be significantly reduced.

69. Some of the harms identified also arise or are aggravated by volatility within cryptoasset prices, which operates which operates continuously (i.e. 24/7) within a highly interconnected global market. For example, consumers may purchase unsuitable products which do not fit their risk appetite due to behavioural heuristics (e.g. optimism bias, herding behaviour), which can result in harm if asset prices change suddenly. Our regulation will not prevent volatility within cryptoasset prices and instead look to ensure that consumers are well-informed of risks, and firms act with high levels of conduct and accountability.

Options Assessment

70. The government is establishing the legal framework for admissions and disclosures (A&D) and the Market Abuse Regime for Cryptoassets (MARC) through secondary legislation. FCA's role is to make rules and guidance within that framework.

71. In identifying our proposed intervention, we considered alternative approaches within the framework set by the government which sought to achieve similar outcomes. Options were assessed in terms of how well they would support FCA Strategy and Objectives, primarily protecting consumers, supporting market integrity and promoting effective competition. In addition, options were also assessed on the basis of their constraints and potential delivery risks, in addition to any unintended consequences they could create.

72. Our assessment of alternative options for A&D/ MARC regimes focused on proportionality, feasibility and alignment with international standards. We set these out below, in addition to their relative limitations that led us to dismiss them.

Alternative option: Apply existing MAR/A&D rules with limited changes

73. Our market abuse and A&D rules are based on principles followed in traditional financial markets. Which account for unique and complex factors of cryptoasset markets. An alternative approach we could have taken would be to mirror the structure of existing market abuse regimes (e.g. UK MAR; POATRs/PRM and MAR 5-A) with only limited cryptoasset specific tailoring to scope and definitions, and expecting cryptoasset markets to conform to processes developed for other FSMA firms we regulate.

74. Although this approach would simplify drafting and offer familiarity for firms, applying existing regimes would not deliver the same outcomes for cryptoassets because of structural differences, which included fragmented, cross-border, 24/7 markets and pseudoanonymity of market participants. These differences could make enforcement of any proposed rules challenging and risk unintended disruption in UK cryptoasset markets.

Alternative Option: Prescriptive rules tailored to cryptoasset markets

75. Our rules look to account for some of the unique nature of cryptoasset products, including highly fragmented global markets, and the fact they operate continuously with pseudoanonymous actors. An alternative approach would have required standardised templates for admissions, FCA-specified formats for disclosures, and centralised dissemination from the outset.

76. While this model offers clarity and consistency, it would reduce flexibility and innovation in a fast-moving market and contradict the FCA's principles-based approach. It could also conflict with IOSCO's outcomes-focused principles. We concluded that this option, although clearer, would compromise proportionality and deliverability and is therefore not preferred.

77. A summary of our options analysis is presented below:

Assessment of alternative approaches considered

	How it would support FCA Strategy and Objectives	Constraints and delivery risks	Likelihood of unintended consequences	Overall Assessment
Existing MAR/A&D rules with limited changes	Would simplify drafting and offer familiarity for firms already active in public markets	Fails to reflect crypto market structure (24/7, pseudoanonymity, fragmented venues); difficult to enforce	High risk of rules being highly challenging for some firms to comply with due to structural differences creating prohibitive costs, and deterring market entry and innovation	Could reduce harm but assessed as unsuitable given structural differences
Prescriptive rules tailored to cryptoasset markets	Could improve consistency and comparability across CATPs, aiding supervision and audit	Reduced flexibility and innovation. It and may not adapt well to new business models or cryptoasset types	High risk of locking in outdated processes and deterring innovation and market entry.	Would create clarity at the cost of proportionality, adaptability, and deliverability
Proposed option	Consistent with global approach. Risks to consumers are reduced but not eliminated	Consistent with current FCA approach to traditional financial instruments.	Risk of halo effect of regulation from consumers	Consistent with IOSCO standards, option reduces harm while also creating opportunities for innovation.

78. We believe our proposed approach is the most effective option for meeting our statutory objectives and reducing harm in the market. The proposed option reduces harms by improving disclosure at admission, clarifying responsibilities for inside information, and strengthening market abuse systems and controls in a way that is appropriate for cryptoasset market participants reflecting the unique characteristics of the sector. We anticipate our outcomes based approach will create a framework for increased innovation through use of DLT, and support our Secondary International Competitiveness and Growth objective.

Causal chain

79. The below figure presents the causal way we expect the above changes will improve outcomes for consumers and support our secondary competitiveness and growth objective. Our interventions seek to reduce harm to consumers and the wider markets, and balance risk in such a way to support our International Competitiveness and Growth secondary objective.

80. Our causal chain demonstrates how we expect our regulatory intervention results in changes in the market which have knock-on effects which ultimately result in reduce harm for consumers. Nodes within the chain have been informed by relevant academic literature[9] and our understanding of consumers that we have established through our surveys and firm engagement.

81. Our key assumptions are:

- Market participants change their behaviour as a result of our intervention, including adjusting business models in line with our proposed requirements
- Introducing regulation provides greater clarity and regulatory certainty to market participants, which results in increased market entry.
- Consumers respond to increased regulation by increasing demand for cryptoasset products. Higher demand, combined with regulatory clarity to market participants, results in market entry, which promotes competition in the market.
- Standards and governance rules, create strong incentives for market participants to minimise fraud and scams on their platforms

9 Including "Makarov & Schoar, '*Blockchain Analysis of the Bitcoin Market*, NBER, 2022" which provides detailed assessment and information about the behaviour of the main market participants, and "Gornelli, "*Crypto shocks and retail losses*", BIS, 2023", which outlines how consumers react to negative market events.

Figure 8: Causal chain for our Market Abuse Regime for Cryptoassets

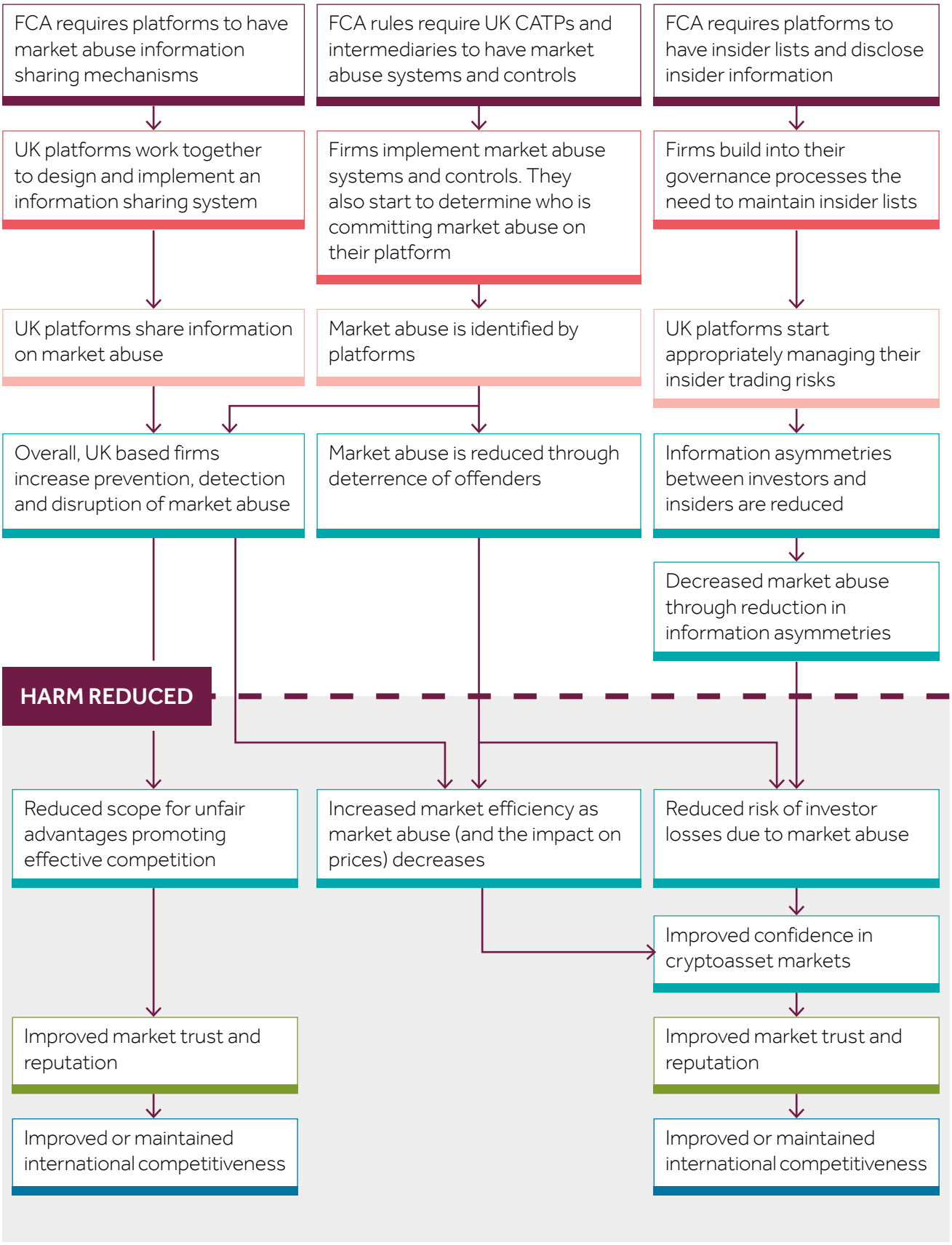
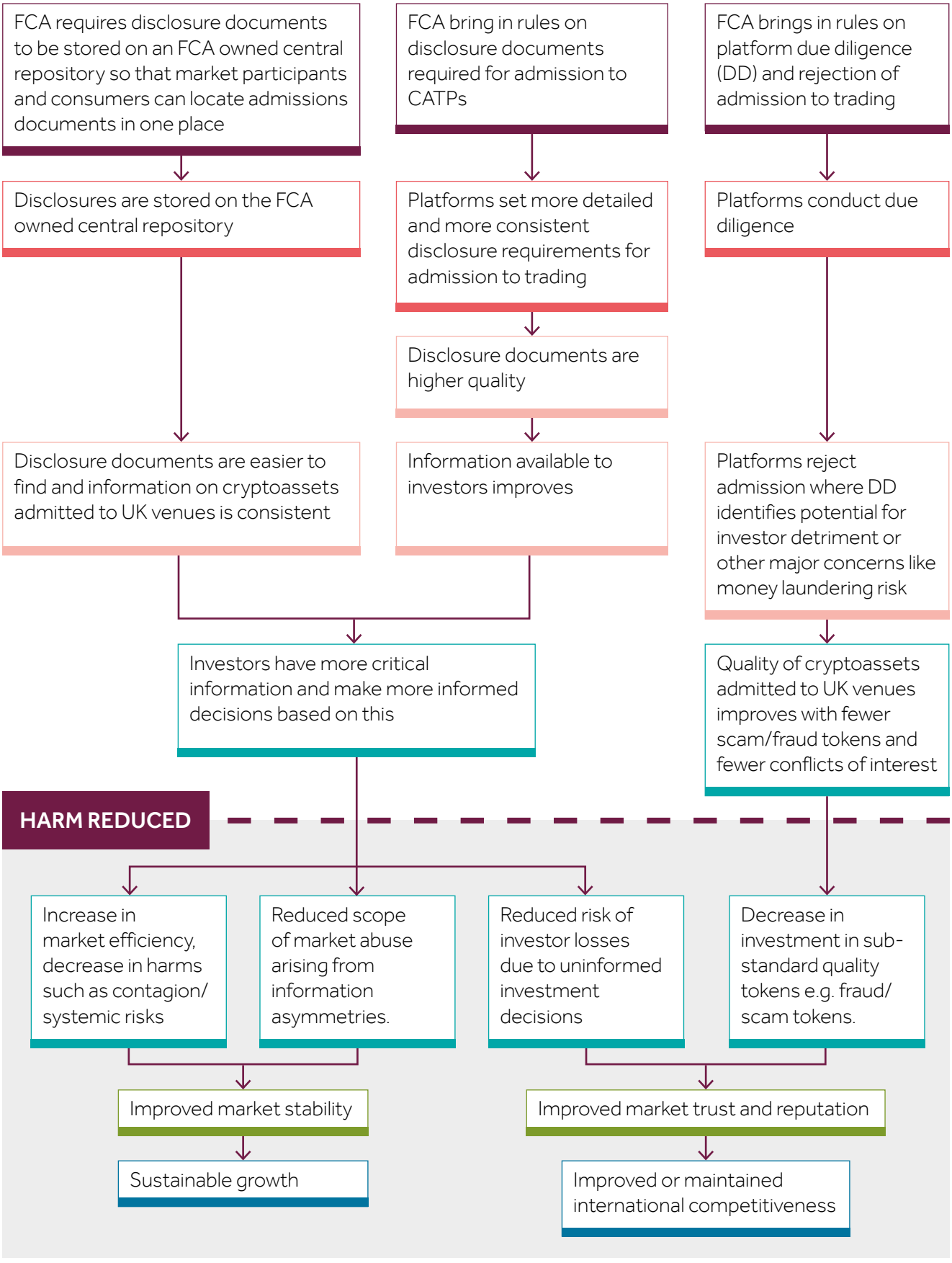


Figure 9: Causal chain for our Admissions and Disclosures requirements for Cryptoassets



Our Analytical Approach

82. We assess the impacts of our proposed new rules against a baseline, or 'counterfactual' scenario, which describes what we expect will happen in the cryptoasset market (both domestic and international) in the absence of our proposed policy change. We compare a 'future' under the new policy, with an alternative 'future' without the new policy.

83. We constructed this baseline by looking at evidence of the current cryptoasset market and extending this into the future. Our counterfactual is based on evidence from the following sources, which we discuss in more detail in the following subsection:

- Surveys and engagement with cryptoasset market participants.
- Consumer data
- Our experience and knowledge of the costs associated with regulation, including using our Standardised Cost Model (see Annex 1 here).

84. We consider the impact of our proposals over a 10-year period with costs and benefits occurring from the assumed time of implementation. We account for any costs and benefits arising from moving between the interim and end-state rules. When estimating net present value of costs and benefits, we use a 3.5% discount rate as per Treasury's Green Book. Prices are provided in 2025 figures.

85. We consider the assumptions below as comprising our "central scenario" as they represent our best estimate of the likely costs and benefits, we expect to materialise from our proposals.

86. We recognise the limited regulation of cryptoassets currently creates challenges for the accuracy of this central scenario, and our estimates and analysis above are subject to significant uncertainty. To account for this uncertainty, we consider an additional scenario where the impact of our intervention is less effective than within our central scenario. We examine the impact of this additional scenario relative to the baseline in our sensitivity analysis below.

Surveys and engagement with market participants

87. In April 2025 we sent cost surveys to firms we identified as potentially being in scope of our future cryptoasset regime. In total, we received 40 responses from firms, who provided detailed costs estimates for complying with elements of our proposed A&D and MARC rules. Firms who provided responses represent a significant share of market participants we expect to be impacted by our proposed rules and included responses from both larger and smaller firms.

88. In addition to cost surveys, in our Discussion Paper DP24/4 we outlined how we anticipate firms to be our proposed rules for firms. DP responses largely agreed with our assessment of the type of costs which would materialise, including both direct compliance costs and business model changes.

Consumer data

89. Since 2019, the FCA has published a regular series of cryptoasset research notes based on survey data of UK cryptoasset consumers. Our most recent publication (Wave 6, with fieldwork taking place in August 2025) involved over 3,000 respondents and provides us with the opportunity to identify trends in consumer behaviour. We use this survey data for estimating the current baseline in the market, and how demand for products could change following regulation.

90. In May 2024, in conjunction with the Information Commissioner's Office (ICO) through the DRCF we published a research note on consumer attitudes towards cryptoassets. This qualitative research further strengthens our understanding of the baseline, the behavioural biases of consumers and the likely demand-side response to our proposed intervention.

Data Limitations

91. Our surveys and firm engagement have helped us in better understanding of how the cryptoasset sector currently operates within the UK, and the potential costs and challenges which may arise because of our proposed intervention. This is particularly true in our understanding of retail demand for cryptoasset, where our various research outputs have provided us strong insight into how and why UK consumers engage with cryptoassets. However, in gathering our data to assess the impact on firms, we faced several limitations which affect our analysis, namely:

- **Cryptoasset sector is new and fast-evolving:** Many market participants who will be in scope of Treasury legislation and thereby affected by our rules are currently outside our regulatory perimeter and may have limited experience of the regulation our proposed intervention would introduce. This makes estimating impacts uncertain, particularly where our regulation will result in significant changes to business models.
- **Uncertain number of market participants:** Costs estimated scale in line with the number of market participants in our future regulatory regime. While we use assumptions to estimate this below, this is highly uncertain, and will be dependent on numerous factors, including those outside the FCA's control. A smaller population than we estimate would result in lower aggregate costs, and vice versa.

92. We have taken several steps to address any adverse impact of these limitations. To better understand costs to firms, we undertook a comprehensive review of cryptoasset related cost-benefit analyses (or equivalent) published by international regulators and used these to inform our evidence base. We have also used data from other areas we regulate cryptoasset firms, such as financial promotions, as assessed in CP22/2. We have also conducted uncertainty and breakeven analysis below to better account for potential evidence gaps within our data.

93. While we recognise the limitations of our evidence base, we are satisfied it is of sufficient quality to estimate impacts of our proposed intervention.

Baseline for current UK cryptoasset market

94. Our starting point for our baseline is the state of the current market. Our most recent consumer survey research indicates:

- Cryptoassets are owned by 8% of UK adults, holding an average portfolio of £2,250.
- Centralised trading platforms remain the most popular way for UK consumers to purchase cryptoassets, with 73% choosing to do so this way. The next most popular purchase journeys are through a payment firm (15%) or a brokerage (11%).

95. We assume that absent our proposed intervention, the harm we outlined earlier in this document will continue harming clients to the same degree over the next 10 years. The harm our intervention aims to minimise is in relation to market abuse for firms operating within UK cryptoasset markets. Our intervention will also impact non-UK consumers if served by a firm authorised in the UK.

96. Our consumer research indicates that demand for cryptoassets within the UK is concentrated as a speculative asset which provides potentially high returns in short time periods. Consumers rely significantly on advice from friends and family and demonstrate optimism bias and herding behaviours.

97. Our proposed interventions align with IOSCO standards, which have been used to develop similar MARC/ A&D rules in international jurisdictions (e.g. MiCa in EU). Given the global nature of cryptoasset markets, many of the requirements our proposed approach will place on firms will be already required by the jurisdictions they operate in. For the purpose of establishing our baseline, we assume all our rules are additional and incremental to impacted market participants.

HMT's Impact Assessment (IA)

98. HMT has produced an Impact Assessment (IA) which analyses the impact of their legislative framework governing the regulation of cryptoassets. This IA includes provisions for creating a new regime for Admissions and Disclosures and, a Market Abuse Regime for cryptoassets. This IA analyses the impact of amending the perimeter and the costs that result directly from that decision.

99. Due to the nature of how FCA regulation will interact with HMT legislation, determining the precise incremental impact of certain aspects of our A&D/ MARC rules is challenging. To ensure that we have estimated the impact of all our rules, we have included the costs to market participants of all rules we are applying to them. As such, our CBA should not necessarily be considered additive to HMT's impact assessment, and instead accounts for the aggregate expected costs and benefits that will materialise due to regulating for market abuse and A&D in Uk cryptoasset markets

100. The table below sets out the areas where costs will accrue and whether they are imposed by FCA rules or HMT SI. All requirement categories which are at least in part a result of FCA rules are assessed in our analysis

Comparison of cost resulting from in HMT's SI and FCA's CP

Requirement for market participants	HMT SI	FCA CP	Where costs mainly fall
Public disclosure of inside information	Yes (core duty)	Yes (form, timing, filing mechanics)	Relevant persons (issuers/offerors/ CATPs)
Insider lists	Yes (baseline duty)	Yes (templates/ process/detail)	Relevant persons (issuers/offerors/ CATPs; dealers as applicable)
Systems & procedures to prevent/detect/ disrupt market abuse	Yes (baseline duty)	Yes (scope, proportionality, on-chain expectations)	CATPs; intermediaries
Cross-platform information sharing	No (enabling power)	Yes (where FCA makes it mandatory; governance/IT)	Large CATPs (threshold-based)
Sanctioning / off-boarding abusive users	Yes (consequence of core duty)	Yes (procedures/ evidence/records)	CATPs; intermediaries
Qualifying cryptoasset disclosure document (QCDD) – production	Yes (content/liability framework)	Yes (when required; scope and PFLS framework)	Issuers/offerors (for new admissions)
QCDD – CATP review/ verification	No	Yes	CATPs
Admission standards and due diligence	No	Yes	CATPs
Filing QCDDs on a central repository (e.g. NSM via ESS)	No (framework only)	Yes (integration, process)	CATPs (filing); issuers/offerors (formatting)
Familiarisation with FCA rules	No (separate HMT familiarisation applies to SI)	Yes	All in-scope participants

101. Overall, HMT has estimated the the Omnibus SI will have direct net costs to businesses. These costs are primarily due to FCA authorisation, annual FCA fees/levies and, familiarisation with the SI. It should be noted that the Omnibus SI creates new regulated activities relating to cryptoassets, which are responsible for these authorisation costs. Those costs will not be relevant to the regimes for market abuse and admissions and disclosure, as these regimes do not create new regulated activities.

Key Assumptions

102. In order to estimate the impact of our proposed rules, we require assumptions for our analysis. These assumptions are based on our understanding of UK and global cryptoasset markets, but are subject to significant uncertainty, particularly due to the

novel and fast-evolving nature of cryptoassets. Our analysis is highly sensitive to these assumptions, and we welcome feedback and challenges on our assumptions.

103. We assume full compliance with new rules by market participants. In addition, we assume greater regulatory clarity results in increased entry by market participants into UK cryptoasset markets.

104. We assume costs estimated for FSMA firms to comply with FCA regulation in previous FCA CBAs are reasonable approximations for costs cryptoasset firms will incur to comply with similar regulatory requirements.

Assumptions on number of market participants affected.

105. Overall, we anticipate that market participants of different sizes will incur different costs. Populations are based on survey responses (both consumers and firms), in addition to our review of cryptoasset firms currently registered with the FCA and which may seek authorisation in the future. Our population represents our estimate of how market participants will be subject to the FCA's cryptoasset regime, and is subject to significant uncertainty.

106. The scope of our proposed rules is broad and covers both authorised and unauthorised persons who participate in the UK cryptoasset market:

- **A&D regime:** cryptoasset trading platforms (CATPs), and issuers/offerors that may be unauthorised.
- **MARC regime (Core obligations):** Including insider lists, disclosure of inside information apply to issuers, offerors, CATPs and dealers in principal
- **MARC regime (Systems and controls obligations):** Apply to CATPs and intermediaries with permission to deal as agent or arrange deals in qualifying cryptoassets.

107. For the purpose of our analysis, we assume the majority of our rules costs fall on firms so the scope of market participants affected will be the same as the total number of firms we estimate to be authorised by the FCA cryptoasset regulatory regime (as outlined in CP25/25). However, we assume these firms are in scope immediately following our rules being introduced, as opposed to a phased approach (as assumed in CP25/25).

108. However, for the costs of producing disclosure documents, we have chosen to estimate the number of disclosures required as we are conscious that the burden of costs will also fall on issuers/offerors who may not have been captured in the market participant figures mentioned below.

109. Additionally, costs to do with insider information may also be borne by issuers and offerors not authorised under the FSM. Given the current nature of the UK cryptoasset market we believe the volume of non-authorised issuers likely to be impacted by our rules will likely be very small. For the purpose of our analysis, we assume any costs borne by non-FSMA firms be negligible so we do not consider it proportionate to estimate them. Our CBA focuses on the costs of insider information related rule on larger market participants, which we assume will equal the number of authorised firms in our cryptoasset regime.

Figure 10: Estimated market participant population

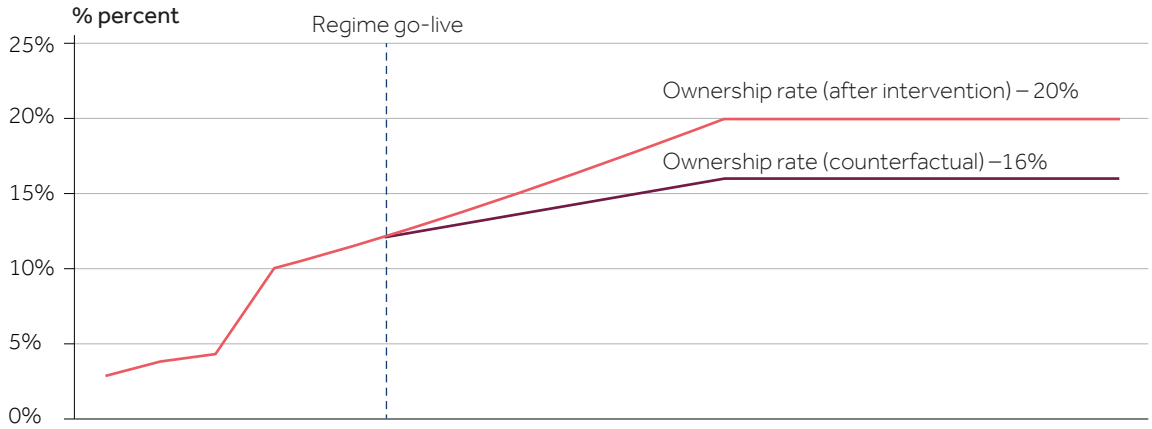
	Small	Medium	Large	Total
Trading Platforms	0	5	3	8
Other market participants (e.g. Intermediaries, Issuers, etc)	120	45	7	172
Total	120	50	10	180

Assumptions on Consumers

110. The baseline for our proposed change is that cryptoassets will remain popular with UK consumers, but demand would likely plateau in the coming years, as more risk averse individuals will not enter the market without some level of regulatory protections. We assume, without regulatory protections in place, the UK cryptoasset ownership rate will continue to increase (following trends in recent years) but will eventually level off slightly above the current ownership rate (and similar to levels observed currently in the US).

111. Following our intervention, we assume demand for cryptoasset increases. As outlined in our consumer research, a significant share (8%) of non-crypto owners indicate they would be more likely to purchase cryptoasset, even if this did not involve financial protections against losses[10]. We assume these individuals enter the UK cryptoasset market after our cryptoasset regulatory regime has been established.

Figure 11: Estimated demand for cryptoassets



112. The type of users may also change due to our intervention, with women and younger consumers more likely to invest in cryptoassets if regulatory protections are introduced. We assume any new users in the market hold similar portfolios as existing users, in both our proposed option and counterfactual.

113. Whilst we appreciate that some consumers of cryptoassets are likely to be professional investors and will have different risk tolerance and exposure to retail consumers, we do

10 A much higher share of non-cryptoasset owners (26%) indicate they would be more likely to purchase cryptoassets if it included some form of financial protections against losses

not have the data to identify the number of professional vs retail investors for this CBA. The number of professional investors is likely to be a small fraction of total consumers and therefore, for our CBA, we treat all consumers as retail consumers as they are likely to make up the largest proportion of investors.

Assumptions on the wider cryptoasset market

114. Our survey data indicates most cryptoasset firms used by UK consumers are based internationally. Given uncertainty as to when international regimes will introduce regulation, we assume any standards introduced internationally will not apply similar levels of protection for UK consumers as our proposed intervention.

115. In terms of volumes of poor-quality tokens and prevalence of market abuse, the Chainalysis 2025 crypto crime report estimates that approximately 3.5% of all tokens listed in 2024 are suspected to be involved in rug pulls. Whilst the most egregious rug pulls occur on Defi platforms there have been cases of high-profile rug pulls occurring on trading platforms. We use the Chainalysis estimates as a basis for estimates of the frequency of fraudulent tokens on trading platforms.

116. As trading platforms typically currently have admissions processes in place, we estimate a realistic baseline for these tokens available on centralised exchanges is likely to be in the region of 0.5%-1.5% of tokens.

117. Chainalysis estimates suggest the value of liquidity withdrawn from rug-pull tokens suspected of being a rug pull was £189m in 2023. Assume that the harm accruing to UK consumers scales proportionally with the size of the UK market, this suggests that the UK specific harm of £2.4m. We assume this level of is stable across our appraisal period.

Further assumptions

118. We also make the following assumptions:

- Benefits result from imposing new requirements to market participants within the FCA's regulatory perimeter and not what other jurisdictions impose elsewhere.
- The overall regulatory treatment of issuers of market participants aligns with other IOSCO jurisdictions (e.g. EU, Singapore) in the long-term. Therefore, the risks related to regulatory arbitrage are low.

119. And use the following terms:

- Unless stated otherwise, all references to 'average' are the mean average.
- All price estimates are nominal.

120. We note that the per-participant estimates we set out in this CBA have been generated to increase the robustness of industry-level estimates. Per-participant cost estimates correspond to the mean cost, and do not capture the potentially wide range of costs that a particular participants may incur. For the avoidance of doubt, individual participants may in practice bear costs greater or lower than the per-participant

averages used to estimate overall costs to the industry. This will depend, among other things, on the participants individual size, makeup, and current practices. Participants should consider our proposals in relation to their specific operation and provide feedback on this basis, supported by evidence where they believe costs differ.

Accounting for differences between Cryptoasset firms/ products and other FSMA regulated firms/ products

121. While cryptoassets share many similarities to other High-Risk Investment products and services we regulated, there are important differences which may impact the effectiveness of our rules. These include:

- **Global nature of the market:** Cryptoasset markets operate a continuous, highly interconnected market which is cross-borders, with market participants serving multiple jurisdictions
- **Multiple uses for products:** In addition to being used as an investment product, cryptoassets may also be used for payment services, or as a governance token within a decentralised exchange.
- **Reliance on permissionless infrastructure:** Cryptoassets rely on DLT for verification of transactions, with the most popular being permissionless and decentralized in governance

122. In accounting for these differences within our analysis, we have looked to make use of our evidence base for the UK cryptoasset markets. For example, while cryptoasset products are used by some consumers for payments, the majority of consumers treat them as an investment product, and cryptoassets currently have limited acceptance across UK retail merchants. As such, we have focused our analysis on their use as an investment product, which considering potential use cases elsewhere.

Summary of Impacts

123. This section summarises benefits and costs associated our intervention, the net present value (NPV) over the appraisal period and the net direct cost to market participants. The benefits and costs include those incurred by market participants, consumers, the FCA and wider society. Some costs and benefits are direct, others are indirect. Direct impacts are unavoidable whilst indirect impacts depend on how consumers and firms respond. Costs and benefits will be both one-off, and ongoing.

124. The key expected benefits are:

- Reduced frequency of market abuse in UK cryptoasset markets.
- Improved investor decision making as a result of access to higher quality cryptoasset token information
- Market participants benefiting from increased demand for cryptoasset products due to higher regulatory standards leading to increased consumer entry.

125. The key expected costs are:

- Compliance costs to market participants, including IT and personnel costs, which will be both one-off implementation and ongoing costs for market participant to comply with the new requirements
- Changes to business models as a result of our regulations
- Supervisory costs for the FCA to ensure new and existing market participants meet the requirements
- Halo effect from regulation, potentially resulting in increased consumer investment into cryptoassets, and substitution away from existing regulated financial products. This transfer may be a cost to the wider UK if it reduces retail demand for domestic investments.

126. A summary of our expected costs and benefits, in our central scenario, is set out in the table below:

Total Impacts (10-year PV)

Group Affected	Item Description	PV Benefits	PV Costs
Market participants	Familiarisation Costs	-	£1.5m
	Information sharing mechanisms	-	£4.7m
	Market abuse systems and controls	-	£70m
	Insider lists	-	£12.5m
	Disclosing inside information	-	£20.5m
	Disclosure documents	-	£22.9m
	Storing disclosure documents on an FCA central repository	-	£2.3m
	Due diligence	-	£5.2m
	Admissions to trading	-	£1.3m
Consumers	Avoiding scam tokens	£5.2m	-
Total impacts		£5.2m	£140.9m
Net Impact		-£135.7m	

127. The Estimated Annual Net Direct Cost to Business (EANDCB) from our proposals, affecting qualifying cryptoasset firms is set out in the table below.

Total (Present Value) Net Direct Cost to Business (10 yrs) EANDCB	Total (Present Value) Net Direct Cost to Business (10 yrs) EANDCB
£140.9m	£16.4m

Benefits

128. In this section, we outline the benefits we expect to materialise as a result of the intervention. Our benefits include both quantified and qualitative estimates, and we anticipate will accrue to both consumers and market participants.

129. We expect the primary benefits to market participants to include:

- Higher cryptoasset market participation from UK consumers as a result of increased trust and regulatory protections.
- Improved regulatory clarity

130. We anticipate consumers to benefit as a result of

- Fewer fraudulent tokens admitted to UK trading platforms, resulting in a lower frequency of "pump and dump" schemes and rug pulls.
- Improved investment information as a result of disclosure documents
- Reduced market abuse practices and insider dealing, which should result in lower prices

131. We discuss these benefits in detail below. Due to measurement challenges, we have not considered it proportionate to quantify certain benefits, and as a result, our quantified net costs exceed our quantified net benefits. However, we anticipate the non-monetised value of our benefits to exceed the costs of our intervention. We discuss this further below through "Breakeven Analysis".

Increased Market participation

132. Given increased regulation of the sector we expect this may lead to an increase in the number of people willing to participate in the cryptoasset sector. An increase of UK consumers investing in cryptoassets would lead to a modest appreciation in cryptoasset values for incumbent investors and an increase in revenue for cryptoasset trading venues and intermediaries. We do not consider it proportional to attempt to quantify this benefit, although note that the average UK cryptoasset consumer currently has £2,250 invested, equivalent to £10bn across our current population.

Fewer fraudulent tokens admitted to UK trading platforms

133. Our baseline level of annual harm accruing to UK consumers as a result of scam tokens on centralised exchanges is estimated to be between £0.5m - £1.3m.

134. As noted, we anticipate our intervention will increase the number of consumers participating in the market we also increase the potential for harm among them. As such, we adjust our baseline level of harm to account for a greater number of participants in the market. We do this by estimating a per cryptoasset owner value of harm and controlling for the total harm by the number of consumers. We then scale this harm to account for additional consumers who would enter the market following FCA regulation.

135. In the low scenario we assume the number of consumers is static and change so the value of potential harm doesn't change. In the central scenario we assume harm increases from £0.5m per year to £1.2m per year, following increased consumer demand for cryptoassets. In the high scenario it increases from £1.2m per year to £2.3m per year (assuming an even higher demand for cryptoassets).

136. Given inherent uncertainty about how many scam tokens will be filtered out by our interventions and the value attached to that we will use a broad range to illustrate the potential impact our intervention could have. For our low scenario we will assume we reduce harm by 25% per year. For our High estimate we will assume we reduce harm by 75% per year and for our central estimate we will take the mid-point. We do not believe it is possible to completely eliminate the harm and so all scenarios assume some harms continue. These figures are illustrative and represent our best estimate of what our rules may achieve.

	Low	Central	High
Proportion of UK consumers owning cryptoassets	16%	20%	25%
Value of harm per year on UK consumers	£0.5m	£1.2m	£2.3m
Proportion of harm our intervention prevents	25%	50%	75%
Value of prevented harm per year	£0.120m	£0.6m	£1.7m
Total undiscounted harm prevented across the appraisal period	£1.2m	£6m	£16.9m
Discounted total harm across the appraisal period	£1m	£5.2m	£15m

*Numbers may not sum due to rounding

Disclosure documents

137. Disclosures allow investors to better understand the financial products they are purchasing. This allows investors to ensure they are investing appropriately and in harmony with their risk preferences. By ensuring CATPs have disclosure documentation for the assets admitted to trading we believe people will be better able to adapt their investing strategies to their preferences which, in turn, should allow them to achieve better lifetime returns on their investments.

138. As we are allowing CATPs to determine how extensive the disclosures can be there is an opportunity for them to compete on disclosure quality, ensuring there is the right balance between decision important information and how onerous the disclosure is to produce and read. Disclosure requirements also ensure consistency between cryptoassets and other asset classes.

Admissions procedures

139. By ensuring CATPs have an admissions procedure, with appropriate requirements, and the ability to reject admissions of assets that do meet some minimum requirements we should see fewer low quality, scam or, nascent tokens admitted to trading. Scam tokens are covered above however, due to the relative ease of issuing a cryptoasset there are

still risks to consumers associated with low quality assets with immature liquidity and market caps, that fail soon after creation. Through improving admissions policies to trading platforms, we expect a reduction in fraudulent tokens available to consumers (who are not best placed to determine the riskiness of these assets).

Reduced market abuse committed on UK based platforms

140. We expect the intervention to lead to CATPs having a greater ability to detect, deter and undermine market abuse committed on their platforms. With the introduction an information sharing mechanism and sanctioning of market abusers, this should lead to a reduction in market abuse being committed on UK platforms. However, we are unable to speculate as to how much this reduction of market abuse on UK platforms impacts the overall level of market abuse globally in cryptoassets. This is due to the global nature of the market. We may be able to reduce this activity here, but we cannot stop the perpetrators of it moving their activity to other jurisdictions where they may face fewer restrictions and sanctions.

141. In addition, due to the inclusion of insider lists, we believe we should be able to reduce the risks of insider dealing happening by employees of UK regulated CATPs. Whilst we cannot prevent all insider dealing happening within the global crypto market given that 7% of global crypto employment is based in the UK we believe stricter regulation of market abuse should provide a useful deterrent to this activity. We have not been able to quantify the impact of these regulations but by reducing the amount of insider dealing we should reduce the level of outsized returns insider traders get at the expense of other investors. Overall, this should represent a harm reduction to cryptoasset investors.

142. Other benefits we may expect to materialise include:

- **Enhanced regulatory clarity:** Our intervention will clarify standards, provide guidance, and reduce speculation over future regulatory actions, leading to lower uncertainty.
- **Reduced risk aversion from wider financial sector:** By applying rules to cryptoasset market participants, we expect our regulation will enhance credibility within the UK cryptoasset market. This may increase engagement with non-cryptoasset firms, and alleviate challenges some cryptoasset firms have raised in accessing banking services.
- **Greater consumer trust:** Our rules will increase consumer confidence in the market, potentially leading to higher demand for cryptoasset products.

Costs

Cost to market participants

143. Costs will be both one-off (associated with implementation of our requirements) and ongoing (which participants will incur in order to be compliant with our rules). Costs are primarily based on responses to our cost survey from firms, and supplemented where

appropriate with use of our standardised cost model. These cost estimates below are subject to reporting inaccuracies and small sample size bias of our survey data.

144. We anticipate costs will materialise across the following categories:

- Familiarisation costs with our MARC and A&D rules
- Costs associated with MARC
- Costs associated with A&D rules

145. There may be further costs to firms associated with our rules, such as changes to business models. While we do not quantify these costs in this section, we consider the wider impact of our rules through our competition assessment further below.

Familiarisation costs

146. We expect market participants affected by our intervention will read relevant proposals in this consultation paper and familiarise themselves with the detailed requirements of the proposed rules and guidance. We assume this will involve conducting a gap analysis and detailed legal review in order to identify how our proposed regime will impact their operations.

147. We have estimated the costs of this to market participants based on assumptions on the time required to read 127 pages of CP and 100 pages of legal text that are relevant to our rules. We assume that there are 300 words per page and reading speed is 100 words per minute. This means that the document would take 3.5 hours to read. We convert this into a monetary value by applying an estimate of the cost of time to firms, resulting in an average cost of £8k one-off costs per firm. Based on our estimated firm population, total familiarisation costs across our proposals are estimated at £1.5m.

Costs associated with our Market Abuse Regime for Cryptoassets

Information sharing

148. As part of our proposed intervention we will expect large CATPs, those with over £10m annual average revenue over the previous 3 reporting years, to set up an information sharing mechanism where they can respond to market abusers who may work across multiple platforms to obfuscate their activities. This will require firms to work together to coordinate this activity and set up processes to facilitate it.

149. One-off implementation costs are primarily due to setting up the IT systems and communication and governance processes. We estimate these to be £282k per large CATP and £845k across our population. Ongoing costs are estimated to be £149k per large CATP per year or an annual cost of £446k across our population.

Market abuse systems and controls

150. CATPs and intermediaries will be required to implement rigorous systems and controls to prevent, detect, and disrupt market abuse on their platforms. Under this approach, firms would be able to choose which controls, systems, and surveillance tools best suit their

respective business models. We would expect firms to be proactive in implementing systems and controls, to conduct periodic risk assessments, and to be able to evidence these systems and controls to us as part of ongoing supervision and on request.

151. Where individuals are found to be acting in a manner consistent with perpetrating market abuse, firms should rely on their existing systems and controls designed to prevent, detect, and disrupt such activity. We expect firms to assess the risks posed by these individuals and, in line with their risk-based approach, determine whether it is appropriate to take action.

152. The one-off implementation costs related to conforming with our rules is estimated to be £77k per firm or £13.8m across our population. The ongoing annual costs of our rules are estimated at £36k per firm or £6.5m across the population.

Insider lists

153. Market participants which handle market sensitive information should have information barriers and appropriate training on the obligations for handling such information. Where there is a concentration of insider dealing risk, higher controls (in the form of insider lists) may be appropriate. Insider lists should enable management and controlled access to inside information, in addition to reliable tracking of individuals with access to inside information where needed. This should include the individual's identity, reasons for the person's inclusion on the list, the date and time of when the person gained access to inside information, and the date on which the insider list was drawn up. Insider lists could include, for example, other relevant cryptoasset information such as wallet addresses.

154. The one-off implementation costs of this are £13k per market participant and £2.3m total across the participant population. The annual ongoing costs are £7k per market participant or £1.2m across the market participant population.

Disclosing inside information

155. In traditional securities markets, issuers are subject to our DTR which require that issuers use regulated information services to make regulated information public. Important announcements and inside information about cryptoassets are often distributed arbitrarily across various social media platforms (such as X, formerly Twitter) or smaller community channels (such as Reddit). Unlike traditional finance markets, there isn't a reliable, formal channel for dissemination of inside information. This has led to the release of false or unverified information through unofficial channels, ultimately affecting price formation. Consumers may also struggle to fact-check or locate the necessary information on cryptoassets. To mitigate these risks, the government has proposed that market participants will be required to publicly disclose inside information as soon as possible.

156. The one-off implementation costs of setting up and disclosing inside information are estimated to be £20k per market participant or £3.7m across the participant population. The annual ongoing costs are £11k per market participant or £1.9m across all market participants.

Total MARC costs

157. Costs associated with introduced and applying our MARC rules are outlined in the table below:

Regulatory Requirement	Transition Costs (per market participant)	Transition Costs (population))	Ongoing Costs (per market participant)	Ongoing Costs (population)	Total population cost (PV across 10 year appraisal period)
Information Sharing	£282k	£845k	£149k	£446k	**£4.7m**
Market Abuse Systems and Controls	£77k	£13.8m	£36k	£6.5m	**£70m**
Maintaining Insider Lists	£13k	£2.3m	£7k	£1.2m	**£12.5m**
Disclosing inside information	£20k	£3.7m	£11k	£1.9m	**£20.5m**
Total Costs	**£392k**	**£20.6m**	**£203k**	**£10.1m**	**£107.7m**

Costs associated with our Admissions and Disclosures rules

Disclosure documents (Trading Platforms)

158. Our rules will require CATPs to ensure that the information in the disclosure documents complies with legislative requirements, is true and complete and ensure there is information on conflicts of interest within the documents. Only CATPs will incur costs for this element of the proposals. The platforms hosting these documents will also be exposed to the new rules around liability where the information contained in them is found to be false.

159. Based on information on MiCA whitepapers, we assume the costs of producing a disclosure document, including seeking any legal advice, is approximately £61,000 per document. We have assumed that firms will not have to completely start from nothing when it comes to disclosures due and due to MiCA a lot of the information needed can be copied across. As such we assume that the costs of complying with our disclosure requirements is approximately 50% of the cost of producing a MiCA whitepaper; £30,500. We expect the total number of disclosure documents required to be approximately 250 within the transition period, with 65% of these (163) produced by CATPs and the remaining by other issuers and offerors (87).

160. The one-off implementation costs of conforming with these rules are £0.7m per CATP or £5.4m across the CATP population. The annual ongoing costs of our rules are £26k per CATP or £209k for all CATPs each year.

Disclosure documents – Issuers/Offerors

161. Where a market participant is seeking admission to trading these offerors or issuers will be responsible for preparing disclosure documents for the assets seeking admission. We expect 87 documents produced across the transition period, resulting in an aggregate one-off costs to issuers/offerors of £2.6m

162. For future assets seeking admission to trading we expect there will be additional costs to issuers/offerors. We estimate there will be approximately 50 new assets seeking admissions to trading per year or 500 across our appraisal period. As a result, the additional ongoing costs of new assets seeking admission and requiring a disclosure document to be around £1.5m per year.

Storing disclosure documents on an FCA owned central repository

163. We are proposing that these disclosure documents are stored on an FCA owned central repository (for example, the national storage mechanism). This should ensure all documents are easily found. These costs are likely to only accrue to CATPs.

164. There are costs associated with the above. The one-off implementation costs are estimated to be £51k per CATP or £410k across all firms. The annual ongoing costs are expected to be £28k per CATP or £221k for the CATP population.

Due diligence

165. CATPs currently perform some due diligence before admitting a cryptoasset to trading on their platform. However, the approach is not consistent across CATPs. This inconsistency creates risks as scams or unsuitable offers may enter the market and inaccurate information may be given to consumers.

166. Due diligence should allow the CATP to make an informed assessment of the potential risk of detriment to consumers. Due diligence should also enable the CATP to establish a reasonable level of certainty that the disclosures are true and not misleading, and whether they meet the CATP's requirements and the statutory necessary information test. The CATP would then need to use its own judgement about whether to approve the application for admission to trading.

167. We expect the one-off implementation costs of the due diligence proposals to cost £45k per CATP or £357k across the CATP population. The annual ongoing costs are estimated to be £70k per CATP or £557k for all the CATPs.

Admissions to trading

168. We consider it appropriate to require CATPs to have processes for rejecting admission to trading to mitigate risks within cryptoasset markets, particularly risks around fraud, scams, money laundering, and cryptoassets with potentially significant technological vulnerabilities. Rejection decisions would need to be informed by CATPs' implementation of broader processes under the A&D regime such as due diligence. Information gathered during due diligence could support CATPs in assessing risks and the potential for consumer detriment.

169. We estimate the one-off costs of creating and utilising a process for rejecting admission to trading to cost £31k per CATP or £249k across the CATP population. The annual ongoing costs of this are expected to be £16k per CATP or £127k across all the CATPs.

Total A&D costs

170. Costs associated with introduced and applying our A&D rules for qualifying cryptoasset firms are outlined in the table below:

Regulatory Requirement	Transition Costs (per impacted market participant)	Transition Costs (population))	Ongoing Costs (per impacted market participant)	Ongoing Costs (population)	Total population cost (PV across 10 year appraisal period)
Disclosure Documents - CATPs	£700k	£5.4m	£26k	£209k	**£7.2m**
Disclosure Documents – Issuers/ Offerors	£31k	£2.6m	£31k	£1.5m	**£15.7m**
FCA central repository/ NSM costs	£51k	£410k	£28k	£221k	**£2.3m**
Due diligence	£45k	£357k	£70k	£557k	**£5.2m**
Admissions to Trading	£31k	£249k	£16k	£127k	**£1.3m**
Total A&D costs	**£858k**	**£9m**	**£171k**	**£2.6m**	**£31.7m**

Total costs to market participants

171. In the below table, we aggregate the estimated costs

Regulatory Requirement	Transition Costs (per impacted participant)	Transition Costs (population))	Ongoing Costs (per impacted participant)	Ongoing Costs (population)	Total population cost (PV across 10 year appraisal period)
Familiarisation costs	£8k	£1.5m	-	-	**£1.5m**
MARC costs	£392k	£20.6m	£203k	£10.1m	**£107.7m**
A&D costs	£858k	£9m	£171k	£2.6m	**£31.7m**
Total Costs	**£1.3m**	**£31.1m**	**£374k**	**£12.7m**	**£140.9m**

172. These cost estimates primarily relate to compliance costs that will be incurred by market participants. There will likely be additional costs to market participants associated with changes in business models which we have not captured above. New requirements could force participants to exit the market if they cannot meet the costs of our requirements, which may involve wind-up costs or stranded assets.

Costs to consumers

173. Market participants may pass on their additional costs to consumers through higher prices. This may be exacerbated if our intervention raises barriers to entry and reduces competition in the market. The nature of the industry wide cost increase is likely to lead to a higher cost pass-through rate. However, as the markets are not perfectly competitive, we would expect such pass-through to be less than 100% because market participants can absorb costs without becoming loss making.

174. If market participants cannot pass through costs, it may lead to them cutting operating costs by reducing the quality of their offering, which would also impact consumers. Alternatively, they could reduce their spending on Research and Development, which could negatively impact innovation.

175. There may also be some costs to consumers from reduced utility due to access to fewer assets on CATPs and Intermediaries. We do not consider it proportionate to quantify these costs.

176. Furthermore, we anticipate that our regulatory intervention will result in increased ownership of cryptoasset across UK consumers. This assumption is supported by our Consumer Research series, with our most recent publication (Wave 6, November 2025) indicating 25% of UK adults who don't currently own cryptoassets would consider purchasing cryptoassets if it were regulated.

177. Increased demand for cryptoassets by UK adults as a result of our regulatory intervention will necessitate reduced consumption elsewhere, increased debt or reduced savings. Our consumer research indicates that 20% of current UK cryptoasset consumers purchased cryptoassets as an alternative to traditional financial products such as shares or investments. Furthermore, 25% used long-term savings or investments to purchase cryptoassets, while 9% used a credit card or overdraft to finance their purchase.

178. If new consumers who enter the UK cryptoasset market following our regulation exhibit similar preferences to existing consumers, then increased demand following regulation may result in wider economic impacts. For example, new consumers may choose to reduce their savings rate or increase their debt relative to the counterfactual in order to purchase cryptoassets, which could create longer-term economic costs. Similarly, if consumers substitute spending on traditional financial products to purchase cryptoassets, this reduced demand from retail consumers could adversely impact UK financial sector liquidity, given the dominance of overseas firms in UK cryptoasset markets.

179. We will take measures to address and minimise the above costs to consumers. We will ensure our communication is clear, to help consumers understand the regulatory

protection our regime provides. However, costs may still materialise to consumers and while we do not consider it reasonably practicable to estimate these costs, we recognise they may be significant for some consumers.

Costs to the FCA

180. We will incur costs associated with supervising additional firms and familiarisation with new and emerging business models. Costs could materialise from communication and publication of new rules.

Risks and Uncertainty

181. We recognise that establishing potential costs and benefits before the intervention takes effect is inherently subject to uncertainties. If our assumptions do not hold or if we have not accounted for all market dynamics, the costs and benefits discussed in this CBA may be over or understated. In addition, data challenges and limitations in our methodologies could lead to inaccuracies in our estimates.

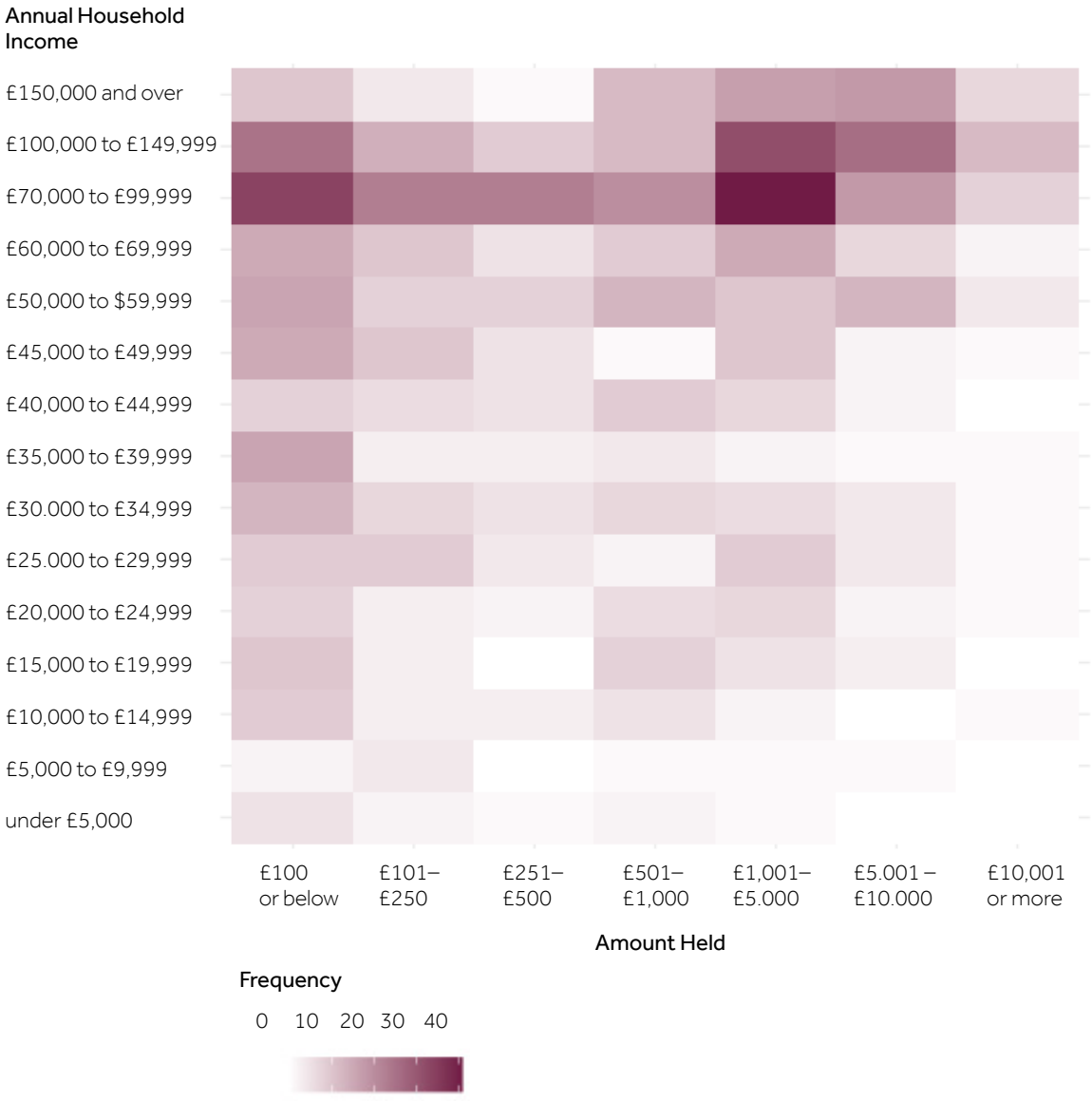
182. There may be unintended consequences of our intervention. We will continue to monitor the cryptoasset market for signs of any unintended consequences as described in further detail below.

183. We consider the cost estimates listed above as comprising our "central scenario". That is, they represent our best estimate of the likely costs we expect to materialise from our proposals and are based on survey results and our analysis and understanding of UK cryptoasset markets. We recognise the currently unregulated nature of cryptoassets creates limitations for the accuracy of this central scenario, and our estimates and analysis above should be considered as subject to significant uncertainty.

Distributional analysis

184. Below is a graph showing how the value of crypto ownership differs across household income groups.

Figure 12: Heatmap of Household Income and Value of Crypto Held



185. The impacts of the harms identified are unlikely to be equally distributed across all UK consumers as there are likely to be some sub-groups of consumers more at risk and therefore it is these groups who are most likely to benefit more from our intervention.

186. However, given data constraints we are unable to produce a quantitative estimate of the impact of our intervention on these groups but using our consumer research we are able to provide some qualitative analysis that can provide some context for what groups of consumers are likely to benefit more.

187. Our FCA 2025 consumer research identifies that approximately 8% of crypto owners said that in the event of a significant investment loss they would be unable to reach their financial goals such as retirement. 3% of respondents said they would have to downsize their house in the event of a significant shock.

188. We also know that 5% of crypto users say that they are having serious financial difficulties and struggle to keep up with bills and other financial commitments.

189. Assuming that there is crossover between these groups that means that between 150,000 – 400,000 crypto consumers are currently financially vulnerable and are more at exposed to the impacts of the harms identified in this CBA. If these proportions of consumers remain vulnerable then this could grow to 280,000 – 740,000 vulnerable consumers who are disproportionally impacted by the current levels of harm under our counterfactual growth scenario if we do not intervene in the market.

Break-even analysis

190. Our quantified benefits are estimated based on a reduced frequency of fraudulent token offerings in UK cryptoasset markets. We anticipate further benefits will materialise to consumers as a result of our proposed intervention, namely increased trust and confidence within UK cryptoasset markets. To account for the uncertainty and potential value of these non-quantified benefits, we have conducted a breakeven analysis to contextualise the benefits scope of our proposals. This illustrates the benefits that would need to be realised for each UK cryptoasset consumer for the proposed changes to be net beneficial.

191. To estimate the breakeven benefits, we used the total quantified costs that we estimate firms would incur over the 10-year appraisal period, in present value terms (£141m). We divided this by the total number of UK consumers currently engaged, and those who we expect to engage in cryptoasset markets in our counterfactual scenario (9.3m). We estimate the breakeven benefit per year per firm by dividing the breakeven benefit per firm by the number of appraisal years (10 years), discounting future values.

192. Our cost estimates are based on a combination of survey responses, previous CBAs and our Standardised Cost Model. However, costs incurred per market participant may be higher, particularly if they need more time to adjust their business models to our proposed rules. Given this uncertainty, we will apply an uplift of 25% and 50% to our central estimates to illustrate the impact this could have on our cost estimates and the breakeven value required.

193. Results of our breakeven analysis are presented in the table below.

Breakeven analysis

	PV Costs	Breakeven-Point per consumer (10 year)	Breakeven-Point per consumer (annual)
Central Estimate	£140.9m	+£15.1	+£1.51
25% Higher Cost scenario	£176m	+£18.9	+£1.89
50% Higher Cost scenario	£211.2m	+£22.6	+£2.26

194. Our breakeven analysis suggests that our intervention will be net beneficial to consumers if it provides in excess of £15.10 of value to each UK cryptoasset consumer over the course of our appraisal period (or up to £22.60 in our higher cost scenario).

This is equivalent to £1.51 per consumer, per year within our central estimate scenario. Given UK average cryptoasset portfolios were £2,250 as of August 2025, and that our research suggests most consumers would welcome additional regulatory protections, we consider it plausible that the benefits from our intervention to consumers will exceed the estimated breakeven threshold.

Sensitivity around consumer growth

195. It's difficult predicting in consumer growth rates in cryptoassets due to the unpredictable impact that global macroeconomic events can have on consumers willingness to get into, or remain, in the market.

196. As such we are presenting below some alternative consumer numbers and the impact this has on our breakeven figures. We will include the current number of consumers as of our latest FCA research, our assumed consumer numbers in our counterfactual above and a mid-point estimate between the two. This should cover a reasonable worst case scenario where there is no growth in demand for cryptoassets over the 10 year appraisal period.

	Consumer number	Breakeven-Point per consumer (10 year)	Breakeven-Point per consumer (annual)
Counterfactual assumption	9m	+£15.1	+£1.51
Low consumer growth	7m	+£20.1	+£2.01
No consumer growth	5m	+£28.2	+£2.82

Sensitivity around our assumption of full compliance

197. As part of our standard practice for CBAs we assume full compliance with our rules and guidance.

198. However, we note that given the global nature of cryptoassets it is easier for consumers to circumvent our intervention should they wish too. Consumers will likely do this by accessing offshore platforms based in other jurisdictions. Given the inherent uncertainties of estimating non-compliance we are choosing not to adjust our central modelling to account for it, but to instead present some illustrative rates of non-compliance and the impact this could have on our breakeven figures. We have used our consumer research to construct these reasonable examples.

	Consumer number	Breakeven-Point per consumer (10 year)	Breakeven-Point per consumer (annual)
Counterfactual assumption	9.3m	+£15.1	+£1.51
10% of UK consumers not covered by our rules	8.4m	+£16.8	+£1.68

	Consumer number	Breakeven-Point per consumer (10 year)	Breakeven-Point per consumer (annual)
20% of UK consumers not covered by our rules	7.5m	+£18.9	+£1.89

Competition Assessment

199. Our regime aims to reduce consumer harm by establishing clear standards for firms. While necessary to reduce consumer harm, these regulatory requirements can act as barriers to entries for firms, which may limit competition in the market. We recognise this trade-off between competition and consumer protection, and that our intervention may result in lower levels of competition in UK cryptoasset markets than if we introduced lower standards for firms.

200. Competition in the market may be impacted by:

- Changes to product offerings
- Disproportionate impacts on smaller firms, and the ability of larger firms to more easily absorb increased compliance than smaller firms.
- Prospective entrants to the cryptoasset market facing higher barriers to entry due to increased regulatory costs and reduced prospective profits.
- Firm entry and exit from the market

201. We consider each of these in turn below

Product Offerings

202. Some of the policy interventions will raise the bar on the quality of assets listed on authorised CATPs. This will naturally lead to a reduction in the number of new assets listed as there will be greater requirements on disclosure documents and associated liabilities for the platforms. This will lead to reduced consumer choice on authorised platforms than there would have been without our intervention and this, in turn, may make it more difficult for some market participants to compete using a larger range of assets as a selling point. However, we believe this is a proportionate impact and that any loss of competition on products by preventing lower quality or harmful assets being sold to UK consumers is an acceptable trade-off.

Disproportionate impact on small firms

203. Larger market participants are better able to absorb the impact of higher regulatory burdens as they often have more mature compliance departments. As a result of this we can expect the regulatory burden to have a disproportionate impact on small market participants. This could adversely impact competition in UK cryptoassets, particularly given our behavioural research suggests consumers trust larger market participants and are reluctant to move from their chosen platform.

Higher barriers to entry

204. Higher regulatory costs will lead to higher barriers to entry for new, often smaller, market participants wishing to come into the market reducing new entrants and potentially reducing innovation within the industry. However, given the set-up costs of running a CATP or an intermediary there are already high barriers to entry, so we don't expect these to significantly increase the barriers to entry compared to the counterfactual.

Firm Entrance and Exit

205. Due to increased regulatory cost and any pressures our interventions place on revenues there may be some market participants currently offering services to UK consumers who choose to cease providing these services in the UK. We expect the regulatory costs to only be likely to lead to exit for small market participants that may be struggling currently with profitability.

206. We will monitor the impact of our intervention on the degree of competition in UK cryptoasset markets. Overall, we expect the ultimate impact of market participant exit to be limited due to the current levels of concentration within the market. Given current market conditions, retail investment seems to be concentrated among a handful of large firms with significant brand recognition. These firms are unlikely to leave the market due to the policy intervention and are best placed to absorb any extra regulatory costs. All in all, we believe the policy interventions strike a proportionate balance between improving outcomes for consumers and maintaining a competitive market.

Wider economic impacts, including on secondary objective.

207. Our proposals will impact competitiveness and growth in the UK through influencing four of our seven drivers:

- **Innovation:** Our regulation provides greater clarity and legitimacy to cryptoasset market participants. This creates an environment for increased innovation within UK financial services, benefitting competitiveness and growth. However, the increase in regulatory cost is likely to have a negative impact on innovation as it will act as a barrier to new entrants who are often more innovative, smaller firms. We believe these two competing forces are likely to net off over the long term.
- **Proportionate regulation:** Through relying on rules-based outcomes our intervention looks to reduce harm while providing flexibility to market participants to innovate and without being overly costly or burdensome.
- **Market stability:** By introducing these rules for market participants, we reduce the likelihood of market disruption . Protecting consumers and market participants in this way builds confidence in UK institutions and provides a foundation for increasing investment in the UK, which, supports productivity and market growth.
- **International markets:** Our rules have been designed to be consistent with international peers, following recommendations for regulation of cryptoassets published by IOSCO. This will ensure the UK is an attractiveness place for cryptoasset firms to invest and for businesses to establish or raise capital.

208. We anticipate the standards we introduce will support UK competitiveness through clear standards and robust regulation. We recognise an interaction between developing a cryptoassets regime that protects consumers and supports market integrity, and the resulting impact on growth. Consumer protection and market integrity build trust and participation, which increase trust and growth. However, disproportionate requirements could adversely impact competition and market participant costs and potentially inhibit growth.

209. From our review of the relevant literature, we did not identify evidence to suggest economic growth directly materialising from consumers purchasing cryptoassets. Any benefits would instead be due to consumers increasing their consumption from converting gains in cryptoasset holdings to increased income, which we anticipate as being limited. Growth may also materialise due to increased exports (i.e. if UK based cryptoasset market participants attract business from overseas customers).

210. We see the impact of our intervention on economic growth as dependent on the cryptoasset sector interlinking with, and creating benefits in, the real economy. We identify 3 key ways in which cryptoassets could benefit the UK's growth objective:

- **Labour market impacts:** Cryptoasset market participants employ high-skilled workers and our intervention could attract them to establish in the UK. This would result in direct jobs (and supporting supply chain jobs) and potentially higher wages for those in the industry. We assess the potential impact on growth to be small, due to low jobs numbers, meaning any new jobs would have small impact on growth.
- **Capital Inflows and Liquidity:** More market participants located in the UK could result in capital inflows. Higher liquidity could in turn increase efficiencies in the UK's financial sector which could impact growth.
- **Innovation:** Increased use of cryptoassets and DLT due to more consumer confidence and trust may result in new products and services, benefiting consumers across the economy. Innovation is a core driver of economic growth, but the impact on growth is contingent on how the rest of economy uses cryptoasset technology (directly or indirectly).

211. Our assessment suggests potential for our intervention to improve international competitiveness and growth in the medium-to-long term through the above factors. However, this is subject to a significant uncertainty and dependent on the extent to which crypto market participants establish in the UK. Growth is also dependent on several exogenous variables, in particular, the ability of DLT to create efficiencies at scale and compete with legacy financial infrastructure. However, based on the size of UK cryptoasset market currently, we think our intervention will not adversely impact UK economic growth, while creating opportunities for growth in the future.

Monitoring and evaluation

212. As outlined in our causal chain, we anticipate our intervention will result in reduced harm to consumers who choose to engage with cryptoassets. We also expect our outcomes-based regulation will reduce uncertainty to market participants, and increase competition and the UK's competitiveness in the cryptoasset sector.

213. We intend to measure the effectiveness of our interventions through:

- Regulatory returns information submitted to the FCA by cryptoasset firms as part of their regulatory requirements.
- Survey data, including our Consumer Research series and FLS. These will allow us to track changes in attitudes, behaviour, and demand.
- Monitoring competition within UK cryptoasset markets, as measured by the number of firms and our consumer research indicating how willing consumers are to shop around and compare prices.

Consumer outcomes

214. We expect our rules to reduce consumer harm from their involvement in cryptoasset markets, through reduced scams, greater awareness, and enhanced information. Through our intervention, we expect that consumers will be better informed to make appropriate investment decisions.

215. We will monitor this through our consumer research series, which includes measures of the following:

- Understanding of products
- Scams, losses, and other negative experiences
- Awareness of regulation and understanding of risks

Firm outcomes

216. We expect our regulation will result in reduced uncertainty for firms. It may also increase demand for cryptoassets, as consumer confidence increases.

217. To monitor the effect of these standards on firms, we will continue to gather information on the market. We will engage with firms to identify challenges to regulation and any improvements to enhance proportionality and appropriateness.

Question 1: **Do you agree with our assumptions and findings as set out in this CBA on the relative costs and benefits of the proposals contained in this consultation paper? Please give your reasons.**

Question 2: **Do you have any views on the cost benefit analysis, including our analysis of costs and benefits to consumers, firms and the market?**

Consultation with the FCA Cost Benefit Analysis Panel

218. We have consulted the CBA Panel in preparing this CBA in line with the requirements of s138IA(2)(a) FSMA. In the Table 16 below, we summarise the Panel's main recommendations and the measures we took in response. We have also made further

changes based on wider feedback from Panel on specific points of the CBA. The CBA Panel publishes a summary of their feedback on their website.

CBA panel main recommendations	Our response
Incorporate distributional and behavioural impacts. The Panel recommends that the analysis better reflect the uneven distribution of harm, particularly for consumers who could experience catastrophic losses, and differentiate between retail and professional investors to capture behavioural and risk exposure differences.	We have included additional qualitative distributional analysis to provide a bit more context around the consumers most at risk from harm. Due to data limitations, we are unable to identify the expected number of professional and retail investors at this time.
Consider including more plausible participation and compliance scenarios. Given that the assumption of full compliance is unrealistic, the Panel recommends that the CBA include partial compliance scenarios and similarly, that it presents alternatives to the assumption of very rapid post-regulation growth in participation.	We have included sensitivity analysis around the number of UK consumers at the end of our appraisal period, assuming a lower increase in demand post-intervention. We have also flexed full compliance from the consumer side to account for the fact some consumers may seek to circumvent our intervention. This is reflected in the sensitivity analysis and impacts the breakeven figures.
Clarify feasibility and residual risks. The Panel recommends that the CBA more fully consider the practical limitations of the intervention, including leakage to offshore platforms, market exit and concentration, risks to the effectiveness of regulation such as those posed by "finfluencers", and the potential deterrent effect of regulation on legitimate innovation, as well as residual risks that remain even after regulation.	We have discussed potential leakage to offshore platforms in the sensitivity analysis mentioned above. We have also updated our wider impacts section to better reflect the risks noted by the CBA panel.

Annex 3

Compatibility statement

Compliance with legal requirements

1. This Annex records the FCA's compliance with a number of legal requirements applicable to the proposals in this consultation, including an explanation of the FCA's reasons for concluding that our proposals in this consultation are compatible with certain requirements under the Financial Services and Markets Act 2000 (FSMA).

2. When consulting on new rules, the FCA is required by section 138I(2)(d) FSMA to include an explanation of why it believes making the proposed rules (a) is compatible with its general duty, under section 1B(1) FSMA, so far as reasonably possible, to act in a way which is compatible with its strategic objective and advances one or more of its operational objectives, (b) so far as reasonably possible, advances the secondary international competitiveness and growth objective, under section 1B(4A) FSMA, and (c) complies with its general duty under section 1B(5)(a) FSMA to have regard to the regulatory principles in section 3B FSMA. The FCA is also required by section 138K(2) FSMA to state its opinion on whether the proposed rules will have a significantly different impact on mutual societies as opposed to other authorised persons.

3. This Annex also sets out the FCA's view of how the proposed rules are compatible with the duty on the FCA to discharge its general functions (which include rule-making) in a way which promotes effective competition in the interests of consumers (section 1B(4) FSMA). This duty applies in so far as promoting competition is compatible with advancing the FCA's consumer protection and/or integrity objectives.

4. In addition, this Annex explains how we have considered the recommendations made by the Treasury under section 1JA FSMA about aspects of the economic policy of His Majesty's Government to which we should have regard in connection with our general duties.

5. This Annex includes our assessment of the equality and diversity implications of these proposals.

6. Under the Legislative and Regulatory Reform Act 2006 (LRRA) the FCA is subject to requirements to have regard to a number of high-level 'Principles' in the exercise of some of our regulatory functions and to have regard to a 'Regulators' Code' when determining general policies and principles and giving general guidance (but not when exercising other legislative functions like making rules). This Annex sets out how we have complied with requirements under the LRRA.

The FCA's objectives and regulatory principles: Compatibility statement

7. The proposals set out in this consultation are primarily intended to advance the FCA's operational objectives of:

- Delivering consumer protection – securing an appropriate degree of protection for consumers.
- Enhancing market integrity – protecting and enhancing the integrity of the UK financial system.
- Building competitive markets – promoting effective competition in the interests of consumers.

8. We set out more detail on how we consider our proposals comply with the FCA's strategic and operational objectives in paragraph 1.14 of this consultation. For the purposes of the FCA's strategic objective, "relevant markets" are defined by section 1F FSMA.

9. We consider that, so far as possible, these proposals advance the FCA's secondary international competitiveness and growth objective by improving confidence in the UK as a place where cryptoasset activities can be carried out in a trusted market with clear and proportionate requirements. Our proposals on A&D and MARC intend to ensure that the UK remains a suitable and stable environment and destination for doing business. We have also had regard to relevant international standards set by bodies including the Financial Stability Board and IOSCO, both of which the FCA played a role in developing. Overall, our proposals are in line with those used in other jurisdictions.

10. In preparing the proposals set out in this consultation, the FCA has had regard to the regulatory principles set out in section 3B FSMA. We have also engaged with statutory panels when building our proposals.

The need to use our resources in the most efficient and economic way

11. We have sought to allocate our resources efficiently by adopting proportionate, industry-led approaches in several areas. For example, we do not propose to take on a central FCA role in developing standardised QCDD templates or in receiving and assessing suspicious transactions and orders reports. An industry-led approach could allow for flexible adoption and implementation of RegTech solutions and best practices as capabilities evolve. Overall, this proportionate model enables us to maintain effective regulatory oversight of the A&D and MARC regimes while minimising unnecessary regulatory burden and supporting efficient use of our operational and supervisory capacity.

The principle that a burden or restriction should be proportionate to the benefits

12. We have carefully considered the proportionality of our proposals, including through consultation with internal and external stakeholders throughout the development of our proposals. Our aim is to provide a proportionate, outcomes-focused regime that can adapt as the market evolves, guided by evidence and ongoing engagement.

13. The proposals may require firms to make changes, with associated costs, as to how they conduct their business. However, we consider that our proposals are proportionate and the benefits outweigh the costs. The CBA in Annex 2 sets out the costs and benefits of our proposals.

The need to contribute towards achieving compliance by the Secretary of State with section 1 of the Climate Change Act 2008 (UK net zero emissions target) and section 5 of the Environment Act 2021 (environmental targets)

14. On balance, we do not think there is any contribution the regulatory changes in this area can make to these targets. We will continue to keep this under review when considering any final rules.

The general principle that consumers should take responsibility for their decisions

15. Our proposals will provide greater protection for consumers. They do not inhibit consumers' ability to access a range of products, nor do they seek to remove from consumers the need to take responsibility for their own decisions in relation to their use of regulated and unregulated products and services.

The responsibilities of senior management

16. Senior management of firms involved in A&D and MARC activities will be expected to ensure that their firms comply with the new requirements. This includes overseeing admissions and disclosures processes to ensure true and non-misleading information in QCDDs, implementing arrangements to prevent, detect and disrupt market abuse, safeguarding / ensuring timely disclosure of inside information and maintaining insider lists where required.

The desirability of recognising differences in the nature of, and objectives of, businesses carried on by different persons including mutual societies and other kinds of business organisation

17. Our proposals recognise that firms conducting different cryptoasset activities require a different approach. Our proposals include requirements that are specific to the activities a firm carries out, including some requirements that will only apply to CATPs, and others that will only apply to intermediaries or persons responsible for offers.

The desirability of publishing information relating to persons subject to requirements imposed under FSMA, or requiring them to publish information

18. We have had regard to this principle and believe our proposals are compatible with it, including through our proposed rules on the information issuers, offerors and CATPs should disclose. We may publish data on aggregate trends in the cryptoasset market.

The principle that we should exercise our functions as transparently as possible

19. By explaining the rationale for our proposals and the anticipated outcomes, we have had regard to this principle.

In formulating these proposals, the FCA has had regard to the importance of taking action intended to minimise the extent to which it is possible for a business carried on (i) by an authorised person or a recognised investment exchange; or (ii) in contravention of the general prohibition, to be used for a purpose connected with financial crime (as required by s 1B(5)(b) FSMA).

20. Our proposals are intended to support firms to minimise the opportunities for financial crime.

Further specified matters to which the FCA must have regard

21. Under the Cryptoasset Regulations, HMT indicated that we may, through designated activity rules, specify certain practices as legitimate cryptoasset market practices. When doing so, the FCA must take account of a range of factors, including:

- transparency in relation to qualifying cryptoassets and related instruments
- support effective market functioning
- support liquidity and efficiency of markets
- promotion of orderly and transparent pricing
- enabling timely reaction by market participants to new situations
- safeguard market integrity
- support legitimate handling and disclosure of inside information
- support the effective, efficient and orderly settlement in crypto markets
- fostering innovation, while avoiding disproportionate risks to market integrity
- support appropriate processing of inside information

22. We have specified coin burning as a legitimate market practice, having regard to statutory requirements for transparency, market integrity, and innovation. We have considered all the factors indicated by HMT in specifying this LMP. In summary, full details of the coin burning process must be recorded and disclosed before trading, which ensures participants maintain the right level of market transparency. Coin burning is only permitted where its sole purpose is to reduce the amount of qualifying cryptoassets in circulation, supporting price formation, market efficiency, and orderly pricing. These measures help prevent manipulation, enable timely market responses, and maintain market integrity, while allowing for innovation and proportionate safeguards.

23. Crypto-stabilisation is specified as a legitimate market practice to enhance efficiency, openness, and balanced risk management. We have considered all the factors indicated by HMT in specifying this LMP. In summary, allowing crypto-stabilisation for a limited time during major distributions supports liquidity and price stability. Disclosure obligations require relevant information to be made public, which preserves market transparency. These requirements ensure orderly pricing, enable timely market

responses, and protect market integrity. Our approach mirrors traditional finance stabilisation but adapts requirements for cryptoassets, removing unnecessary limits and focusing on outcomes.

24. Finally, we have considered all the factors indicated by HMT in specifying legitimate reasons as a legitimate market practice. The aim is to provide clarity and flexibility for market participants, while safeguarding market integrity. The rules set out clear factors for assessing whether behaviour is for legitimate reasons, supporting transparency for market participants and regulators. Legitimate reasons include actions taken under legal or regulatory obligations, or to ensure proper operation of trading platforms. This framework allows for legitimate trading strategies and responses to market conditions, while excluding behaviour undertaken for illegitimate reasons.

25. In considering these matters, we must have regard to the nature and type of the relevant qualifying cryptoasset or related instrument and its market, as well as the nature and type of market participants, including the extent of individual participation. We are satisfied the legitimate market practices work in the context of relevant qualifying cryptoassets, and for the market participants who take part in cryptoasset trading (whether in an institutional or individual capacity).

Recommendations in HMT's remit letter to the FCA (s1JA FSMA)

26. This CP has been developed considering the recommendations set out in HM Treasury's November 2024 remit letter to the FCA. In line with the government's growth mission, our proposals aim to deliver proportionate and effective regulation that enables firms of all sizes to innovate and grow, while maintaining high standards of consumer protection and market integrity. The CP introduces outcomes-focused rules for admissions and disclosures, to ensure market participants provide clear and accurate information to consumers and support well-informed investment decisions. With our proposed market abuse regime, we propose robust rules and controls to prevent, detect, and disrupt market abuse, thereby safeguarding market integrity, which we view as important to overall growth and maintaining the UK's position as a world-leading global finance hub. We have aligned our approach with international standards and best practices where appropriate, ensuring the UK remains globally competitive. Throughout, we have sought to ensure our regime supports both consumer confidence and the UK's position as a leading financial centre.

Expected effect on mutual societies

27. The FCA does not expect the proposals in this paper to have a significantly different impact on mutual societies.

Compatibility with the duty to promote effective competition in the interests of consumers

28. In preparing the proposals as set out in this consultation, we have had regard to our duty to promote effective competition in the interests of consumers. We have done so by designing proportionate, outcomes-focused rules that level the playing field and support innovation (for example, we have proposed a size threshold to determine whether certain obligations apply). Introducing these regimes will establish a base level of rules that will build consumer confidence, and reinforce the UK's position as a jurisdiction that combines high regulatory standards with support for innovation.

Equality and diversity

29. We are required under the Equality Act 2010 in exercising our functions to 'have due regard' to the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by or under the Act, advance equality of opportunity between persons who share a relevant protected characteristic and those who do not, to and foster good relations between people who share a protected characteristic and those who do not.

30. As part of this, we ensure the equality and diversity implications of any new policy proposals are considered. The outcome of our consideration in relation to these matters in this case is stated in paragraphs 1.18 - 1.20 of this CP.

Legislative and Regulatory Reform Act 2006 (LRRA)

31. We have had regard to the principles in the LRRA and Regulators' Code (together the 'Principles') for the parts of the proposals that consist of general policies, principles or guidance. We consider that these parts of our proposals are compliant with the five LRRA principles – that regulatory activities should be carried out in a way which is transparent, accountable, proportionate, consistent and targeted only at cases in which action is needed.

Transparent – We are consulting on our proposed changes with industry to articulate our proposals. Through consultation and pro-active engagement both before and during consultation, we are being transparent and providing a simple and straightforward way to engage with the regulated community.

Accountable – We are consulting on these changes and will publish final rules after considering all feedback received. We are acting within our statutory powers, rules and processes.

Proportionate – We recognise that firms may be required to make changes to how they carry out their business and have provided for an implementation period to give

them time to do so. The CBA sets out further detail on the costs and benefits of our proposals.

Consistent – Our approach would apply in a consistent manner across firms carrying out cryptoasset activities.

Targeted – Our proposals will enhance our ability to provide targeted firm engagement and consider how to best deploy our resources.

Regulators' Code – Our proposals are carried out in a way that supports firms to comply and grow through our consideration of their feedback via the CP and refining our proposals where necessary. Our CP, CBA, draft instrument, accompanying annexes, public communications and communications with firms are provided in a simple, straightforward, transparent and clear way to help firms meet their responsibilities.

Annex 4

Abbreviations in this document

Acronym listed alphabetically	Description
A&D	Admissions and Disclosures
AML	Anti-Money Laundering
AMP	Accepted Market Practice
CATP	Cryptoasset Trading Platform
CBA	Cost Benefit Analysis
CP	Consultation Paper
DAR	Designated Activities Regime
DeFi	Decentralised Finance
DP	Discussion Paper
DTI	Digital Token Identifier
DTR	Disclosure Guidance and Transparency Rules
ESS	Electronic Submission System
EU	European Union
FATF	Financial Action Task Force
FCA	Financial Conduct Authority
FinProm	Financial Promotion
FPO	Financial Promotion Order
FSB	Financial Stability Board
FSMA	Financial Services and Markets Act 2000
IOSCO	International Organization of Securities Commissions

Acronym listed alphabetically	Description
LEI	Legal Entity Identifier
LMP	Legitimate Market Practice(s)
LRRA	Legislative and Regulatory Reform Act 2006
MARC	Market Abuse Regime for Cryptoassets
MEV	Maximal Extractable Value
MiCA	Markets in Crypto-Assets Regulation
MLRs	Money Laundering Regulations
NSM	National Storage Mechanism
PDMR	Person Discharging Managerial Responsibilities
PIP	Primary Information Provider
POATRs	The Public Offers and Admissions to Trading Regulations
PFLS	Protected Forward-Looking Statement(s)
QCDD	Qualifying Cryptoasset Disclosure Document(s)
RAO	Regulated Activities Order 2001
RegTech	Regulatory Technology
SDD	Supplementary Disclosure Document
SYSC	Senior Management Arrangements, Systems and Controls
TradFi	Traditional Finance
UK MAR or MAR	UK Market Abuse Regulation

Annex 5

List of Respondents

Respondents to DP24/4 who have consented to the publication of their name:

Agant

Anthea Insurance Limited

Association for Financial Markets in Europe (AFME)

Ava Labs, Inc.

Binance

Bitpanda

Bitcoin Policy UK

Chainalysis

CLLS Regulatory Law Committee

Coinbase

Crypto Council for Innovation (CCI)

Crypto UK

Denouement Advisory

Digital Pound Foundation (DPF)

Digital Token Identifier Foundation (DTIF)

EVIA (European Venues and Intermediaries Association) & London Energy Brokers' Association (LEBA)

Focal

Global Digital Finance (GDF)

Global Blockchain Business Council (GBBC)

Ijeoma Okoli

International Regulatory Strategy Group (IRSG)

International School of Management

International Organization for Standardization (ISO)

JINGDONG Coinlink Technology Hong Kong Limited

Niloufar Sheykhi

PayPal

Robinhood

ScanSan Properties

Shift Markets

Simon Granfuss

Solidus Labs

Standard Chartered Bank

Suprafin

UK Cryptoasset Business Council (UKCBC)

UK Finance

University of Glasgow

Wagmi Advisers / Gunnercooke LLP

Appendix 1

Draft Handbook text

STABLECOIN DISCLOSURES, ADMISSION OF QUALIFYING CRYPTOASSETS TO TRADING AND OFFERS OF QUALIFYING CRYPTOASSETS TO THE PUBLIC INSTRUMENT 202X

Powers exercised

A. The Financial Conduct Authority ("the FCA") makes this instrument in the exercise of:

(1) the following powers and related provisions in the Financial Services and Markets Act 2000 ("the Act"):

(a) section 71N (Designated activities: rules);
(b) section 137A (the FCA's general rules);
(c) section 137B (FCA general rules: clients' money, right to rescind etc.);
(d) section 137R (Financial promotion rules);
(e) section 137T (General supplementary powers); and
(f) section 139A (Power of the FCA to give guidance);

(2) the following provisions of the Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2025 [*Editor's note*: insert SI number]:

(a) regulation 6 ("Qualifying cryptoasset disclosure document" and "supplementary disclosure document");
(b) regulation 9 (Designated activity rules: qualifying cryptoasset public offers and admissions to trading);
(c) regulation 12 (Responsibility for disclosure documents);
(d) regulation 13 (General requirements to be met by a qualifying cryptoasset disclosure document or supplementary disclosure document);
(e) regulation 15 (Withdrawal rights);
(f) regulation 36 (Disapplication or modification of rules); and
(g) paragraph 8 ("Protected forward-looking statement") of Part 2 (Further exemption relating to forward-looking statement) of Schedule 2 (Compensation: exemptions); and

(3) the other powers and related provisions listed in Schedule 4 (Powers exercised) to the General Provisions of the FCA's Handbook.

B. The rule-making provisions listed above are specified for the purposes of section 138G(2) (Rule-making instruments) of the Act.

Commencement

C. This instrument comes into force on [*date*].

Amendments to the Handbook

[*Editor's note*: The Annex to this instrument takes into account the proposals and legislative changes suggested in the consultation paper 'Stablecoin Issuance and Cryptoasset Custody' (CP25/14) as if they were made final.]

D. The Cryptoasset sourcebook (CRYPTO) is amended in accordance with the Annex to this instrument.

Notes

E. In the Annex to this instrument, the notes (indicated by "*Editor's note*:") are included for the convenience of readers but do not form part of the legislative text.

Citation

F. This instrument may be cited as the Stablecoin Disclosures, Admission of Qualifying Cryptoassets to Trading and Offers of Qualifying Cryptoassets to the Public Instrument 202X.

By order of the Board
[*date*]

Annex

Amendments to the Cryptoassets sourcebook (CRYPTO)

In this Annex, all the text is new and is not underlined.

CRYPTO 2.5 is deleted in its entirety and replaced with the following.

2.5 Stablecoin disclosures

Application

2.5.1 R This section applies to a *qualifying stablecoin issuer* in relation to any *qualifying stablecoins* or *pre-issued stablecoins* for which that *firm* is the *qualifying stablecoin issuer*.

Purpose

2.5.2 G This section sets out requirements for *firms* about:

(1) the information that must be published online about a *qualifying stablecoin product*, including the type of information and the frequency with which this information must be reviewed and updated; and

(2) the production, publication and updating of a *stablecoin QCDD*.

Relevance of other obligations

2.5.3 G The obligations set out in this section about the publication of information by *firms* are in addition to any other obligations imposed on a *firm* by the *regulatory system*. A *firm* should be aware that the publication of information in accordance with this chapter may also be subject to additional and overlapping obligations.

Obligations to publish information about a qualifying stablecoin

2.5.4 R If a *firm* is the *qualifying stablecoin issuer* of more than one *qualifying stablecoin product*, the *rules* in this section must be read as applying separately for each *qualifying stablecoin product*.

2.5.5 G The effect of *CRYPTO* 2.5.4R is that a *firm* must publish, review and update separate information for each *qualifying stablecoin product* in relation to which that *firm* is the *qualifying stablecoin issuer*.

Website disclosures

2.5.6 R In respect of each *qualifying stablecoin product* for which a *firm* is the *qualifying stablecoin issuer*, it must publish and maintain the following information online:

(1) the general information referred to in *CRYPTO* 2.5.31R;

(2) the *backing asset pool* information referred to in *CRYPTO* 2.5.33R;

(3) the *redemption* information referred to in *CRYPTO* 2.5.35R;

(4) the review information referred to in *CRYPTO* 2.5.36R and *CRYPTO* 2.5.41R;

(5) the information on risks referred to in *CRYPTO* 2.5.20R; and

(6) the following identifying information:

(a) the name and *LEI* (where eligible) that is included on the *GLEIF* Global LEI Index of the *person* who is the *qualifying stablecoin issuer*; and

(b) a name or other digital token identifier that clearly identifies the *qualifying stablecoin product*.

2.5.7 R A *firm* must ensure that the information published under *CRYPTO* 2.5.6R:

(1) is easy for prospective readers to locate;

(2) is easy for prospective readers to access; and

(3) includes:

(a) the date and time of publication of each part of the information; and

(b) the last date and time each part of the information was updated or amended.

2.5.8 R A *firm* must ensure that the information that it publishes under *CRYPTO* 2.5.6R is clear, fair and not misleading.

2.5.9 G In complying with *CRYPTO* 2.5.8R, a *firm* should consider what is appropriate and proportionate, taking into account the means of communication and the fact that a *firm* should assume that the information it publishes will be read by *retail customers*.

2.5.10 G When publishing information online in accordance with *CRYPTO* 2.5.6R, a *firm* should:

(1) explain or present information in a logical manner;

(2) use plain and intelligible language and, where use of jargon or technical terms is unavoidable, explain the meaning of any jargon or technical terms as simply as possible;

(3) make key information prominent and easy to identify, including by means of headings and layout, display and font attributes of text, and

by use of design devices such as tables, bullet points, graphs, graphics, audio-visuals and interactive media;

(4) avoid unnecessary disclaimers; and

(5) provide an appropriate level of detail.

2.5.11 G The *rules* in this section do not require a *firm* to publish all the information listed in *CRYPTO* 2.5.6R together as a single document or webpage. A *firm* should choose the best format for publishing the information in line with the *rules* of the section and of the *regulatory system*.

2.5.12 G When publishing information online in accordance with *CRYPTO* 2.5.6R, a *firm* should consider whether to provide additional information to help support a reader's understanding. In doing so, a *firm* should ensure that it does not obscure the information referred to *CRYPTO* 2.5.6R.

Qualifying cryptoasset disclosure document for stablecoin

2.5.13 R A *firm* must publish a valid *stablecoin QCDD* on:

(1) its own website; and

(2) the *national storage mechanism*.

2.5.14 R For the purposes of regulation 12 (Responsibility for disclosure documents) of the *Cryptoassets Regulations*, the *firm* is the person responsible for a *stablecoin QCDD* it publishes in connection with a *qualifying stablecoin product* in respect of which it is the *qualifying stablecoin issuer*.

2.5.15 R A *stablecoin QCDD* must:

(1) be clearly headed '[name of qualifying stablecoin product] disclosure document';

(2) contain the necessary information set out at regulation 13 (General requirements to be met by a qualifying cryptoasset disclosure document or supplementary disclosure document) of the *Cryptoassets Regulations*;

(3) be written in English;

(4) be a single document in a format which is immutable;

(5) clearly state:

(a) the date and time of publication of each part of the document; and

(b) the last time each part of the document was updated or amended; and

(6) contain:

(a) the name and *LEI* (where eligible) that is included on the *GLEIF* Global LEI Index of the *person* who is the *qualifying stablecoin issuer*; and

(b) a name or other digital token identifier that clearly identifies the *qualifying stablecoin product*.

2.5.16 G In the *FCA's* view, a *stablecoin QCDD* that contains the information at *CRYPTO* 2.5.6R is likely to comply with regulation 13 (General requirements to be met by a qualifying cryptoasset disclosure document or supplementary disclosure document) of the *Cryptoassets Regulations* and with *CRYPTO* 2.5.15R(2).

2.5.17 R For the purposes of *CRYPTO* 2.5.13R, a *stablecoin QCDD* is valid if it:

(1) complies with *CRYPTO* 2.5.15R; and

(2) has been reviewed and updated where appropriate in accordance with *CRYPTO* 2.5.23R and *CRYPTO* 2.5.24R.

Provision of hyperlink to a cryptoasset trading platform

2.5.18 R A *firm* that seeks *admission to trading* of a *UK qualifying stablecoin* must provide the *UK QCATP operator* with a hyperlink to the relevant *stablecoin QCDD* on the *national storage mechanism* at the time that admission is sought.

2.5.19 R The hyperlink provided under *CRYPTO* 2.5.18R must be a permalink which leads to the latest available document on the *national storage mechanism* such that, so far as is within the *firm's* control, it automatically updates to the latest version of the *stablecoin QCDD* when updates are made to that document by the *firm* under *CRYPTO* 2.5.23R and *CRYPTO* 2.5.24R.

Content of information

2.5.20 R A *firm* must publish information about risks associated with the *qualifying stablecoin product* and any steps taken by the *firm* to manage such risks, including:

(1) risks associated with the technology used to support the *qualifying stablecoin*;

(2) risks to the interests of a *holder*; and

(3) risks to the ability of the *qualifying stablecoin issuer* to continue maintaining the stability or value of the *qualifying stablecoin product*.

Timing of publication

2.5.21 R Subject to *CRYPTO* 2.5.22R, a *firm* must comply with the requirements in *CRYPTO* 2.5.6R and *CRYPTO* 2.5.13R by the earliest of the following times:

(1) when the corresponding *qualifying stablecoin* is offered for sale or subscription (within the meaning of article 9M of the *Regulated Activities Order*); or

(2) when the *firm* seeks to admit the *qualifying stablecoin* to trading on a *qualifying cryptoasset trading platform*.

2.5.22 R In relation to *pre-issued stablecoins*, a *firm* must comply with the requirements in *CRYPTO* 2.5.6R and *CRYPTO* 2.5.13R on the first *day* that the *rule* comes into force.

Obligation to review and update stablecoin information

2.5.23 R A *firm* must update the following information on both its website and in its *stablecoin QCDD* at least once every 3 *months*:

(1) the information referred to in *CRYPTO* 2.5.31R(1) (the total number of *qualifying stablecoins*);

(2) the information referred to in *CRYPTO* 2.5.33R(3) (the value of the relevant *backing asset pool*); and

(3) the information referred to in *CRYPTO* 2.5.33R(4) (the percentage breakdown of the *backing asset pool*).

2.5.24 R A *firm* must update the following information if, and to the extent that, any of the information becomes inaccurate:

(1) the general information referred to in *CRYPTO* 2.5.31R;

(2) the *backing asset pool* information referred to in *CRYPTO* 2.5.33R;

(3) the *redemption* information referred to in *CRYPTO* 2.5.35R; and

(4) the information on risks referred to in *CRYPTO* 2.5.20R,

excluding information that is referred to in *CRYPTO* 2.5.23R.

2.5.25 R The update required in *CRYPTO* 2.5.24R must be carried out as soon as reasonably practicable after the information becomes inaccurate.

2.5.26 R A *firm* must have systems in place to regularly review the information listed in *CRYPTO* 2.5.24R to ensure any inaccuracies in the information it has published are promptly identified.

2.5.27 R When updating information under *CRYPTO* 2.5.23R and *CRYPTO* 2.5.24R, a *firm* must update that information at all locations in which it is published.

2.5.28 G The information that must be updated under *CRYPTO* 2.5.23R is not the same information as that which must be updated under *CRYPTO* 2.5.24R:

(1) The information referred to in *CRYPTO* 2.5.23R is likely to change rapidly. *CRYPTO* 2.5.23R requires a *firm* to, at a minimum, update this information once every 3 *months*.

(2) The information referred to in *CRYPTO* 2.5.24R – being the remaining general information (the technology and third parties involved in issuing), the *backing asset pool* information, the *redemption* information and information about risks – is likely to be more static. *CRYPTO* 2.5.24R requires a *firm* to update it whenever that information becomes inaccurate.

2.5.29 G The review information referred to in *CRYPTO* 2.5.36R and *CRYPTO* 2.5.41R is not caught by either *CRYPTO* 2.5.23R or *CRYPTO* 2.5.24R. That information is point-in-time and will instead be periodically produced in accordance with *CRYPTO* 2.5.36R and *CRYPTO* 2.5.41R.

2.5.30 G In complying with *CRYPTO* 2.5.23R, a *firm* has discretion to align the timing with other obligations under the *regulatory system* or to accommodate other commercial or practical considerations. For example, a *firm* could update disclosures after one *month* if it assists to align with reporting or other obligations.

General information to be published

2.5.31 R The general information to be published for each *qualifying stablecoin product* is:

(1) the total number of *qualifying stablecoins*, described in terms of:

(a) the total number of *qualifying stablecoins* the *firm* has sold, or which are subject to subscription;

(b) the total number of *qualifying stablecoins* the *firm* is presently offering for sale or subscription, but which have not yet been sold or subscribed; and

(c) the total number of *qualifying stablecoins* the *firm* has had *minted* but which have not yet been offered for sale or subscription,

at a given point in time, selected in accordance with *CRYPTO* 2.5.34R.

(2) a description of the technology used to support the recording or storage of data for the relevant *qualifying stablecoin* (such as the distributed ledger technology); and

(3) the name(s) of any *person* with whom the *issuer* has made arrangements to:

(a) offer the *qualifying stablecoin* for sale or subscription;

(b) undertake on behalf of the *issuer* to redeem the *qualifying stablecoins*; and/or

(c) carry on activities on behalf of the *issuer* designed to maintain the stable value of the *qualifying stablecoin*.

2.5.32 R The *rule* in *CRYPTO* 2.5.31R(1) to publish the total number of *qualifying stablecoins* includes *qualifying stablecoins* that a *firm* has arranged for another to sell or subscribe, offer for sale or subscription, or *mint* on its behalf.

Backing asset pool information to be published

2.5.33 R The *backing asset pool* information to be published for each *qualifying stablecoin product* is:

(1) the name of any third party or third parties appointed by the *firm* to provide it with a *backing funds account* or accounts for the purpose of safeguarding *money* in the *backing asset pool*;

(2) the name of any third party or third parties appointed by the *firm* to provide it with a *backing assets account* or accounts for the purpose of safeguarding *assets* in the *backing asset pool*;

(3) the value of the *backing asset pool* held by the *firm* at a point in time selected in accordance with *CRYPTO* 2.5.34R, expressed in terms of the *reference currency* and described with the following detail:

(a) the total value held;

(b) the value(s) held as *core backing assets*, broken down into the type(s) of asset(s); and

(c) if relevant, the value(s) held as *expanded backing assets*, broken down into the type(s) of asset(s); and

(4) the value(s) referred to in (3)(b) and (c) also expressed as a percentage of the total value of the *backing asset pool*.

2.5.34 R For the purposes of *CRYPTO* 2.5.31R(1) and *CRYPTO* 2.5.33R(3), the given point in time that a *firm* selects must be:

(1) the same point in time for both of those *rules*; and

(2) no more than 24 hours prior to the date when the *firm* intends to publish the information referred to in those *rules* which references the point in time selected.

Redemption information to be published

2.5.35 R The *redemption* information to be published for each *qualifying stablecoin product* is:

(1) an explanation of any *redemption fee* that may be payable by a *holder*, including how such a *fee* will be calculated;

(2) the steps that a *holder* must take in order to redeem the *qualifying stablecoin*, including a list of any information that a *holder* may be asked to provide as part of a *redemption* request;

(3) a summary of the steps that will be taken by the *issuer* or other parties involved in the *redemption* process following a request to redeem; and

(4) the payment methods the *firm* makes available for *redemption*.

Review information to be published

2.5.36 R Each time a *firm* updates the information in *CRYPTO* 2.5.23R, the *firm* must publish a statement confirming whether the *backing asset pool* for that *qualifying stablecoin product* is equal to the *qualifying stablecoin's reference value* multiplied by the relevant *stablecoin pool* in accordance with *CASS* 16.2.1R(3).

Obligation to conduct and publish an independent review

2.5.37 R Subject to *CRYPTO* 2.5.38R, at least once every 12 *months*, a *firm* must undertake an independent review of the statements it has published over the previous 12 *months* in accordance with *CRYPTO* 2.5.36R.

2.5.38 R The first independent review under *CRYPTO* 2.5.37R must take place within 3 *months* of the date a *firm* publishes its fourth statement under *CRYPTO* 2.5.33R.

2.5.39 R The independent review referred to in *CRYPTO* 2.5.37R must provide an opinion as to whether the relevant statements published by the *qualifying stablecoin issuer* were accurate.

2.5.40 R The independent review referred to in *CRYPTO* 2.5.37R must be conducted by a *person* who, at a minimum:

(1) is neither an employee nor an agent of the *firm*;

(2) is not a member of the same *group* as the *firm*; and

(3) meets (a), (b) or (c) below:

(a) is eligible for appointment as an auditor under chapters 1, 2 and 6 of Part 42 of the Companies Act 2006;

(b) has otherwise been appointed as an auditor under another enactment, and meets the requirements for appointment under that enactment; or

(c) is overseas and is eligible for appointment as an auditor under any applicable equivalent laws of that country or territory in which they are established.

2.5.41 R As soon as practicable following the independent review referred to in *CRYPTO* 2.5.35R, the *firm* must publish a statement prepared by the *person* conducting the independent review, confirming:

(1) the date the independent review took place;

(2) the overall outcome of the independent review; and

(3) the relevant qualifications of the *person* who conducted the independent review.

Insert the following new section, CRYPTO 2.6, after CRYPTO 2.5 (Stablecoin disclosures).

2.6 Admission to trading

2.6.1 R Where a *firm* receives notification from a *UK QCATP operator* of an application for *admission to trading* of a *UK qualifying stablecoin* in respect of which that *firm* is the *issuer*, it must do the following within 5 *days* of receiving that notification:

(1) provide representations in writing to the relevant *UK QCATP operator* setting out the grounds on which it objects to the application; or

(2) confirm that it has no objections to the application.

Insert the following new chapter, CRYPTO 3, after CRYPTO 2 (Stablecoins).

3 Admission of qualifying cryptoassets to trading on a UK QCATP and offers to the public of qualifying cryptoassets admitted to trading

3.1 Purpose and application

Purpose

3.1.1 G (1) *CRYPTO* 3 is the specialist chapter for *offers of qualifying cryptoassets to the public* and the *admission to trading* of *qualifying cryptoassets* on a *UK QCATP*.

(2) This chapter is relevant to:

(a) *UK QCATP operators*;

(b) *persons* requesting or obtaining the *admission to trading* of a *qualifying cryptoasset* (including a *UK qualifying stablecoin*) on a *UK QCATP*;

(c) any other *persons responsible for the offer* of a *qualifying cryptoasset*; and

(d) intermediaries through whom *qualifying cryptoassets* are bought or subscribed for.

Application

3.1.2 G This chapter applies as follows, unless the provisions of a section or *rule* state otherwise:

(1) *CRYPTO* 3.1 (Purpose and application) applies for the purposes of *CRYPTO* 3 generally;

(2) *CRYPTO* 3.2 (Due diligence by UK QCATP operators before admission to trading), *CRYPTO* 3.3 (QCDDs) and *CRYPTO* 3.4 (Rules to be included in a UK QCATP's rulebook on the form and content of QCDDs and supplementary disclosure documents) apply to a *UK QCATP operator*;

(3) *CRYPTO* 3.5 (Withdrawal rights) applies in respect of a *person responsible for the offer* of a *qualifying cryptoasset* to the public and any intermediary through whom the *qualifying cryptoasset* is bought or subscribed for;

(4) *CRYPTO* 3.6 (Persons responsible for a QCDD or supplementary disclosure document under regulation 12 of the Cryptoassets Regulations) determines the *person* responsible for a *QCDD* or *supplementary disclosure document* for the purposes of regulation 12 of the *Cryptoassets Regulations*;

(5) *CRYPTO* 3.7 (Protected forward-looking statements) specifies the kind of *forward-looking statement* that is a *protected forward-looking statement* for the purposes of paragraphs 8 and 9 of Part 2 of Schedule 2 to the *Cryptoassets Regulations*;

(6) *CRYPTO* 3.8 (Admission of qualifying stablecoins issued in the United Kingdom) applies to a *UK QCATP operator* in relation to the *admission to trading* of a *UK qualifying stablecoin*;

(7) *CRYPTO* 3.9 (Withdrawal rights for qualifying stablecoins issued in the United Kingdom) applies to a *person responsible for the offer* of a *UK qualifying stablecoin*;

(8) *CRYPTO* 3.10 (Record keeping) applies to a *UK QCATP operator*; and

(9) *CRYPTO* 3.11 (Offers to the public of qualifying cryptoassets admitted to trading) applies to any *person* making an *offer of a qualifying cryptoasset to the public*.

3.1.3 G *CRYPTO* 3.2 to *CRYPTO* 3.7 and *CRYPTO* 3.11 do not apply to *offers of qualifying cryptoassets to the public* which relate to *UK qualifying stablecoins* or the *admission to trading* of *UK qualifying stablecoins* on a *UK QCATP*. There are specific *rules* in respect of *UK qualifying stablecoins* in *CRYPTO* 2, *CRYPTO* 3.8 and *CRYPTO* 3.9.

Application of GEN

3.1.4 G *GEN* does not apply in respect of the *rules* and *guidance* in *CRYPTO* 3, except as provided for in *CRYPTO* 3.1.5R and *CRYPTO* 3.1.6R.

3.1.5 R The *rules* and *guidance* in *GEN* 1.3, *GEN* 2.1, *GEN* 2.2.1R to *GEN* 2.2.16G and *GEN* 2.2.18R to *GEN* 2.2.25G apply to:

(1) *person*s carrying out the designated activities referred to in regulations 7 and 8 of the *Cryptoassets Regulations*; and

(2) *persons* responsible for the content of a *QCDD* and any *supplementary disclosure document* produced in accordance with the *rules* and guidance in *CRYPTO* 3,

as they apply to *authorised persons*, insofar as they do not already apply.

3.1.6 R The *person*s identified in *CRYPTO* 3.1.5R(1) and (2) must deal with the *FCA* in an open and cooperative way.

3.2 Due diligence by UK QCATP operators before admission to trading

Admission criteria for the admission to trading of qualifying cryptoassets

3.2.1 R A *UK QCATP operator* must establish criteria to assess whether the *admission to trading* of a *qualifying cryptoasset* on the *UK QCATP* is likely to be detrimental to the interests of *retail investors*.

3.2.2 R A *UK QCATP operator* must ensure their *admission criteria* are risk-based and objective and take into account at least the following factors:

(1) the fitness and propriety of:

(a) the *person* who created the *qualifying cryptoasset* (where known);

(b) any *person* on whose behalf the *qualifying cryptoasset* was created (where known);

(c) the *person* requesting the *admission to trading* of the *qualifying cryptoasset* on the *UK QCATP*; and

(d) any other *person responsible for an offer* of the *qualifying cryptoasset* connected to the *admission to trading* of the *qualifying cryptoasset*;

(2) the quality of any *QCDD* or *supplementary disclosure document* produced in connection with the *admission to trading* of the *qualifying cryptoasset*;

(3) the ability of the *person*s responsible under regulation 12 of the *Cryptoassets Regulations* for a *QCDD* or *supplementary disclosure document* produced in connection with the *admission to trading* of the *qualifying cryptoasset* to pay compensation if required to do so under regulation 14 of the *Cryptoassets Regulations*;

(4) the resilience, technical functionality and credibility of the governance and operational arrangements for the *qualifying cryptoasset*;

(5) any known risks associated with the underlying technology of the *qualifying cryptoasset* such as the distributed ledger infrastructure, smart contracts, or other material aspects of its protocol or ecosystem that may affect its security, functionality or sustainability;

(6) whether it is possible to verify information relating to the *person*s or matters mentioned in (1) to (5); and

(7) where information relating to the *person* or matters mentioned in (1) to (5) cannot be verified, how this would affect the interests of *retail investors*.

3.2.3 G We expect a *UK QCATP's admission criteria* relating to the fitness and propriety of the *persons* mentioned in *CRYPTO* 3.2.2R(1) to take into account (among other things) any contravention by those *persons* of *CRYPTO* 3.11.1R or *CRYPTO* 3.11.2R.

3.2.4 R A *UK QCATP operator* must ensure their *admission criteria* are:

(1) approved by their *governing body*;

(2) regularly reviewed, and where appropriate updated, by their *governing body*; and

(3) published on their website.

3.2.5 R A *UK QCATP operator* must apply their *admission* criteria consistently when assessing if the *admission to trading* of a *qualifying cryptoasset* on a *UK QCATP* they operate is likely to be detrimental to the interests of *retail investors*.

Measures to mitigate risks of conflicts of interest

3.2.6 R A *UK QCATP operator* must put in place measures to mitigate any risk of their *admission criteria* being applied less rigorously or objectively when they assess the *admission to trading* of a *qualifying cryptoasset*:

(1) on behalf of the *UK QCATP operator*; or

(2) where the *admission to trading* of the *qualifying cryptoasset* has been requested by a member of the same *group* as the *UK QCATP operator*.

3.2.7 G To comply with *CRYPTO* 3.2.6R, we expect a *UK QCATP operator* to have, as a minimum, written policies to ensure:

(1) separation between the parts of the business responsible for commercial decisions relating to the *admission to trading* of the *qualifying cryptoasset* and those responsible for carrying out the assessment; and

(2) individuals responsible for commercial decisions relating to the *admission to trading* of the *qualifying cryptoasset* are not responsible for carrying out the assessment.

Assessment by UK QCATP operators of potential detriment to retail investors before admission to trading

3.2.8 R Before a *UK QCATP operator* admits a *qualifying cryptoasset* to trading on the *UK QCATP*, they must assess with reference to their *admission criteria*, whether its *admission to trading* on the *UK QCATP* is likely to be detrimental to the interests of *retail investors*.

3.2.9 G We expect the assessment required by *CRYPTO* 3.2.8R to be carried out in respect of the *admission to trading* of all *qualifying cryptoassets* on the *UK QCATP*. This includes *qualifying cryptoassets admitted to trading* on other *UK QCATPs*.

3.2.10 R The *UK QCATP operator* must not admit the *qualifying cryptoasset* to trading on the *UK QCATP* if, following the assessment required by *CRYPTO* 3.2.8R, they determine its *admission to trading* is likely to be detrimental to the interests of *retail investors*.

3.2.11 R Within a reasonable time before publishing any *QCDD* produced in connection with the *admission to trading* of the *qualifying cryptoasset*, the *UK QCATP operator* must:

(1) produce a report summarising any information relating to the *person*s or matters mentioned in *CRYPTO* 3.2.2R(1) to (5) the *UK QCATP operator* was unable to verify when carrying out the assessment required by *CRYPTO* 3.2.8R; and

(2) provide the report to the *person* requesting the *admission to trading* of the *qualifying cryptoasset* on the *UK QCATP* if that *person* is not the *UK QCATP operator*.

3.2.12 G See also *CRYPTO* 3.4.8R, which requires a *UK QCATP operator* to include a rule in the *UK QCATP's* rulebook requiring *QCDDs* to state what information the *UK QCATP operator* was unable to verify when carrying out the assessment required by *CRYPTO* 3.2.8R.

Exceptions

3.2.13 R *CRYPTO* 3.2.1R does not apply to the *admission to trading* of a *UK qualifying stablecoin* on a *UK QCATP*.

3.2.14 R *CRYPTO* 3.2.8R, *CRYPTO* 3.2.10R and *CRYPTO* 3.2.11R do not apply to the *admission to trading* of a *qualifying cryptoasset* on a *UK QCATP* if only *qualified investors* will be able to trade in the *qualifying cryptoasset* on the *UK QCATP*.

3.3 QCDDs

Production of QCDDs and supplementary disclosure documents

3.3.1 R A *UK QCATP operator* must include a rule in the *UK QCATP's* rulebook which requires a *person* requesting the *admission to trading* of a *qualifying cryptoasset* on the *UK QCATP* to provide the following documents to the *UK QCATP operator* before *admission to trading*:

(1) a *QCDD* for the *qualifying cryptoasset* for assessment by the *UK QCATP operator* under *CRYPTO* 3.3.5R; and

(2) a *supplementary disclosure document* for the *qualifying cryptoasset* for assessment by the *UK QCATP operator* under *CRYPTO* 3.3.5R if:

(a) a significant new factor arises or a material mistake or material inaccuracy is noted in relation to the information in the *QCDD* after the publication of the *QCDD* by the *UK QCATP operator* under *CRYPTO* 3.3.13R and before the *admission to trading* of the *qualifying cryptoasset*; and

(b) the new factor, mistake or inaccuracy may be material to a *person* considering buying or subscribing for the *qualifying cryptoasset* arises or is noted.

3.3.2 G See also *CRYPTO* 3.4 on the rules that a *UK QCATP operator* must include in *UK QCATP's* rulebook on the form and content of *QCDDs* and *supplementary disclosure documents*.

3.3.3 R Where a *UK QCATP operator* is admitting a *qualifying cryptoasset* to trading on their own behalf they must also:

(1) produce a *QCDD* for assessment by the *UK QCATP operator* under *CRYPTO* 3.3.5R;

(2) produce a *supplementary disclosure document* in the circumstances referred to in *CRYPTO* 3.3.1R(2)(a) and (b);

(3) ensure the *QCDD* and any *supplementary disclosure document* comply with the requirements in the rules in the *UK QCATP's* rulebook that would apply to the *QCDD* or *supplementary disclosure document* if it were produced by another *person* requesting the *admission to trading* of the same *qualifying cryptoasset* on the *UK QCATP*.

(4) include a clear and prominent statement in the *QCDD* and any *supplementary disclosure document* that the *UK QCATP operator*:

(a) is admitting the *qualifying cryptoasset* to trading on the *UK QCATP* on its own behalf; and

(b) has produced the *QCDD*.

3.3.4 G See also *CRYPTO* 3.2.6R and *CRYPTO* 3.2.7G on measures a *UK QCATP operator* must put in place to mitigate risks of conflicts of interest.

Checks on QCDDs before admission to trading

3.3.5 R A *UK QCATP operator* must not publish a *QCDD* or *supplementary disclosure document* under *CRYPTO* 3.3.13R unless, having assessed the *QCDD* or *supplementary disclosure document*, they are reasonably satisfied that:

(1) the *QCDD* and any *supplementary disclosure documents* taken together include the information required by regulation 13(1) of the *Cryptoassets Regulations*;

(2) (a) the information in the *QCDD* and any *supplementary disclosure documents* is true and not misleading; or

(b) where the *UK QCATP operator* has made reasonable efforts to verify the information but was unable to, this is adequately disclosed in the *QCDD*; and

(3) the *QCDD* and any *supplementary disclosure documents* comply with:

(a) the rules in the *UK QCATP's* rulebook; or

(b) *CRYPTO* 3.3.3R(3) and (4), if the *QCDD* or *supplementary disclosure document* has been produced by the *UK QCATP operator* under *CRYPTO* 3.3.3R(1) or (2).

3.3.6 G We expect a *UK QCATP operator* to carry out the assessment required by *CRYPTO* 3.3.5R in respect of all *QCDD*s and *supplementary disclosure documents* produced in connection with the *admission to trading* of *qualifying cryptoassets* on the *UK QCATP*. For the avoidance of doubt, this includes *QCDDs* or *supplementary disclosure documents* previously assessed for the purposes of *CRYPTO* 3.3.5R in connection with the *admission to trading* of the same *qualifying cryptoasset* on a different *UK QCATP*.

3.3.7 R Where a *UK QCATP operator* is unable to verify information in a *QCDD* or *supplementary disclosure document* for the purposes of the assessment under *CRYPTO* 3.3.5R, they must:

(1) produce a report summarising the information in the *QCDD* and any *supplementary disclosure document* the *UK QCATP operator* was unable to verify; and

(2) where a *person* other than the *UK QCATP operator* has produced the *QCDD* or *supplementary disclosure document*, provide that the report to that *person*.

3.3.8 G (1) In connection with *CRYPTO* 3.3.7R and *CRYPTO* 3.3.5R(2)(b), *CRYPTO* 3.4.8R requires a *UK QCATP operator* to include a rule in the *UK QCATP's* rulebook requiring *QCDDs* to state what information the *UK QCATP operator* was unable to verify when carrying out the assessment required by *CRYPTO* 3.3.5R.

(2) *CRYPTO* 3.2.2R(7) also provides that where information relating to the *person* or matters mentioned in sub-paragraphs (1) to (5) of that provision cannot be verified, it is relevant, for the purposes of the determination in *CRYPTO* 3.2.10R, to consider how that would affect the interests of *retail investors*.

Information required by regulation 13 of the Cryptoassets Regulations

3.3.9 G Regulation 13(1) of the *Cryptoassets Regulations* requires a *QCDD* and any *supplementary disclosure document* to contain the information which is material to a *person* considering buying or subscribing for the *qualifying cryptoasset* to enable that *person* to make an informed assessment of:

(1) the features of the *qualifying cryptoasset*, including as applicable those features listed in regulation 13(1)(a)(i) to (v) of the *Cryptoassets Regulations*;

(2) the risks associated with holding the *qualifying cryptoasset*;

(3) where the *qualifying cryptoasset* seeks or purports to maintain a stable value, features associated with that *qualifying cryptoasset* designed to maintain its stable value, including the holding and management of assets and the application of algorithms to those features;

(4) any matters relating to the *person*s listed in regulation 13(1)(d)(i) to (iv) of the *Cryptoassets Regulations*;

(5) any matters relating to the control of the *qualifying cryptoasset* (including any *person* exerting such control) that may impact the price or value of that *qualifying cryptoasset*; and

(6) any underlying assets.

3.3.10 G Regulation 13(2) of the *Cryptoassets Regulations* permits the information that must be included in a *QCDD* or *supplementary disclosure document* under regulation 13(1) to vary depending on:

(1) the nature and circumstances of a *person* mentioned in regulation 13(1)(d) or (e) of the *Cryptoassets Regulations*;

(2) the type of *qualifying cryptoasset*; and

(3) whether the *qualifying cryptoasset* has already been *admitted to trading* on a *qualifying CATP*.

3.3.11 G We expect a *QCDD* to contain at least the following information to comply with regulation 13(1) of the *Cryptoassets Regulations*:

(1) the nature and scope of governance mechanisms that may affect the *qualifying cryptoasset*;

(2) the characteristics and methods of using the *qualifying cryptoasset*;

(3) the operational and cyber resilience of the technology underlying the *qualifying cryptoasset*;

(4) the protocols for the *qualifying cryptoasset*, including any industry standards they comply with and planned updates or changes;

(5) any specific vulnerability of the technology underlying the *qualifying cryptoasset* to hacks or other disruption, taking account of present and future threats and severe but plausible scenarios;

(6) any audits of the technology underlying the *qualifying cryptoasset* and any measures that have been implemented or planned to mitigate vulnerabilities in the technology;

(7) the ownership of the *qualifying cryptoasset*, including ownership concentration and options or lock-ups for existing owners;

(8) the trading performance of the *qualifying cryptoasset*; and

(9) any major events or technology changes that have affected the *qualifying cryptoasset* or its value, including changes that have

affected the *qualifying cryptoassets* ecosystem or any closely related protocol that provides utility rights for the *qualifying cryptoasset*.

3.3.12 G The type of checks we expect a *UK QCATP operator* to perform when assessing whether the information in a *QCDD* or *supplementary disclosure document* is true and not misleading for the purposes of *CRYPTO* 3.3.3R(2) include (but are not limited to) whether:

(1) the identity of *persons* referred to in the *QCDD* or *supplementary disclosure document* can be verified using public records or other checks;

(2) information in the *QCDD* or *supplementary disclosure document* on the claimed utility, rights, governance or technical features of the *qualifying cryptoasset* concerned are consistent with its underlying code, documentation or observed behaviour on-chain;

(3) information in the *QCDD* or *supplementary disclosure document* relating to token supply, distribution and lock-up arrangements are supported by on-chain data;

(4) information in the *QCDD* or *supplementary disclosure document* regarding the development progress of the *qualifying cryptoasset* or partnerships relating to the *qualifying cryptoasset* concerned are credible and supported by evidence;

(5) the *QCDD* or *supplementary disclosure document* includes appropriate disclosures of material risks and limitations relating to the *qualifying cryptoasset* concerned; and

(6) there are omissions or inconsistences in the *QCDD* or *supplementary disclosure document* when compared with publicly available information on the *qualifying cryptoasset* concerned or similar *qualifying cryptoassets*.

Publication of QCDDs

3.3.13 R A *UK QCATP operator* may not admit a *qualifying cryptoasset* to trading on a *UK QCATP* they operate unless they:

(1) publish on their website any *QCDD* and *supplementary disclosure documents* required under *CRYPTO* 3.3; and

(2) upload a copy of the published *QCDD* or *supplementary disclosure document* to the *national storage mechanism*.

3.3.14 G A *UK QCATP operator* may not publish a *QCDD* or *supplementary disclosure document* under *CRYPTO* 3.3.13R without first being reasonably satisfied of the conditions under *CRYPTO* 3.3.5R.

3.3.15 R When uploading a *QCDD* or *supplementary disclosure document* to the *national storage mechanism* to comply with *CRYPTO* 3.3.13R(2), a *UK*

QCATP operator must have an *LEI* (where eligible) with an 'issued' registration status on the *GLEIF* Global LEI Index.

3.3.16 R A *UK QCATP operator* must publish and maintain on their website a list of *QCDDs* and any *supplementary disclosure documents* they have published to comply with *CRYPTO* 3.3.13R which relate to *qualifying cryptoassets admitted to trading* on any *UK QCATP* they operate.

Exceptions

3.3.17 R This section does not apply in respect of the *admission to trading* of a *qualifying cryptoasset* on a *UK QCATP* if:

(1) the *qualifying cryptoasset* is a *UK qualifying stablecoin*;

(2) the *qualifying cryptoasset* is fungible with a *qualifying cryptoasset* currently *admitted to trading* on the same *UK QCATP* and a *QCDD* was published in connection with the *admission to trading* on the *UK QCATP* of the *qualifying cryptoasset* currently *admitted to trading*; or

(3) only *qualified investors* will be able to trade in the *qualifying cryptoasset* if it is *admitted to trading* on the *UK QCATP*.

3.3.18 G If this section does not apply, a *UK QCATP operator* may still:

(1) include rules in the *UK QCATP's* rulebook requiring documents similar to a *QCDD* or *supplementary disclosure document* to be produced; and

(2) produce and publish such documents.

3.4 Rules to be included in a UK QCATP's rulebook on the form and content of QCDDs and supplementary disclosure documents

3.4.1 G (1) This section contains *rules* and *guidance* on requirements which must be included in a *UK QCATP's* rulebook by the *UK QCATP operator* relating to the form and content of *QCDDs* and any *supplementary disclosure documents*.

(2) See also *CRYPTO* 3.3.3R, which requires a *UK QCATP operator* to ensure that *QCDDs*, which it is required to produce, also comply with these rules.

General presentation of information in a QCDD or supplementary disclosure document

3.4.2 R A *UK QCATP operator* must include a rule in the *UK QCATP's* rulebook that requires a *QCDD* and any *supplementary disclosure document* produced by virtue of *CRYPTO* 3.3 to:

(1) be written in English;

(2) meet the information needs of *retail investors*;

(3) be likely to be understood by *retail investors*;

(4) equip *retail investors* to make decisions that are effective, timely, and properly informed;

(5) communicate information to *retail investors* in a way that is clear, fair and not misleading; and

(6) clearly demarcate *protected forward-looking statements* within the *QCDD* or *supplementary disclosure document*.

3.4.3 G We expect a *UK QCATP operator* to ensure that a *QCDD* and any *supplementary disclosure document* do at least the following to comply with the rule in the *UK QCATP's* rulebook that gives effect to *CRYPTO* 3.4.2R(2) to (5):

(1) explain or present information logically;

(2) use plain and intelligible language and, where use of jargon or technical terms is unavoidable, explain the meaning of any jargon or technical terms as simply as possible;

(3) make key information prominent and easy to identify; and

(4) provide relevant information with an appropriate level of detail, to avoid providing too much information such that it may prevent *retail investors* from making effective decisions.

3.4.4 G See also *CRYPTO* 3.7 on *protected forward-looking statements*.

Information to be included in all QCDDs and supplementary disclosure documents

3.4.5 R A *UK QCATP operator* must include a rule in the *UK QCATP's* rulebook that requires a *QCDD* and any *supplementary disclosure document* produced by virtue of *CRYPTO* 3.3 to include:

(1) the name of the *person* requesting or obtaining the *admission to trading* of the *qualifying cryptoasset* concerned on the *UK QCATP*;

(2) any *LEI* that is included on the *GLEIF* LEI Index for that *person*;

(3) any digital token identifier for the *qualifying cryptoasset* concerned;

(4) a clear and prominent statement identifying the *persons* responsible for the document under regulation 12 of the *Cryptoassets Regulations* and *CRYPTO* 3.6.3R;

(5) a clear and prominent statement that any *person* who has agreed to buy or subscribe for the *qualifying cryptoasset* is permitted by regulation 15 of the *Cryptoassets Regulations* to withdraw their acceptance in the circumstances and manner specified in *CRYPTO* 3.5.2R and *CRYPTO* 3.5.3R; and

(6) a clear and prominent statement indicating:

(a) that a *supplementary disclosure document* may be published before the *admission to trading* of the *qualifying cryptoasset* concerned if a significant new factor arises or a material mistake or material inaccuracy is noted in relation to the information in the *QCDD* or *supplementary disclosure document*;

(b) where the *supplementary disclosure document* will be published; and

(c) that the text of the *QCDD* or *supplementary disclosure document* will not itself be updated after it is published and any change or correction will be published in a *supplementary disclosure document*.

Additional information to be included in a QCDD where there are potential conflicts of interest

3.4.6 R A *UK QCATP operator* must include a rule in the *UK QCATP's* rulebook that requires a *QCDD* produced by virtue of *CRYPTO* 3.3 to include a clear and prominent statement of any financial interest the following *person*s have in the *qualifying cryptoasset* concerned:

(1) the *UK QCATP operator*;

(2) any member of the same *group* as the *UK QCATP operator*;

(3) any *director* or *senior manager* of the *UK QCATP operator*; and

(4) any *person* who is a *controller* of the *UK QCATP operator*.

Additional information to be included in a QCDD for a qualifying stablecoin

3.4.7 R A *UK QCATP operator* must include a rule in the *UK QCATP's* rulebook that requires a *QCDD* produced by virtue of *CRYPTO* 3.3 to include a prominent statement which says: 'This stablecoin is not issued by a person with permission in the UK for issuing stablecoins.' where:

(1) the *QCDD* relates to a *qualifying stablecoin*; and

(2) the *qualifying stablecoin* is not a *UK qualifying stablecoin*.

Additional information to be included in a QCDD or supplementary disclosure where the UK QCATP operator cannot verify information

3.4.8 R A *UK QCATP operator* must include a rule in the *UK QCATP's* rulebook that requires a *QCDD* produced by virtue of *CRYPTO* 3.3 to include a clear and prominent statement of any information the *UK QCATP operator* has stated they were unable to verify in:

(1) any report the *UK QCATP operator* has produced to comply with *CRYPTO* 3.2.11R relating to the same proposed *admission to trading* of a *qualifying cryptoasset* as the *QCDD*; or

(2) any report the *UK QCATP operator* has produced to comply with *CRYPTO* 3.3.7R relating to information in the *QCDD* that was available before the publication of the *QCDD*.

Summary of key information

3.4.9 R A *UK QCATP operator* must include a rule in the *UK QCATP's* rulebook that requires a *QCDD* produced by virtue of *CRYPTO* 3.3 to include a summary of key information which:

(1) is an introduction to the *QCDD*;

(2) presents the key features and risks of the *qualifying cryptoasset* concerned to help *retail investors* considering whether to invest in the *qualifying cryptoasset* concerned;

(3) is true and not misleading;

(4) is consistent with the other parts of the *QCDD*;

(5) is written in plain English;

(6) is no more than 2 pages of printed A4 paper in length;

(7) includes a warning that investment decisions should not be based on the information in the summary alone, but also the information in the *QCDD* and any *supplementary disclosure documents*; and

(8) includes a warning that the text of the summary and the other parts of the *QCDD* will not be updated if a *supplementary disclosure document* is published.

(9) includes a clear and prominent reference to any statement included in the *QCDD* to comply with the rules in the *UK QCATP's* rulebook that give effect to *CRYPTO* 3.4.5R(6), *CRYPTO* 3.4.6R and *CRYPTO* 3.4.7R.

3.4.10 G We expect a *UK QCATP operator* to ensure that the summary of key information in a *QCDD* contains at least the following information to

comply with the rules in the *UK QCATP's* rulebook that give effect to *CRYPTO* 3.4.9R:

(1) the name and any digital token identifier for the *qualifying cryptoasset* concerned;

(2) the name of the *persons* who produced the *QCDD*;

(3) cross-references to where further information on matters mentioned in the summary of key information can be found in the *QCDD*;

(4) a clear and prominent reference to any statement included in the *QCDD* to comply with the rules in the *UK QCATP's* rulebook that include the requirements in *CRYPTO* 3.4.5R(6), *CRYPTO* 3.4.6R and *CRYPTO* 3.4.7R.

Exceptions

3.4.11 R This section does not apply to a *QCDD* or any *supplementary disclosure documents* produced in connection with the *admission to trading* of a *UK qualifying stablecoin* on a *UK QCATP*.

3.5 Withdrawal rights

3.5.1 G The *rules* in this section relate to *offers of qualifying cryptoassets to the public* and specify the circumstances and manner in which a *person* who has agreed to buy or subscribe for a *qualifying cryptoasset* may withdraw their acceptance under regulation 15(1) of the *Cryptoassets Regulations*.

3.5.2 R A *person* who has agreed to buy or subscribe for a *qualifying cryptoasset* may withdraw their acceptance under regulation 15(1) of the *Cryptoassets Regulations* if:

(1) the agreement was entered into after the publication of a *QCDD* for the *qualifying cryptoasset*;

(2) after the agreement was entered into a *supplementary disclosure document* was published as required by *CRYPTO* 3.3.1R(2) or *CRYPTO* 3.3.3R(2); and

(3) the circumstances which required the publication of the *supplementary disclosure document* arose or were noted before the *admission to trading* of the *qualifying cryptoasset* on the *UK QCATP*.

3.5.3 R A *person* who has agreed to buy or subscribe for a *qualifying cryptoasset* may withdraw their acceptance under regulation 15(1) of the *Cryptoassets Regulations* within 2 *working days* after publication of the *supplementary disclosure document*, unless the *person responsible for the offer*, or the

intermediary through whom the *qualifying cryptoassets* were bought or subscribed for, allows an extension to this period.

3.5.4 R A *supplementary disclosure document* that is produced as described in *CRYPTO* 3.5.2R(2) and (3) must contain a prominent statement detailing the right of withdrawal, clearly stating:

(1) that a right of withdrawal is only available to a *person* who has agreed to buy or subscribe for the *qualifying cryptoasset* before the *supplementary disclosure document* was published;

(2) the withdrawal period during which a *person* can exercise their right of withdrawal, including the final date on which the right of withdrawal may be exercised; and

(3) who the *person* should contact if they wish to exercise the right of withdrawal.

3.5.5 R Where the *qualifying cryptoassets* are bought or subscribed for directly from the *person responsible for the offer*, the *person responsible for the offer* must inform the *person* who agreed to buy or subscribe for the *qualifying cryptoassets*:

(1) that a *supplementary disclosure document* may be produced and published in the circumstances specified by *CRYPTO* 3.5.2R;

(2) where and when the *supplementary disclosure document* would be published; and

(3) that the *person* who bought or subscribed for the *qualifying cryptoasset* may in such circumstances have a right to withdraw their acceptance.

3.5.6 R Where the *qualifying cryptoassets* are bought or subscribed for through an intermediary, the intermediary must inform the *person* who agreed to buy or subscribe for the *qualifying cryptoasset*:

(1) that a *supplementary disclosure document* may be produced and published in the circumstances specified by *CRYPTO* 3.5.2R;

(2) where and when the *supplementary disclosure document* would be published; and

(3) that they will assist the *person* who bought or subscribed for the *qualifying cryptoasset* in exercising their withdrawal rights; and

(4) of the publication of a *supplementary disclosure document* on the day it is published.

Exceptions

3.5.7 R This section does not apply if the *qualifying cryptoasset* bought or subscribed for is a *UK qualifying stablecoin*.

3.6 Persons responsible for a QCDD or supplementary disclosure document under regulation 12 of the Cryptoassets Regulations

3.6.1 G The *rules* in this section should be read by those *person*s who have been involved in the preparation of a *QCDD* or *supplementary disclosure document*. These *rules* determine who is responsible for the *QCDD* or *supplementary disclosure document* under regulation 12 of the *Cryptoassets Regulations*.

3.6.2 G A *person* who is responsible for a *QCDD* or *supplementary disclosure document* may be liable to pay compensation under regulation 14 of the *Cryptoassets Regulations*.

3.6.3 R The following *person*s are responsible under regulation 12 of the *Cryptoassets Regulations* for a *QCDD* or *supplementary disclosure document*:

(1) if the document was produced in connection with a request for the *admission to trading* of the *qualifying cryptoasset* concerned on a *UK QCATP*, the *person* who requested the *admission to trading* of the *qualifying cryptoasset*;

(2) if the document was produced by a *UK QCATP operator* in connection with the *admission to trading* of the *qualifying cryptoasset* on a *UK QCATP* they operate, the *UK QCATP operator*; and

(3) each *person* who accepts and is stated in the document as accepting responsibility for it.

Advice in a professional capacity

3.6.4 R Nothing in the *rules* in this section is to be construed as making a *person* responsible for a *QCDD* or *supplementary disclosure document* by reason only of the *person* giving advice about its contents in a professional capacity.

Exceptions

3.6.5 R This section does not apply to a *QCDD* produced in relation to a *UK qualifying stablecoin*.

3.7 Protected forward-looking statements

3.7.1 G Paragraphs 8 and 9 of Part 2 of Schedule 2 to the *Cryptoassets Regulations* provide a conditional exemption from liability under regulation 14 of the *Cryptoassets Regulations* for *protected forward-looking statements* in a

QCDD or *supplementary disclosure document*. The *rules* in this section specify:

(1) the kind of *forward-looking statements* that are *protected forward-looking statements* for the purposes of paragraph 8 of Part 2 of Schedule 2 to the *Cryptoassets Regulations*; and

(2) the required form for a statement identifying a *forward-looking statement* as a *protected forward-looking statement* for the purposes of Part 2 of Schedule 2 to the *Cryptoassets Regulations*.

3.7.2 G *Protected forward-looking statements* can be:

(1) included in multiple locations in a *QCDD* or *supplementary disclosure document*; and

(2) presented in any way that the *person* who is required to produce the *QCDD* or *supplementary disclosure document* considers is likely to be useful to a reader of the *QCDD* or *supplementary disclosure document*.

Forward-looking statements that are protected forward-looking statements

3.7.3 R A *forward-looking statement* in a *QCDD* or *supplementary disclosure document* is a *protected forward-looking statement* for the purposes of paragraph 8 of Part 2 of Schedule 2 to the *Cryptoassets Regulations* if:

(1) the statement contains:

(a) financial information that meets one or more of the criteria in *CRYPTO* 3.7.5R; or

(b) operational information that meets one or more of the criteria in *CRYPTO* 3.7.6R.

(2) it is only possible to determine whether the statement is untrue, misleading, or omits any matter that must be included under regulation 13(1) of the *Cryptoassets Regulations* by reference to events or circumstances that occur after the statement has been published;

(3) the statement includes an estimate as to when those events or circumstances are expected to occur;

(4) the statement contains information that a reasonable *person* would be likely to use as part of the basis of their investment decisions; and

(5) accompanied by a statement which includes general information and content-specific information as required by *CRYPTO* 3.7.10R and *CRYPTO* 3.7.11R.

Exclusions

3.7.4 R A *forward-looking statement* included in a *QCDD* or *supplementary disclosure document* to comply with *CRYPTO* 3.4, the rulebook of a *UK QCATP operator* or regulation 13(1) of the *Cryptoassets Regulations*, is not a *protected forward-looking statement* for the purposes of paragraph 8 of Part 2 of Schedule 2 to the *Cryptoassets Regulations*.

Financial information criteria

3.7.5 R The criteria that financial information must meet for the purposes of *CRYPTO* 3.7.3R(1)(a) are that it:

(1) expressly states, or by implication indicates, a figure or minimum or maximum figure for the financial information; or

(2) contains data from which a calculation of that figure is possible.

Operational information criteria

3.7.6 R The criteria that operational information must meet for the purposes of *CRYPTO* 3.7.3R(1)(b) are that it:

(1) expressly states, or by implication indicates, a figure or a minimum or maximum figure for the operational information;

(2) contains data from which a calculation of such a figure may be made; or

(3) is information that cannot be expressed in numerical terms but can be confirmed empirically through direct observation or objective measurements.

Form (content and placement) of accompanying statements

3.7.7 R A statement identifying a *protected forward-looking statement* for the purposes of paragraph 8(1)(b) of Part 2 of Schedule 2 to the *Cryptoassets Regulations* must include:

(1) the general information set out in *CRYPTO* 3.7.10R; and

(2) the content-specific information set out in *CRYPTO* 3.7.11R.

3.7.8 G The general information referred to in *CRYPTO* 3.7.7R(1) only needs to appear once in the *QCDD* or *supplementary disclosure document*.

3.7.9 R The content-specific information referred to in *CRYPTO* 3.7.7R(2) must appear immediately next to the *protected forward-looking statement* to which it relates.

General information to be included in accompanying statement

3.7.10 R The general information that must be included in a statement identifying the *protected forward-looking statements* in a *QCDD* for the purposes of Part 2 of Schedule 2 to the *Cryptoassets Regulations* is:

(1) an explanation of how to identify a *protected forward-looking statement* in the *QCDD*; and

(2) the following wording:

(a) there is no guarantee the projected outcome of a *protected forward-looking statement* will prove to be accurate;

(b) there is a different liability standard for *protected forward-looking statements* compared with other information in the *QCDD* or *supplementary disclosure document*, which will make it more difficult to succeed in a claim for compensation in the event of any loss caused by a *protected forward-looking statement*; and

(c) there is no obligation for a *protected forward-looking statement* to be updated, except in accordance with existing obligations where those apply.

Content-specific information to be included in accompanying statement

3.7.11 R The content-specific information that must be included in a statement identifying a *protected forward-looking statement* for the purposes of Part 2 of Schedule 2 to the *Cryptoassets Regulations* is:

(1) information to identify the *forward-looking statement* as a *protected forward-looking statement*;

(2) the principal assumptions upon which the *protected forward-looking statement* is based, in accordance with the following principles:

(a) there must be a clear distinction between assumptions about factors which the *person responsible for the offer* can influence and assumptions about factors which are exclusively outside the influence of the *person responsible for the offer*;

(b) the assumptions must be reasonable, readily understandable by investors, specific and precise;

(c) the assumptions must not relate to the general accuracy of the estimates underlying the *protected forward-looking statement*; and

(d) the assumptions must draw attention to those uncertain factors which could materially change the projected outcome of the *protected forward-looking statement*.

3.7.12 R If the *protected forward-looking statement* contains financial information of the same type as historical financial information elsewhere in the *QCDD* or *supplementary disclosure document*, the content-specific information referred to in *CRYPTO* 3.7.11R must also state whether the financial information in the *protected forward-looking statement* is comparable and consistent with the historical financial information.

Exceptions

3.7.13 R This section does not apply to *forward-looking statements* in a *QCDD* produced in relation to a *UK qualifying stablecoin*.

3.8 Admission of qualifying stablecoins issued in the United Kingdom

Application

3.8.1 R The *rules* and *guidance* in this section apply to the *UK QCATP operator* of a *UK QCATP* where a *person* proposes the *admission to trading* of a *UK qualifying stablecoin*.

Admission process

3.8.2 R A *UK QCATP operator* must not admit a *UK qualifying stablecoin* to trading unless:

(1) it has obtained a hyperlink to the relevant *stablecoin QCDD* on the *national storage mechanism*; and

(2) it has published that hyperlink on its website in a way that is prominent and available to actual and prospective users of the *UK QCATP*.

3.8.3 R A *UK QCATP operator* must ensure that the link to the relevant *stablecoin QCDD* is provided to a prospective user prior to first authorising that user to execute a trade.

3.8.4 R A *UK QCATP operator* is not permitted to charge a fee, directly or indirectly, to an applicant requesting the *admission to trading* of a *UK qualifying stablecoin*, for or in connection with the obtaining of further information about that application.

3.8.5 G The effect of *CRYPTO* 3.8.4R is that where a *UK QCATP operator* of a *qualifying CATP* receives a link to a *stablecoin QCDD* in the course of an application for *admission to trading* of that *UK qualifying stablecoin*, it may seek further information from the applicant or *qualifying stablecoin issuer* but is not permitted to charge for such activity.

3.8.6 G Where a *UK qualifying stablecoin issuer* has already published a *stablecoin QCDD*, it is not necessary for a *UK QCATP operator* to require the production of another *QCDD* when it receives an application for the *admission to trading* of the *qualifying stablecoin product* to which that *stablecoin QCDD* relates.

Criteria for determining admission of a UK qualifying stablecoin to trading

3.8.7 R A *UK QCATP operator* must not refuse the *admission to trading* of a *UK qualifying stablecoin* on the basis of the quality or accuracy of the information contained in the relevant *stablecoin QCDD*.

3.8.8 G The effect of *CRYPTO* 3.8.7R is that a *UK QCATP operator* will assess any application for *admission to trading* of a *UK qualifying stablecoin* against the normal criteria it has established under *CRYPTO* 6.2.1R(4),but is not permitted to reject such an application only on the basis that the *stablecoin QCDD* is deficient.

3.8.9 R A *UK QCATP operator* which rejects an application for *admission to trading* of a *UK qualifying stablecoin* must immediately communicate that decision and the reasons for it to:

(1) the relevant *qualifying stablecoin issuer*; and

(2) the *FCA*.

3.8.10 R Where an application for *admission to trading* of a *UK qualifying stablecoin* is made by a *person* who is not the relevant *qualifying stablecoin issuer*, the *UK QCATP operator* to whom the application is made must:

(1) obtain a link to the relevant *stablecoin QCDD* hosted on the *national storage mechanism*;

(2) notify the relevant *qualifying stablecoin issuer* of the application; and

(3) carefully consider any representations made by the *qualifying stablecoin issuer* before making a decision as to whether the criteria against which the *UK QCATP operator* will assess whether to proceed with the *admission to trading* of that *UK qualifying stablecoin* are met.

3.8.11 R Where the *UK QCATP operator* itself proposes the *admission to trading* of a *UK qualifying stablecoin*, the *UK QCATP operator* must comply with *CRYPTO* 3.8.10R in the same way as if it receives an application for the *admission to trading* of a *UK qualifying stablecoin* from a third party who is not the *qualifying stablecoin issuer*.

3.8.12 R The *UK QCATP operator* must allow at least five business days for a *qualifying stablecoin issuer* to make representations between the date it notifies a *qualifying stablecoin issuer* under *CRYPTO* 3.8.10R(2) and the

date it makes a decision about whether to proceed with the *admission to trading* of the relevant *UK qualifying stablecoin*.

3.9 Withdrawal rights for qualifying stablecoins issued in the United Kingdom

3.9.1 G The *rules* in this section:

(1) relate to the *offer of a qualifying cryptoasset to the public* where that *qualifying cryptoasset* is a *UK qualifying stablecoin*; and

(2) specify the circumstances and manner in which a *person* who has agreed to buy or subscribe for the *qualifying cryptoasset* may withdraw their acceptance under regulation 15(1) of the *Cryptoassets Regulations*.

3.9.2 R A *person* who has agreed to buy or subscribe for a *UK qualifying stablecoin* may withdraw their acceptance under regulation 15(1) of the *Cryptoassets Regulations* if:

(1) the agreement was entered into as a conditional agreement contingent on the *UK qualifying stablecoin* gaining *admission to trading*;

(2) the agreement was entered into after the publication of a valid *stablecoin QCDD* in accordance with *CRYPTO* 2.5.13R;

(3) following the agreement to buy or subscribe, the *stablecoin QCDD* has subsequently been updated because information within it has become inaccurate, in accordance with *CRYPTO* 2.5.24R; and

(4) the circumstances which required the publication of the updated *stablecoin QCDD* under paragraph (3) arose or were noted before the *admission to trading* of the *UK qualifying stablecoin* on a *UK QCATP*.

3.9.3 R Where the *stablecoin QCDD* referred to in *CRYPTO* 3.9.2R(2) has already been updated in accordance with *CRYPTO* 2.5.23R or *CRYPTO* 2.5.24R, the reference in *CRYPTO* 3.9.2R(2) to 'publication of a valid *stablecoin QCDD*' should be read as 'publication of the latest updated version of a *stablecoin QCDD*'.

3.9.4 R A *person* who has agreed to buy or subscribe for a *UK qualifying stablecoin* may only withdraw their acceptance under regulation 15(1) of the *Cryptoassets Regulations* within 2 *working days* after publication of the updated *stablecoin QCDD* referred to in *CRYPTO* 3.9.2R(3), unless the *qualifying stablecoin issuer*, or the intermediary through whom the *UK qualifying stablecoins* were bought or subscribed for, allows an extension to this period.

3.10 Record keeping

3.10.1 G The *rules* in this section are in addition to any other *FCA rules* relating to record keeping to which the *UK QCATP operator* is subject.

3.10.2 R A *UK QCATP operator* must make and keep records evidencing its compliance with this section, including at least:

(1) its *admission criteria*;

(2) the measures put in place to comply with *CRYPTO* 3.2.6R;

(3) assessments carried out to comply with *CRYPTO* 3.2.8R, including (where relevant) the specific measures implemented for the assessment to comply with *CRYPTO* 3.2.6R;

(4) decisions made for the purposes of *CRYPTO* 3.2.10R relating to the *admission to trading* of *qualifying cryptoassets* on a *UK QCATP* including the reasons for making the decision;

(5) assessments of *QCDDs* and *supplementary disclosure documents* carried out to comply with *CRYPTO* 3.3.5R; and

(6) decisions made for the purposes of *CRYPTO* 3.3.5R that a *QCDD or supplementary disclosure document* can be published under *CRYPTO* 3.3.13R, including the reasons for making the decision.

3.10.3 R A record made and kept by a *UK QCATP operator* in accordance with *CRYPTO* 3.10.2R must be:

(1) provided by the *UK QCATP operator* to the *FCA* upon request; and

(2) kept for a period of at least 5 years or, where requested by the *FCA* for a period of at least 7 years.

3.11 Offers to the public of qualifying cryptoassets admitted to trading

3.11.1 R A *person* must not make an *offer of a qualifying cryptoasset to the public* that is conditional on the admission of the *qualifying cryptoasset* to trading on a *UK QCATP* by virtue of paragraph 6(a) of Schedule 1 to the *Cryptoassets Regulations* unless the *UK QCATP operator* has published a relevant *QCDD* in connection with the *admission to trading* of the *qualifying cryptoasset* on the *UK QCATP*.

3.11.2 R A *person* must not make an *offer of a qualifying cryptoasset to the public* that is *admitted to trading* on a *UK QCATP* by virtue of paragraph 6(b) of Schedule 1 to the *Cryptoassets Regulations* unless the *UK QCATP operator* has published a relevant *QCDD* in connection with the *admission to trading* of the *qualifying cryptoasset* on the *UK QCATP*.

3.11.3 R In this section a relevant *QCDD* is a *QCDD* that must be produced under:

(1) *CRYPTO* 3.3.1R; or

(2) *CRYPTO* 3.3.3R.

Exceptions

3.11.4 R This section does not apply to a person making an *offer of a qualifying cryptoasset to the public* which is a *UK qualifying stablecoin*.

CRYPTOASSET MARKET ABUSE INSTRUMENT 202X

Powers exercised

A. The Financial Conduct Authority ("the FCA") makes this instrument in the exercise of the powers and related provisions in or under:

(1) the following sections of the Financial Services and Markets Act 2000 ("the Act"):

(a) section 71N (Designated activities: rules);
(b) section 137T (General supplementary powers); and
(c) section 139A (Power of the FCA to give guidance);

(2) the following provisions of the Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2025 [*Editor's note*: insert SI number]:

(a) regulation 21 (Designated activity rules: market abuse in qualifying cryptoassets and related instruments);
(b) regulation 23 (Exclusions: insider dealing);
(c) regulation 26 (Public disclosure of inside information);
(d) regulation 27 (Public disclosure of inside information: delayed disclosure);
(e) regulation 30 (Systems and procedures for trading relevant qualifying cryptoassets and related instruments);
(f) regulation 31 (Insider lists for relevant qualifying cryptoassets and related instruments);
(g) regulation 32 (Cases in which sharing of information authorised or required); and
(h) regulation 34 (Legitimate cryptoasset market practice); and

(3) the other rule and guidance making powers listed in Schedule 4 (Powers exercised) to the General Provisions of the FCA's Handbook.

B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

C. This instrument comes into force on [*date*].

Amendments to the Handbook

[*Editor's note:* The Annexes to this instrument take into account the proposals and legislative changes suggested in the consultation paper 'Stablecoin Issuance and Cryptoasset Custody' (CP25/14) as if they were made final.]

D. The Cryptoasset sourcebook (CRYPTO) is amended in accordance with the Annex to this instrument.

Notes

E. In the Annexes to this instrument, the notes (indicated by "*Editor's note*:") are included for the convenience of readers but do not form part of the legislative text.

Citation

F. This instrument may be cited as the Cryptoasset Market Abuse Instrument 202X.

By order of the Board
[*date*]

Annex

Amendments to the Cryptoasset sourcebook (CRYPTO)

In this Annex, all text is new and is not underlined. Insert the following new chapter, CRYPTO 4, after CRYPTO 3 (Admission of qualifying cryptoassets to trading on a UK QCATP).

[*Editor's note*: CRYPTO 3 is set out in the proposed instrument Stablecoin Disclosures, Admission of Qualifying Cryptoassets to Trading and Offers of Qualifying Cryptoassets to the Public Instrument 202X, which is being consulted on as part of this consultation paper (Regulating Cryptoassets: Admissions & Disclosures and Market Abuse Regime for Cryptoassets (CP25/41)).]

4 Cryptoasset market abuse

4.1 Purpose, application and interpretation

Purpose and application

4.1.1 G The purpose of *CRYPTO* 4.2 to 4.6 is to set out *guidance* on key concepts and prohibited behaviours that could constitute *cryptoasset market abuse*, in particular:

(1) *CRYPTO* 4.2 applies to all *persons* seeking general *guidance* on certain concepts relevant to *cryptoasset market abuse*;

(2) *CRYPTO* 4.3 applies to all *persons* seeking general *guidance* on *cryptoasset inside information*;

(3) *CRYPTO* 4.4 applies to all *persons* seeking general *guidance* on *cryptoasset insider dealing*;

(4) *CRYPTO* 4.5 applies to all *persons* seeking general *guidance* on *cryptoasset unlawful disclosure*; and

(5) *CRYPTO* 4.6 applies to all *persons* seeking general *guidance* on the factors and indicators to take into account in relation to behaviours that could constitute *cryptoasset market manipulation*.

4.1.2 G The purpose of *CRYPTO* 4.7 to 4.9 is to set out regulatory requirements and *guidance* that apply to *UK QCATP operators* and *cryptoasset intermediaries* in relation to the detection, prevention and disruption of *cryptoasset market abuse*, in particular:

(1) *CRYPTO* 4.7 applies to *UK QCATP operators* in relation to establishing and maintaining effective systems and controls, as well as receiving notifications of suspicious orders from *cryptoasset intermediaries*;

(2) *CRYPTO* 4.8 applies to *cryptoasset intermediaries* in relation to establishing and maintaining effective systems and controls, as well as transmitting notifications of suspicious orders to *UK QCATP operators*; and

(3) *CRYPTO* 4.9 applies to *large CATP operators* in relation to the disclosure of information to other *large CATP operators* for the purposes of detecting, preventing and disrupting *cryptoasset market abuse*.

4.1.3 G The purpose of *CRYPTO* 4.10 is to set out requirements on and give *guidance* to *relevant issuers*, *persons responsible for the offer* and *UK QCATP operators* when publicly disclosing *cryptoasset inside information* and to ensure prompt and fair disclosure of that information.

4.1.4 G The purpose of *CRYPTO* 4.11 is to specify activities that are *legitimate cryptoasset market practices* in accordance with regulation 34 of the *Cryptoassets Regulations* and to set out the operational requirements for their implementation.

4.1.5 G The purpose of *CRYPTO* 4.12 is to set out requirements on *relevant issuers*, *persons responsible for the offer* and *UK QCATP operators* in relation to drawing up, maintaining and updating *cryptoasset insider lists*.

4.1.6 G The scope of investments to which the *Cryptoassets Regulations* apply differs from that of the *Market Abuse Regulation* and the following should be considered when applying these different legal frameworks to the different types of cryptoasset:

(1) Whereas the scope of *market abuse* applies, in particular, to *financial instruments* within the scope of article 2 of the *Market Abuse Regulation*, *cryptoasset market abuse* applies to *relevant qualifying cryptoassets* and *related instruments*, neither of which can be *financial instruments*.

(2) Whereas a *cryptoasset derivative* which is a *financial instrument* is one to which the *Market Abuse Regulation* may apply, a spot transaction involving a *cryptoasset* is one to which the *Cryptoassets Regulations* apply, where it comprises a *relevant qualifying cryptoasset* or *related instrument*.

(3) A *person* trading in *cryptoasset derivatives* and spot transactions in *cryptoassets* will need therefore to consider both *MAR* 1 and *CRYPTO* 4.

4.1.7 The *FCA's* statement of policy about the imposition, duration and amount of penalties in cases of *cryptoasset market abuse* required by section 124 of the *Act* is in *DEPP* 6.

Interpretation

4.1.8 G The following considerations may assist in the interpretation of this chapter:

(1) *CRYPTO* 4.2 to *CRYPTO* 4.6 do not exhaustively describe all types of behaviour that may indicate *cryptoasset market abuse*. In particular, the descriptions of behaviour should be read in the light of:

(a) regulations 19, 22 and 24 of the *Cryptoassets Regulations* as making up the relevant type of *cryptoasset market abuse*; and

(b) any relevant descriptions of behaviour specified by regulations 23, 25 and 29 of the *Cryptoassets Regulations* which do not amount to *cryptoasset market abuse*.

(2) *CRYPTO* 4.2 to *CRYPTO* 4.6 do not exhaustively describe all the factors to be taken into account in determining whether behaviour amounts to *cryptoasset market abuse*. The absence of a factor mentioned does not, of itself, amount to a contrary indication.

(3) For the avoidance of doubt, any reference in *CRYPTO* 4 to 'profit' refers also to potential profits, avoidance of loss or potential avoidance of loss.

(4) References are made in *CRYPTO* 4 to provisions in the *Cryptoassets Regulations*. The fact that other provisions of the *Cryptoassets Regulations* have not been referred to does not mean that they would not also assist readers or that they have a different status.

4.1.9 G Assistance in the interpretation of *CRYPTO* 4 (and the remainder of the *Handbook*) is given in the Reader's Guide and in *GEN* 2 (Interpreting the Handbook). The Reader's Guide includes an explanation of the status of the types of provision used.

4.2 Cryptoasset market abuse: general guidance

4.2.1 G Provisions in *CRYPTO* 4 are relevant to more than one of the types of behaviour which may amount to *cryptoasset market abuse*.

4.2.2 G *CRYPTO* 4.2 sets out general *guidance* on the prohibitions against *cryptoasset market abuse*.

4.2.3 G *Cryptoasset market abuse* prevents full and proper market transparency, which is a prerequisite for trading for all *persons* in markets relating to *relevant qualifying cryptoassets* and *related instruments*.

4.2.4 G The *Cryptoassets Regulations* do not require the *person* engaging in the behaviour in question to have intended to commit *cryptoasset market abuse*.

4.2.5 G Where *persons* have taken all reasonable measures to prevent *cryptoasset market abuse* from occurring but nevertheless *persons* within their employment commit *cryptoasset market abuse* on their behalf, this should not

be deemed to constitute *cryptoasset market abuse* by the *persons* taking all reasonable measures to prevent *cryptoasset market abuse* from occurring.

Acting jointly or in concert

4.2.6 UK In accordance with regulation 39 of the *Cryptoassets Regulations*, a *person* contravenes a prohibition against *cryptoasset market abuse* whether the contravention is by that *person* alone or by that *person* jointly or in concert with one or more other *persons*.

4.2.7 G Examples of *persons* acting jointly or in concert could include, but are not limited to:

(1) *cryptoasset intermediaries* who devise and recommend a trading strategy designed to result in *cryptoasset market abuse*;

(2) *persons* who encourage a *person* with *cryptoasset inside information* to disclose that information unlawfully; or

(3) *persons* who develop software in collaboration with a trader for the purpose of facilitating *cryptoasset market abuse*.

Factors that may be taken into account in relation to behaviour prior to a request for *admission to trading*, or the admission to or the commencement of trading

4.2.8 G (1) The factors in (2) may be taken into account in determining whether, and indicate that, a behaviour that takes place prior to:

(a) a request for *admission to trading* of *qualifying cryptoassets*;

(b) the *admission to trading* of *qualifying cryptoassets*; or

(c) the commencement of trading of *qualifying cryptoassets*,

contravenes the *Cryptoassets Regulations*.

(2) The factors are:

(a) where a request for *admission to trading* of a *qualifying cryptoasset* on a *UK QCATP* is subsequently made; and

(b) whether the behaviour continues to have an effect once an application has been made for the *qualifying cryptoasset* to be *admitted for trading*, or it has been *admitted to trading* on a *UK QCATP*.

Cross-border cryptoasset market abuse

4.2.9 UK Regulations 19(3) and 22(6) of the *Cryptoassets Regulations* provide that, for the purposes of the prohibitions against *cryptoasset market manipulation* and *cryptoasset insider dealing*, it is immaterial where the activities specified by regulations 19 and 22 of the *Cryptoassets Regulations* are carried out.

4.2.10 G The *Cryptoassets Regulations* therefore recognise that *cryptoasset market abuse* may take place across cryptoasset markets as well as across borders. This can lead to significant market-wide risks. The cross-border element of *cryptoassets* and their highly mobile nature means that potentially abusive trading activity can occur on offshore *UK QCATPs*, including in a jurisdiction that does not impose equivalent cryptoasset regulation, and can directly or indirectly affect price formation on a *UK QCATP*. The prohibitions and requirements therefore apply to actions and omissions concerning *relevant qualifying cryptoassets*, regardless of whether they take place in the *United Kingdom* or in another country or territory.

FCA rules

4.2.11 G There are no *rules* which permit or require a *person* to behave in a way that amounts to *cryptoasset market abuse*.

4.3 Cryptoasset inside information

4.3.1 UK Regulation 18(2) of the *Cryptoassets Regulations* provides that *cryptoasset inside information* means information of a precise nature, which has not been made public, relating, directly or indirectly, to:

(1) a *relevant issuer* of a *relevant qualifying cryptoasset* or a *related instrument*;

(2) a *person responsible for the offer* of a *relevant qualifying cryptoasset* or a *related instrument*;

(3) an operator of a *UK QCATP* on which a *relevant qualifying cryptoasset* is:

(a) *admitted to trading*; or

(b) subject to an application seeking *admission to trading*; or

(4) a *relevant qualifying cryptoasset* or *related instrument*,

which, if it were made public, would be likely to have a significant effect on the price of that *relevant qualifying cryptoasset* or *related instrument*.

Factors to be taken into account: made public

4.3.2 G The following factors may be taken into account in determining whether or not information has been made public, and are indications that it has (and therefore that it is not *cryptoasset inside information*):

(1) whether the information has been disclosed on the website of a *relevant issuer*, *a person responsible for the offer* or a *UK QCATP operator*;

(2) whether the information is contained in records which are open to inspection by the public;

(3) whether the information is otherwise generally available, including through widely accessible social media platforms, or some other publication (including if it is only available on payment of a fee), or is derived from information which has been made public; and

(4) whether the information can be obtained by observation by members of the public without infringing rights or obligations of privacy, property or confidentiality.

4.3.3 G (1) In relation to the factors in *CRYPTO* 4.3.2G, it is not relevant that the information is only generally available outside the *UK*.

(2) In relation to the factors in *CRYPTO* 4.3.2G(4), it is not relevant that the observation or analysis is only achievable by a *person* with above-average financial resources, expertise or competence.

4.3.4 G For example, if the holder of a *relevant qualifying cryptoasset* becomes aware of a large transfer involving another holder with a significant position in that cryptoasset (commonly referred to as a 'whale alert'), or observes the transfer directly on a blockchain, the holder would be using information that has been made public to the extent that blockchain data and whale alerts are publicly accessible.

Research and estimates

4.3.5 G Research and estimates based on publicly available data should not be regarded as *cryptoasset inside information* and the mere fact that a transaction is carried out on the basis of research or estimates should not therefore be deemed to constitute use of *cryptoasset inside information*. However, for example, the information may constitute *cryptoasset inside information* where:

(1) the publication or distribution of information is routinely expected by the market and where such publication or distribution contributes to the price-formation process of *relevant qualifying cryptoassets* or *related instruments*; or

(2) the information provides views from a recognised market commentator or institution which may inform the prices of *relevant qualifying cryptoassets* or *related instruments*.

Consideration must therefore be given to the extent to which the information is non-public and the possible effect on *relevant qualifying cryptoassets* or *related instruments* traded in advance of its publication or distribution, to establish whether they would be trading on the basis of *cryptoasset inside information*.

Investor plans and strategies

4.3.6 G Information regarding an investor's own plans and strategies for trading should not be considered to be *cryptoasset inside information*, although information

regarding a third party's plans and strategies for trading may amount to *cryptoasset inside information*.

Factors to take into account: pending orders

4.3.7 UK Regulation 18(3) of the *Cryptoassets Regulations* provides that where any *person* to whom Chapter 2 of the *Cryptoassets Regulations* applies is executing orders for a *relevant qualifying cryptoasset* or a *related instrument* on behalf of clients, 'inside information' also includes information of a precise nature, which has not been made public, conveyed by a client and relating both to the client's pending orders for a *relevant qualifying cryptoasset* or a *related instrument* and, directly or indirectly, to:

(1) a *relevant issuer* of a *relevant qualifying cryptoasset* or a *related instrument*;

(2) a *person responsible for the offer* of a *relevant qualifying cryptoasset* or a *related instrument*;

(3) an operator of a *UK QCATP* on which a *relevant qualifying cryptoasset* is:

(a) *admitted to trading*; or

(b) subject to an application seeking *admission to trading*; or

(4) a *relevant qualifying cryptoasset* or *related instrument*,

which, if it were made public, would be likely to have a significant effect on the price of that *relevant qualifying cryptoasset* or *related instrument*.

4.3.8 G In determining whether there is a pending order for a client in relation to regulation 18(3) of the *Cryptoassets Regulations*, a factor that may be taken into account is whether a *person* is approached by another in relation to a transaction, and:

(1) the transaction is not immediately executed on an arm's length basis in response to a price quoted by that *person*; and

(2) the *person* concerned has taken on a legal or regulatory obligation relating to the manner or timing of the execution of the transaction.

Examples of cryptoasset inside information

4.3.9 G The following are examples of information that could amount to *cryptoasset inside information*, but are not intended to form an exhaustive list:

(1) information relating to the *admission to trading*, or the cancellation of *admission to trading*, of a *relevant qualifying cryptoasset* on a *UK QCATP*;

(2) information relating to the cancellation, refusal or withdrawal of a request for *admission to trading* of a *relevant qualifying cryptoasset* on a *UK QCATP*;

(3) information relating to the viability or instability of a *qualifying stablecoin admitted to trading* on a *UK QCATP*;

(4) information on a code vulnerability that is known to a development team as a result of testing the code of the *relevant qualifying cryptoasset* prior to admission;

(5) information held by a key governance body, or by an entity controlling a significant portion of the blockchain's validating infrastructure, regarding plans to introduce or reject a split in the blockchain's protocol, also known as a 'blockchain fork';

(6) information relating to significant changes in respect of a major cryptoasset market participant, such as mergers, acquisitions, changes to key personnel or joint ventures; and

(7) information about a forthcoming distribution of free *relevant qualifying cryptoassets* (also known as an 'air drop') or *burning*. This could also include information about the magnitude, timing or cancellation of the air drop or the *burning*, and information about the selection or qualification mechanism to be used in respect of an airdrop.

Ongoing processes

4.3.10 UK Regulation 18(4)(a) to (c) of the *Cryptoassets Regulations* provides that:

(1) information is to be considered of a precise nature if it indicates a set of circumstances which exists or which may reasonably be expected to come into existence, or an event which has occurred or which may reasonably be expected to occur, where it is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the price of a *relevant qualifying cryptoasset* or *related instrument*;

(2) in the case of an ongoing process that is intended to bring about, or that results in, a particular circumstance or event, that future circumstance or event, and also the intermediate steps of that process which are connected with bringing about or resulting in that future circumstance or event, is to be considered precise information; and

(3) an intermediate step in an ongoing process is to be considered *cryptoasset inside information* if, in and of itself, it satisfies the criteria of *cryptoasset inside information* referred to in regulation 18(4)(a) of the *Cryptoassets Regulations*.

4.3.11 G The following considerations may assist in determining when *cryptoasset inside information* could arise in an ongoing process:

(1) Where *cryptoasset inside information* concerns a process which occurs in stages, each stage of the process, as well as the overall process, could constitute *cryptoasset inside information*.

(2) An intermediate step in an ongoing process may itself constitute a set of circumstances or an event:

(a) which exists; or

(b) which has a realistic prospect of coming into existence or occurring.

(3) For the purposes of (2):

(a) the existence of *cryptoasset inside information* may be based on an overall assessment of the factors existing at the relevant time;

(b) the notion of the intermediate step should not be interpreted as meaning that the magnitude of the effect of the set of circumstances or the event in question on the prices of the *relevant qualifying cryptoassets* concerned must be taken into consideration; and

(c) an intermediate step should be deemed to be *cryptoasset inside information* if it, by itself, meets the criteria laid down in regulation 18(2) of the *Cryptoassets Regulations*.

Information to be taken into account in the investment decision of a reasonable person

4.3.12 UK Regulation 18(4)(d) of the *Cryptoassets Regulations* provides that information which, if it were made public, would be likely to have a significant effect on the price of a *relevant qualifying cryptoasset* or *related instrument* means information that a reasonable *person* would be likely to use as the basis, or part of the basis, of the *person's* investment decisions.

4.3.13 G Reasonable *persons* base their investment decisions on information already available to them. Therefore, the question whether, in making an investment decision, a reasonable *person* would be likely to take into account a particular piece of information should be appraised based on information that is already available. Such an assessment should take into consideration:

(1) the anticipated impact of the information in light of the totality of the activities of the related *relevant person* and other persons seeking admission of the *relevant qualifying cryptoasset* to trading;

(2) the reliability of the source of information; and

(3) any other market variables likely to affect the *relevant qualifying cryptoasset* in the given circumstances.

4.3.14 G Information available after an investment decision has been taken can be used to check the presumption that the information available beforehand was price-sensitive. It should not be used to take action against *persons* who drew reasonable conclusions from that prior information available to them.

4.3.15 G The following factors may be taken into account when considering whether information would be likely to be used by a reasonable *person* as part of the basis of that *person's* investment decisions (the reasonable investor test):

(1) the fact that the significance of the information will vary widely between *relevant issuers*, *persons responsible for the offer* or *UK QCATP operators*, depending on a factors such as their size, recent developments and the market sentiment about them and the sector in which they operate; and

(2) the likelihood that a reasonable *person* will make investment decisions relating to the *relevant qualifying cryptoasset* or *related instrument* to maximise that *person's* economic self-interest.

4.3.16 G It is not possible to prescribe how the reasonable investor test will apply in all possible situations. Any assessment may need to take into consideration:

(1) the anticipated impact of the information in light of the totality of the activities in relation to the *relevant qualifying cryptoasset*;

(2) the reliability of the source of the information; and

(3) other market variables likely to affect the *relevant qualifying cryptoasset* or *related instrument* in the given circumstances.

4.3.17 G Information which is likely to be considered relevant to a reasonable *person's* decision includes information which affects:

(1) the assets and liabilities of the *relevant issuer*, *person responsible for the offer* or *UK QCATP operator*;

(2) the performance, or the expectation of the performance, of the business of the *relevant issuer*, *person responsible for the offer* or *UK QCATP operator*;

(3) the financial condition of the *relevant issuer*, *person responsible for the offer* or *UK QCATP operator*;

(4) the course of the business of the *relevant issuer*, *person responsible for the offer* or *UK QCATP operator*;

(5) major new developments in the business of the *relevant issuer*, *person responsible for the offer* or *UK QCATP operator*;

(6) information previously disclosed to the market; and

(7) major new developments in relation to the *relevant qualifying cryptoasset*.

Significant effect on price

4.3.18 G In determining whether information would be likely to have a significant effect on the price of a *relevant qualifying cryptoasset* or *related instrument*, a *relevant issuer*, *person responsible for the offer* or *UK QCATP operator* should be mindful that there is no figure (percentage change or otherwise) that can be set for them when determining what constitutes a significant effect on the price of the *relevant qualifying cryptoasset* or *related instrument*. This will vary between *relevant issuers*, *persons responsible for the offer* and *UK QCATP operators*.

4.4 Cryptoasset insider dealing

4.4.1 UK Regulation 22(1) of the *Cryptoassets Regulations* provides that a *person* described in regulation 22(4) and (5) of the *Cryptoassets Regulations* is prohibited from:

(1) using the *cryptoasset inside information* by:

(a) acquiring or disposing of, or attempting to acquire or dispose of, a *relevant qualifying cryptoasset* or *related instrument* to which that information relates, for that *person's* own account or on the account of another, either directly or indirectly; or

(b) cancelling or amending, or attempting to cancel or amend, an order concerning a *relevant qualifying cryptoasset* or *related instrument* to which that information relates, for that *person's* own account or on the account of another, either directly or indirectly; and

(2) making a recommendation to, or inducing, another person, on the basis of the *cryptoasset inside information*:

(a) to acquire or dispose of a *relevant qualifying cryptoasset* or *related instrument* to which that information relates; or

(b) to cancel or amend an order concerning a *relevant qualifying cryptoasset* or *related instrument* to which that information relates.

4.4.2 UK Regulation 22(2) of the *Cryptoassets Regulations* provides that a *person* is prohibited from using or relying on, or attempting to use or rely on, a recommendation within the scope of regulation 22(1)(b) of the *Cryptoassets Regulations* if the *person* knows, or ought to have known, that the recommendation is made on the basis of *cryptoasset inside information*.

4.4.3 UK Regulation 22(5) of the *Cryptoassets Regulations* provides that the prohibition against *cryptoasset insider dealing* applies, among other situations, to where a

person who possesses *cryptoasset inside information* knows, or ought to have known, that the information is *cryptoasset inside information*.

Essential characteristics

4.4.4 G The essential characteristic of *cryptoasset insider dealing* consists in an unfair advantage being obtained from *cryptoasset inside information* to the detriment of third parties who are unaware of such information and, consequently, the undermining of the integrity of cryptoasset markets and investor confidence.

Descriptions of behaviour that amount to cryptoasset insider dealing

4.4.5 G The following are examples of behaviour that may amount to *cryptoasset insider dealing* under the *Cryptoassets Regulations*, but are not intended to form an exhaustive list:

(1) front running/pre-positioning – that is, a transaction for a *person's* own benefit, on the basis of and ahead of an order which they are to carry out with or for another (in respect of which information concerning the order is *cryptoasset inside information*, which takes advantage of the anticipated impact of the order on the cryptoasset market); and

(2) purchasing *relevant qualifying cryptoassets* with the knowledge of a forthcoming airdrop (as explained in *CRYPTO* 4.3.9G(7)) in relation to those cryptoassets, which has not yet been publicly announced.

Recommending or inducing

4.4.6 G The following are examples of behaviour that might fall within the scope of regulation 22(1)(b) of the *Cryptoassets Regulations*:

(1) A director of a *relevant issuer*, while in possession of *cryptoasset inside information*, instructs an employee of that issuer to sell a *relevant qualifying cryptoasset* in respect of which the information is *cryptoasset inside information*.

(2) A *person* recommends or advises a friend to engage in behaviour which, if they themselves engaged in it, would amount to *cryptoasset market abuse*.

Examples of cryptoasset insider dealing

4.4.7 G The following descriptions are intended to assist in understanding certain behaviours which may constitute *cryptoasset insider dealing* under the *Cryptoassets Regulations* and concern the definition of *cryptoasset inside information* relating to *relevant qualifying cryptoassets*:

(1) X is an employee of a *UK QCATP operator* A. X tells Y about an upcoming initial exchange offering that has not been announced publicly and Y then uses that information to trade.

(2) X is an employee of a *relevant issuer* A. A issues a *qualifying stablecoin* outside of the *UK* and has sought admission of that stablecoin on a *UK QCATP*. X knows about an unresolved *backing asset pool* shortfall that has not been disclosed publicly and sells their own holdings in the *qualifying stablecoin*.

4.4.8 G (1) The description in (2) is intended to assist in understanding certain behaviours which may constitute *cryptoasset insider dealing* under the *Cryptoassets Regulations* and concerns the definition of *cryptoasset inside information* relating to pending client orders.

(2) A dealer on the trading desk of a *firm* accepts a very large order in respect of a *relevant qualifying cryptoasset* from a client to be executed in a particular *month*. Before executing the order, the dealer executes a trade for the *firm* and on their personal account on a *UK QCATP*, based on the expectation that they will be able to sell the *relevant qualifying cryptoasset* at profit due to the significant price increase that will result from the execution of their client's order. Both trades could constitute *cryptoasset insider dealing*.

Cryptoasset insiders: factors to take into account

4.4.9 G The following factors may be taken into account in determining whether a *person* who possesses *cryptoasset inside information* ought to know that it is *cryptoasset inside information* for the purposes of regulation 22(5) of the *Cryptoassets Regulations*:

(1) if a normal and reasonable *person* in the position of the *person* who has *cryptoasset inside information* would know, or should have known, that the *person* from whom they received it is a *cryptoasset insider*; and

(2) if a normal and reasonable *person* in the position of the *person* who has *cryptoasset inside information* would know, or should have known, that it is *cryptoasset inside information*.

4.4.10 G For the purposes of being categorised a *cryptoasset insider* under regulation 22(5) of the *Cryptoassets Regulations*, the *person* concerned does not need to know that the information concerned is *cryptoasset inside information*.

Circumstances in which a person who possesses cryptoasset inside information is not to be regarded as using that information and engaging in cryptoasset insider dealing

4.4.11 R The fact that a legal *person* is or has been in possession of *cryptoasset inside information* does not mean that the legal *person* has used that information and has thus engaged in *cryptoasset insider dealing* on the basis of an acquisition or disposal, where that legal *person*:

(1) has established, implemented and maintained adequate and effective internal arrangements and procedures that effectively ensure that

neither the *person* who made the decision on the legal *person's* behalf to acquire or dispose of *relevant qualifying cryptoassets* or *related instruments* to which the information relates, nor another *person* who may have had an influence on that decision, was in possession of the *cryptoasset inside information*; and

(2) has not encouraged, made a recommendation to, induced or otherwise influenced the *person* who, on behalf of the legal *person*, acquired or disposed of *relevant qualifying cryptoassets* or *related instruments* to which the *cryptoasset inside information* relates.

4.4.12 R The fact that a *person* is in possession of *cryptoasset inside information* does not mean that the *person* has used that information and has thus engaged in *cryptoasset insider dealing* on the basis of an acquisition or disposal, where that *person*, for the *relevant qualifying cryptoasset* or *related instrument* to which that information relates, is a *market maker* or is authorised to act as a counterparty, pursuing their legitimate business of dealing in *relevant qualifying cryptoassets* or *related instruments* (including entering into an agreement for the underwriting of an issue of *relevant qualifying cryptoassets* or *related instruments*).

4.4.13 G The following factors may be taken into account in determining whether a *person's* behaviour is in the pursuit of legitimate business for the purposes of *CRYPTO* 4.4.12R, and are indications that it is:

(1) the extent to which the relevant trading by the person is carried out in order to hedge a risk and, in particular, the extent to which it neutralises and responds to a risk arising out of the *person's* legitimate business;

(2) whether, in the case of a transaction on the basis of *cryptoasset inside information* about a client's transaction which has been executed, the reason for it being *cryptoasset inside information* is that information about the transaction is not, or is not yet, required to be published under any relevant regulatory or *UK QCATP* obligations; or

(3) whether, if the relevant trading by that *person* is connected with a transaction entered into or to be entered into with a client (including a potential client), the trading either has no impact on the price or there has been adequate disclosure to that client that trading will take place and they have not objected to it.

4.4.14 R The fact that a *person* is in possession of *cryptoasset inside information* does not mean that the *person* has used that information and has thus engaged in *cryptoasset insider dealing* on the basis of an acquisition or disposal where that *person*:

(1) is authorised to execute orders on behalf of third parties; and

(2) the acquisition or disposal of *relevant qualifying cryptoassets* or *related instruments* to which the order relates is made to carry out such

an order legitimately in the normal course of the exercise of that *person's* employment, profession or duties.

4.4.15 G For the purposes of *CRYPTO* 4.4.14R, the following factors may be taken into account in determining whether a *person's* behaviour in executing an order on behalf of another is carried out legitimately in the normal course of exercise of that *person's* employment, profession or duties, and are indications that it is:

(1) whether the *person* has complied with the applicable provisions of *COBS* and *CRYPTO*;

(2) whether the *person* has agreed with its client it will act in a particular way when carrying out, or arranging the carrying out of, the order;

(3) whether the *person's* behaviour was intended to facilitate or ensure the effective carrying out of the order; or

(4) whether, if the relevant trading by that *person* is connected with a transaction entered into or to be entered into with a client (including a potential client), the trading either has no impact on the price or there has been adequate disclosure to that client that trading will take place and they have not objected to it.

4.4.16 R The fact that a *person* is in possession of *cryptoasset inside information* does not mean that the *person* has used that information and has thus engaged in *cryptoasset insider dealing* on the basis of an acquisition or disposal where:

(1) that *person* conducts a transaction to acquire or dispose of *relevant qualifying cryptoassets* or *related instruments*;

(2) that transaction is carried out in the discharge of an obligation that has become due in good faith and not to circumvent the prohibition against *cryptoasset insider dealing*; and

(3) (a) that obligation results from an order placed or an agreement concluded before the *person* concerned possessed *cryptoasset inside information*; or

(b) that transaction is carried out to satisfy a legal or regulatory obligation that arose before the *person* concerned possessed *cryptoasset inside information*.

4.4.17 R The fact that a *person* uses its own knowledge that it has decided to acquire or dispose of *relevant qualifying cryptoassets* or *related instruments* in the acquisition or disposal of those *relevant qualifying cryptoassets* or *related instruments* does not of itself constitute use of *cryptoasset inside information*.

4.4.18 R Notwithstanding *CRYPTO* 4.4.11R to 4.4.17R, an infringement of the prohibition of *cryptoasset insider dealing* may still be deemed to have occurred if the *FCA* establishes that there was an illegitimate reason for the orders to trade, transactions or behaviours concerned.

4.5 Cryptoasset unlawful disclosure

4.5.1 UK Regulation 24 of the *Cryptoassets Regulations* provides as follows:

(1) A *person* to whom (1) applies as a result of (3) or (4) is prohibited from disclosing that information to any other *person*, unless the disclosure is made in the normal course of the exercise of their employment, profession or duties.

(2) Where a *person* ('A') discloses a recommendation or inducement referred to in regulation 22(1)(b), which A knows or ought to know to have been based on *cryptoasset inside information*, the onward disclosure of that recommendation or inducement is prohibited, unless the disclosure is made in the normal course of the exercise of their employment, profession or duties.

(3) (1) applies to a *person* who possesses *cryptoasset inside information* as a result of:

(a) exercising administrative, management or supervisory functions of a relevant *person*;

(b) having a holding in the capital of:

(i) a *relevant issuer* of that *relevant qualifying cryptoasset* or *related instrument*;

(ii) a *person* responsible for the offer of that relevant *qualifying cryptoasset* or *related instrument*; or

(iii) a *person* who applied for or is seeking *admission to trading* on a *UK QCATP* for that *relevant qualifying cryptoasset*;

(c) having access to the information through the exercise of their employment, profession or duties; or

(d) having acquired the information through criminal activity.

(4) (1) also applies to a *person*, other than one within (3), who knows, or ought to have known, that the information is *cryptoasset inside information*.

Descriptions of behaviour that indicates unlawful disclosure

4.5.2 G The following behaviours are indications of *cryptoasset unlawful disclosure*:

(1) the director of a *relevant issuer* discloses *cryptoasset inside information* to a *person* in a social context or through private social media channels;

(2) an employee at a *UK QCATP* tells a friend – who actively trades cryptoassets – about a new *relevant qualifying cryptoasset* that is going to be *admitted to trading* on that *UK QCATP* before this information is made public;

(3) a developer working on a project involving a *relevant qualifying cryptoasset* privately messages a well-known community influencer to let them know about a major upgrade to that cryptoasset's protocol before the upgrade is officially announced to the public; or

(4) a *cryptoasset intermediary* leaks information about a large pending client order for a *relevant qualifying cryptoasset* to another market participant.

Descriptions of behaviour that does not indicate unlawful disclosure

4.5.3 G The following behaviour indicates that a *person* is acting in the normal exercise of their employment, profession or duties, if a *person* makes a disclosure of *cryptoasset inside information*:

(1) to a government department, the Bank of England, the Competition and Markets Authority or any other any other *regulatory body* or authority for the purposes of fulfilling a legal or regulatory obligation; or

(2) otherwise to such a body in connection with the performance of the functions of that body.

Factors to take into account in determining whether behaviour amounts to unlawful disclosure

4.5.4 G The following factors are to be taken into account in determining whether a disclosure was made by a *person* in the normal course of the exercise of their employment, profession or duties, and are indications that it was:

(1) whether the disclosure is permitted by the rules of a *UK QCATP* or of the *FCA*; or

(2) whether the disclosure is accompanied by the imposition of confidentiality requirements upon the *person* to whom the disclosure is made and is:

(a) reasonable and is to enable a *person* to perform the normal functions of their employment, profession or duties;

(b) reasonable and is (for example, to a professional adviser) for the purposes of facilitating or seeking or giving advice about a transaction;

(c) reasonable and is for the purpose of facilitating any commercial, financial or *investment* transaction in or related to a *relevant qualifying cryptoasset*; or

(d) in fulfilment of a legal obligation, including to employee representatives or trade unions acting on their behalf.

Examples of unlawful disclosure

4.5.5 G The following examples are intended to assist in understanding certain behaviours which may constitute *cryptoasset unlawful disclosure*:

(1) X, a director at a *relevant issuer* has lunch with a friend Y, who has no connection with the *relevant issuer* or its advisers. X tells Y that the *relevant issuer* will soon be admitting a *relevant qualifying cryptoasset* to trading on a *UK QCATP*.

(2) A director of a *relevant issuer* asks a *cryptoasset intermediary* to sell some or all of that director's holdings in *relevant qualifying cryptoassets*. The *cryptoasset intermediary* tells a potential buyer that the seller is a director or reveals their identity, where that fact is *cryptoasset inside information*.

4.6 Cryptoasset market manipulation

Indicators of manipulative behaviour relating to false or misleading signals and to price securing

4.6.1 UK Regulation 19(1)(a) of the *Cryptoassets Regulations* provides that *cryptoasset market manipulation* means entering into a transaction, placing an order to trade or engaging in any other behaviour which:

(1) gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of, a *relevant qualifying cryptoasset* or *related instrument*; or

(2) secures, or is likely to secure, the price of a *relevant qualifying cryptoasset* or *related instrument* at an abnormal or artificial level.

4.6.2 R For the purposes of applying regulation 19(1)(a)(i) of the *Cryptoassets Regulations*, and without prejudice to the forms of behaviour set out in regulation 19(2), the following non-exhaustive indicators, which do not necessarily, in themselves, constitute *cryptoasset market manipulation*, must be taken into account by *persons* entering into transactions or orders to trade:

(1) the extent to which orders to trade given or transactions undertaken represent a significant proportion of the daily volume of transactions in the *relevant qualifying cryptoasset* or *related instrument* – in particular, when those activities lead to a significant change in their prices;

(2) the extent to which orders to trade given or transactions undertaken by persons with a significant buying or selling position in a *relevant qualifying cryptoasset* or *related instrument* lead to significant changes in their price;

(3) whether transactions undertaken lead to no change in beneficial ownership of a *relevant qualifying cryptoasset* or *related instrument*;

(4) the extent to which orders to trade given, transactions undertaken or orders cancelled include position reversals in a short period and represent a significant proportion of the daily volume of transactions in the *relevant qualifying cryptoasset* or *related instrument*, and might be associated with significant changes in the price of *relevant qualifying cryptoassets* or *related instruments*; and

(5) the extent to which orders to trade given change the representation of the offer prices in a *relevant qualifying cryptoasset* or *related instrument*, or more generally the representation of the order book available to market participants, and are removed before they are executed.

Factors to be taken into account: behaviour securing an abnormal or artificial price level

4.6.3 G The following factors are to be taken into account in determining whether a *person's* behaviour amounts to manipulating transactions as described in regulation 19(1)(a)(ii) of the *Cryptoassets Regulations*:

(1) the extent to which the *person* had a direct or indirect interest in the price or value of the *relevant qualifying cryptoasset* or *related instrument*;

(2) the extent to which price, rate or option volatility movements, and the volatility of these factors for the *relevant qualifying cryptoasset* or *related instrument* in question, are outside their normal intra-day, daily, weekly or monthly range; and

(3) whether a *person* has successively and consistently increased or decreased their offer or the price they have paid for a *relevant qualifying cryptoasset* or *related instrument*.

Factors to be taken into account: abusive squeezes

4.6.4 G The following factors are to be taken into account when determining whether a *person* has engaged in behaviour referred to in *CRYPTO* 4.6.2R(1) and (2), commonly known as an 'abusive squeeze':

(1) the extent to which a *person* is willing to relax their control or other influence in order to help maintain an orderly market, and the price at which they are willing to do so. For example, behaviour is less likely to amount to an abusive squeeze if a person is willing to lend the *relevant qualifying cryptoasset* in question;

(2) the extent to which the *person's* activity causes, or risks causing, settlement default by other market users on a multilateral basis and not just a bilateral basis. The more widespread the risk of multilateral settlement default, the more likely that an abusive squeeze has been effected; and

(3) the extent to which the spot or immediate cryptoasset market, compared to the forward cryptoasset market, is unusually expensive or inexpensive or the extent to which borrowing rates are unusually expensive or inexpensive.

Examples of manipulating transactions

4.6.5 G The following are examples of behaviour that may amount to manipulating transactions as described in regulation 19(1)(a)(ii) of the *Cryptoassets Regulations*:

(1) A trader holds a short position that will show a profit if a particular *relevant qualifying cryptoasset*, which is currently a component of an index, falls out of that index. The question of whether the *relevant qualifying cryptoasset* will fall out of the index depends on the closing price of that cryptoasset. The trader places a large *sell* order in the *relevant qualifying cryptoasset* just before the close of trading. The trader's purpose is to position the price of the *relevant qualifying cryptoasset* at a false, misleading, abnormal or artificial level so that it will drop out of the index so as to make a profit.

(2) A fund manager's quarterly performance will improve if the valuation of their portfolio at the end of the quarter in question is higher rather than lower. The fund manager places a large order to *buy relevant qualifying cryptoassets*, which are also components of their portfolio, to be executed at or just before the close. The fund manager's purpose is to position the price of the *relevant qualifying cryptoasset* at a false, misleading, abnormal or artificial level.

Attempted market manipulation

4.6.6 G An attempt to engage in *cryptoasset market manipulation* should be distinguished from behaviour which is likely to result in *cryptoasset market manipulation* as both activities are prohibited under regulation 28 of the *Cryptoassets Regulations*. Such an attempt may include situations where the activity is started but is not completed – for example, as a result of failed technology or an instruction to trade which is not acted upon.

Unexecuted orders and behaviour occurring outside of a UK QCATP

4.6.7 G *Cryptoasset market manipulation* or attempted *cryptoasset market manipulation* may also consist in placing orders which may not be executed.

4.6.8 G *Cryptoasset market manipulation* or attempted *cryptoasset market manipulation* may also relate to the trading of *relevant qualifying cryptoassets*

outside a *UK QCATP* – for example, peer-to-peer trading through decentralised finance, or the trading of a *relevant qualifying cryptoasset* on a non-UK exchange.

Indicators of manipulative behaviour relating to the employment of a fictitious device or any other form of deception or contrivance

4.6.9 UK Regulation 19(1)(b) of the *Cryptoassets Regulations* provides that *cryptoasset market manipulation* means entering into a transaction, placing an order to trade or any other activity or behaviour which affects or is likely to affect the price of a *relevant qualifying cryptoasset* or *related instrument*, while employing a fictitious device or any other form of deception or contrivance.

4.6.10 R For the purposes of applying regulation 19(1)(b) of the *Cryptoassets Regulations*, the following non-exhaustive indicators, which do not necessarily, in themselves, constitute *cryptoasset market manipulation*, must be taken into account by *persons* entering into transactions or orders to trade:

(1) whether orders to trade given or transactions undertaken by *persons* are preceded or followed by dissemination of false or misleading information by the same *persons* or by *persons* linked to them; and

(2) whether orders to trade are given or transactions are undertaken by *persons* before or after the same *persons* or *persons* linked to them produce or disseminate information recommending or suggesting investment strategies which are biased or demonstrably influenced by material interest.

4.6.11 R *CRYPTO* 4.6.10R is without prejudice to the forms of behaviour set out in regulation 19(2) of the *Cryptoassets Regulations* and summarised as follows:

(1) exerting control over the supply or demand to influence prices or create unfair conditions;

(2) using order placement or cancellation strategies to mislead market participants or disrupt the functioning of *UK QCATPs*; and

(3) exploiting media influence to affect prices while concealing conflicts of interest from the public for personal gain.

Dissemination

4.6.12 UK Regulation 19(1)(c) of the *Cryptoassets Regulations* provides that *cryptoasset market manipulation* means disseminating information, including the dissemination of rumours, through the media, including the internet, or by any other means which:

(1) gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of a *relevant qualifying cryptoasset* or *related instrument*; or

(2) secures, or is likely to secure, the price of a *relevant qualifying cryptoasset* or *related instrument* at an abnormal or artificial level,

where the *person* who engaged in the dissemination knew, or ought to have known, that the information was false or misleading.

4.6.13 G The spreading of false or misleading information may consist in the invention of manifestly false information, but also the omission of material facts, as well as the knowingly inaccurate reporting of information. That form of *cryptoasset market manipulation* is particularly harmful to investors, because it causes them to base their investment decisions on incorrect or distorted information.

4.6.14 G The following factors can be taken into account in determining whether behaviour amounts to dissemination:

(1) If a normal and reasonable *person* would know or ought to have known in all the circumstances that the information was false or misleading, that indicates that the *person* disseminating the information knew or ought to have known that it was false or misleading.

(2) If the individuals responsible for dissemination of information within an organisation could only know that the information was false or misleading if they had access to other information that was being held behind an *information barrier* or similarly effective arrangements, that indicates that the *person* disseminating did not know and could not reasonably be expected to have known that the information was false or misleading.

4.6.15 G (1) Paragraph (2) contains an example of behaviour that may amount to a *cryptoasset market manipulation* under regulation 19(1)(c) of the *Cryptoassets Regulations*.

(2) A *person* posts false or misleading statements on social media that a public figure or influential market analyst has endorsed a *relevant qualifying cryptoasset*, where the individual knows or ought to know that these statements are false or misleading.

4.7 Systems and controls for UK QCATP operators

Application and scope

4.7.1 UK (1) Regulation 30(2) of the *Cryptoassets Regulations* requires, in relation to *relevant qualifying cryptoassets*, that *UK QCATP operators* establish and maintain effective arrangements, systems and procedures aimed at preventing, detecting and disrupting:

(a) *cryptoasset insider dealing*;

(b) *cryptoasset market manipulation*;

(c) attempted *cryptoasset insider dealing*; and

(d) attempted *cryptoasset market manipulation*.

(2) Regulation 30(4) of the *Cryptoassets Regulations* requires *UK QCATP operators* that receive notifications of suspicious orders or notifications from *cryptoasset intermediaries* to comply with any *FCA rules* (see regulation 30(5) of the *Cryptoassets Regulations*).

4.7.2 UK Regulation 30(5) of the *Cryptoassets Regulations* provides that the *FCA* may make certain *rules*, including in relation to:

(1) the design, scope and application of the arrangements, systems and procedures in regulation 30(2) of the *Cryptoassets Regulations*;

(2) restrictions on onward transmission or use of information by the *UK QCATP operators* receiving a notification for the purposes of regulation 30(3) of the *Cryptoassets Regulations*; and

(3) such matters relating to regulation 30 of the *Cryptoassets Regulations* as the *FCA* considers appropriate.

4.7.3 G This section covers:

(1) *rules* and *guidance* for *UK QCATP operators* relating to regulation 30(2) of the *Cryptoassets Regulations*, in *CRYPTO* 4.7.5R to *CRYPTO* 4.7.20G;

(2) additional *rules* and *guidance* for *large CATP operators* relating to regulation 30(2) of the *Cryptoassets Regulations*, in *CRYPTO* 4.7.21R to *CRYPTO* 4.7.24R;

(3) *rules* and *guidance* for *UK QCATP operators* relating to regulation 30(4) of the *Cryptoassets Regulations*, in *CRYPTO* 4.7.25R to *CRYPTO* 4.7.27R; and

(4) general *rules* and *guidance* for *UK QCATP operators*, including relating to record keeping, in *CRYPTO* 4.7.28G to *CRYPTO* 4.7.33R.

4.7.4 R References to *cryptoasset market abuse* activities in this section are to the *cryptoasset market abuse* activities listed in *CRYPTO* 4.7.1UK(1).

Arrangements, systems and procedures under regulation 30(2) of the Cryptoassets Regulations

4.7.5 R The arrangements, systems and procedures referred to in regulation 30(2) of the *Cryptoassets Regulations* must:

(1) ensure effective and ongoing monitoring of:

(a) all orders received and transmitted on the *qualifying cryptoasset trading platform*;

(b) the full range of trading activities on the *qualifying cryptoasset trading platform*, including all transactions executed on the *qualifying cryptoasset trading platform*; and

(c) activities and communications relating to a *qualifying cryptoasset* which is subject to an application to be *admitted to trading* on the *qualifying cryptoasset trading platform*,

to detect *cryptoasset market abuse* activity;

(2) enable the *UK QCATP operator* to prevent and/or disrupt any *cryptoasset market abuse* activity identified under *CRYPTO* 4.7.5R(1); and

(3) ensure the receipt and assessment of notifications of suspicious orders or transactions from *cryptoasset intermediaries* under regulation 30(3) of the *Cryptoassets Regulations*.

4.7.6 G The *FCA* expects effective monitoring under *CRYPTO* 4.7.5R(1)(c) to typically involve monitoring internal and external communications as required under *CRYPTO* 4.7.10R(6) and, in the case of *large CATP operators*, their arrangements must enable on-chain monitoring under *CRYPTO* 4.7.22R.

4.7.7 R A *UK QCATP operator* must establish and maintain the arrangements, systems and procedures in regulation 30(2) of the *Cryptoassets Regulations* irrespective of:

(1) the capacity in which the order is placed or the transaction is executed; and

(2) the types of *clients* concerned.

Proportionality

4.7.8 R A *UK QCATP operator* must ensure that the arrangements, systems and procedures referred to in *CRYPTO* 4.7.5R are appropriate and proportionate in relation to the scale, size and nature of its business activity.

4.7.9 R A *UK QCATP operator* must, upon request, provide the *FCA* with information to demonstrate compliance with *CRYPTO* 4.7.8R, including information on the level of automation put in place in such systems.

Monitoring, prevention and disruption

4.7.10 R The arrangements, systems and procedures under *CRYPTO* 4.7.5R as a minimum must:

(1) provide for the analysis, individually and comparatively, of each and every transaction executed and order placed, modified, cancelled or rejected in the systems of the *qualifying cryptoasset trading platform*;

(2) ensure an appropriate level of human analysis in the monitoring, detection, identification and prevention of transactions and orders that could constitute the relevant *cryptoasset market abuse* activities;

(3) subject to (2), employ software systems which assist the prevention and detection of the relevant *cryptoasset market abuse* activities;

(4) have facilities to replay the order book in order to analyse the activity of a trading session in the context of *algorithmic trading*, including high frequency trading;

(5) produce alerts in line with predefined parameters indicating activities requiring further analysis by the *UK QCATP operator* for the purposes of detecting any potential relevant *cryptoasset market abuse* activities; and

(6) monitor activities and communications made internally within the *UK QCATP operator* as well as externally, such as on social media, public forums and chat rooms, blogs, newsletters and podcasts.

4.7.11 R (1) A *UK QCATP operator* must analyse whether, based on reasonable grounds, a given order or transaction or notification received under regulation 30(3) of the *Cryptoasset Regulations* is to be considered suspicious as part of the arrangements, systems and procedures in *CRYPTO* 4.7.5R.

(2) For the purposes of (1), a *UK QCATP operator* must undertake this analysis:

(a) as quickly as practicable; and

(b) on a case-by-case basis.

(3) If a *UK QCATP operator* detects *cryptoasset market abuse* activity as part of its analysis in (1), that *UK QCATP operator* must determine the appropriate course of action to take, including any actions under *CRYPTO* 4.7.14R and *CRYPTO* 4.7.15R, and take such action.

4.7.12 G 'Based on reasonable grounds' in *CRYPTO* 4.7.11R(1) means that the analysis must be based on more than speculation or presumption.

4.7.13 R The systems in *CRYPTO* 4.7.10R(3) must include software capable of deferred automated reading, replaying and analysis of order book data, and such software must have sufficient capacity to operate in an *algorithmic trading* environment.

Platform rules and controls

4.7.14 R The *UK QCATP operator* must ensure that the *qualifying cryptoasset trading platform* has in place:

(1) arrangements, systems and procedures to halt, suspend or constrain trading;

(2) platform-specific rules that set out options for disrupting abusive activity, including the ability to:

(a) warn users of the *qualifying cryptoasset trading platform*;

(b) restrict the activities of users of the *qualifying cryptoasset trading platform*;

(c) increase surveillance and scrutiny of particular orders and transactions;

(d) remove *relevant qualifying cryptoassets* from the *qualifying cryptoasset trading platform*; and

(e) offboard users of the *qualifying cryptoasset trading platform*; and

(3) trading rules contributing to the prevention of the relevant *cryptoasset market abuse* activities.

Arrangements with clients

4.7.15 R A *UK QCATP operator* must establish and maintain arrangements, including, where appropriate, contractual agreements with *clients*, which allow that *UK QCATP operator* to disrupt activities which it identifies as abusive, including the ability to take the actions set out in *CRYPTO* 4.7.14R above.

Internal rules and controls

4.7.16 R The arrangements, systems and controls in *CRYPTO* 4.7.5R must include the following internal controls to prevent, detect and disrupt relevant *cryptoasset market abuse* activities:

(1) information barriers, including barriers that limit the access that *employees* of the *UK QCATP operator* have to *client* orders to prevent relevant *cryptoasset market abuse* activities, such as to prevent front running; and

(2) personal account dealing arrangements and internal rules on personal account dealing for *employees* in relation to *relevant qualifying cryptoassets* and *related instruments*, such as *employees* seeking clearance before trading.

4.7.17 G 'Front running' under *CRYPTO* 4.7.16R(1) is a transaction that:

(1) is for a *person's* own benefit;

(2) is made on the basis of and ahead of an order which that *person* is to carry out with or for another (in respect of which information concerning the order is *cryptoasset inside information*); and

(3) takes advantage of the anticipated impact of the order on the market price.

4.7.18 G A *UK QCATP operator* is also subject to conflicts of interest requirements in *CRYPTO* 6.3.4R and *CRYPTO* 6.3.5G.

Staff training

4.7.19 R A *UK QCATP operator* must, on a regular basis, organise and provide effective and comprehensive training to the staff involved in preventing, detecting and disrupting orders and transactions that could indicate the existence of the relevant *cryptoasset market abuse* activities, including the staff involved in processing orders and transactions.

4.7.20 G The training in *CRYPTO* 4.7.19R may include information on:

(1) handling and managing *cryptoasset inside information*;

(2) maintaining appropriate information barriers among relevant staff; and

(3) managing *cryptoasset inside information* disclosures to the market concerning initial exchange offerings.

Additional rules for *large CATP operators*

4.7.21 R In addition to complying with the requirements in *CRYPTO* 4.7.5R, a *large CATP operator* must ensure its arrangements, systems and procedures:

(1) include monitoring of on-chain activity in accordance with *CRYPTO* 4.7.22R;

(2) enable compliance with the requirements for disclosure of information to other *large CATP operators* in accordance with *CRYPTO* 4.9; and

(3) ensure information received from other *large CATP operators* is assessed in accordance with *CRYPTO* 4.7.11R.

On-chain monitoring requirements for large CATP operators

4.7.22 R A *large CATP operator* must, to a degree which is appropriate and proportionate in relation to the scale, size and nature of its business activity:

(1) establish and maintain the ability to monitor activities which relate to orders or transactions that are settled on a distributed ledger ('on-chain activity') in respect of *relevant qualifying cryptoassets admitted to trading* on its *qualifying cryptoasset trading platform*; and

(2) identify whether such activity could be linked to a *cryptoasset market abuse* activity on the *qualifying cryptoasset trading platform*, or itself constitute a *cryptoasset market abuse* activity.

4.7.23 G (1) The monitoring of on-chain activity may include the monitoring of wallet interactions, token flows and transaction patterns.

(2) Methods for the monitoring of on-chain activity may include the use of blockchain analytics, wallet clustering and anomaly detection.

4.7.24 R The arrangements, systems and procedures under *CRYPTO* 4.7.10R(2) to *CRYPTO* 4.7.10R(5) apply with respect to the on-chain monitoring requirements under *CRYPTO* 4.7.22R.

Notification of suspicious orders and transactions

4.7.25 R Subject to *CRYPTO* 4.7.26R, a *UK QCATP operator* must:

(1) only use the notification or information contained in the notification received under regulation 30(3) of the *Cryptoassets Regulations* for the purposes of detecting, disrupting or preventing *cryptoasset market abuse* activity and for no other purpose; and

(2) not transmit the notification or information contained in the notification to any third parties.

4.7.26 R A *UK QCATP operator* may use or transmit the notification or information contained in the notification where it is required to do so for the purposes of complying with its legal or regulatory obligations, including:

(1) transmitting such information to the *FCA* in accordance with *Principle* 11 (Relations with regulators) under *PRIN* 2.1.1R; and

(2) in the case of *large CATP operators*, disclosing such information to other *large CATP operators* where they are required to do so under *CRYPTO* 4.9.

Secure receipt of notifications

4.7.27 R *Large CATP operators* must ensure that the mechanism used for receiving and storing notifications under *CRYPTO* 4.7.5R(3) is adequately secure for the kind of information concerned and capable of maintaining the completeness, integrity and confidentiality of the information concerned.

Data protection and other legal obligations

4.7.28 G (1) *UK QCATP operators* remain responsible for ensuring compliance with obligations they may hold under competition law, *data protection legislation* and other relevant legislation.

(2) Any processing of personal data under the *cryptoasset market abuse* regime should comply with all applicable *data protection legislation*.

(3) No obligations in *CRYPTO* 4.7 are to be interpreted in a manner which contravenes *data protection legislation*.

Guidance on the relationship between CRYPTO 4.7 and PRIN 11

4.7.29 G (1) *UK QCATP operators* are reminded of their obligations under *PRIN* 2.1.1R, including *Principle* 11 (Relations with regulators), which requires a *firm* to deal with its regulators in an open and cooperative way. *UK QCATP operators* must disclose to the *FCA* appropriately anything relating to the *firm* of which the *FCA* would reasonably expect notice.

(2) Given *CRYPTO* 4.7, the *FCA* would only expect notice of *cryptoasset market abuse* activity suspected by a *UK QCATP operator* where the *UK QCATP operator* reasonably concludes that it cannot adequately prevent, disrupt or deter the relevant *cryptoasset market abuse* activity by appropriate measures available to it.

Delegation to another third party/another group entity

4.7.30 G Where a *UK QCATP operator* outsources, to a third party or to a legal *person* forming part of the same *group*, the performance of any functions to meet the requirements under *CRYPTO* 4.7, the *UK QCATP operator* will be subject to the *rules* and *guidance* in *SYSC* 8.

Record keeping and audit

4.7.31 R *UK QCATP operators* must ensure that the arrangements, systems and procedures referred to in *CRYPTO* 4.7 are:

(1) regularly assessed, at least through an annually conducted audit and internal review, or sooner if there are relevant changes to the business, legal or regulatory environment, and updated when necessary; and

(2) clearly documented in writing, including any changes or updates to them, for the purposes of complying with the *rules* in *CRYPTO* and the *cryptoasset market abuse* regime.

4.7.32 R *UK QCATP operators* must, for a period of 5 years, retain:

(1) the information documenting the analysis carried out with regard to orders and transactions that could constitute *cryptoasset market abuse* activities which have been examined, including where this information was reported internally within the *UK QCATP operator* and where this was reported externally to the *UK QCATP operator* by a *cryptoasset intermediary*;

(2) records of notifications received from *cryptoasset intermediaries* and assessments made pursuant to *CRYPTO* 4.7.5R(3), and any action taken as a result; and

(3) the documented information required under *CRYPTO* 4.7.31R(2).

4.7.33 R *UK QCATP operators* must provide to the *FCA* upon request the information and documents retained under *CRYPTO* 4.7.32R.

4.8 Systems and controls for cryptoasset intermediaries

Application and scope

4.8.1 UK (1) Regulation 30(2) of the *Cryptoassets Regulations* requires, in relation to *relevant qualifying cryptoassets* and *related instruments*, *cryptoasset intermediaries* to establish and maintain effective arrangements, systems and procedures aimed at preventing, detecting and disrupting:

(a) *cryptoasset insider dealing*;

(b) *cryptoasset market manipulation*;

(c) attempted *cryptoasset insider dealing*; and

(d) attempted *cryptoasset market manipulation*.

(2) Regulation 30(3) of the *Cryptoassets Regulations* requires a *cryptoasset intermediary* to notify a *UK QCATP operator* without unnecessary delay where it reasonably suspects that an order or transaction in relation to any *relevant qualifying cryptoasset* or *related instrument*, whether placed or executed on, or outside, a *qualifying cryptoasset trading platform* could constitute:

(a) *cryptoasset insider dealing*;

(b) *cryptoasset market manipulation*;

(c) attempted *cryptoasset insider dealing*; or

(d) attempted *cryptoasset market manipulation*.

4.8.2 UK Regulation 30(5) of the *Cryptoassets Regulations* provides that the *FCA* may make certain *rules*, including in relation to:

(1) the design, scope and application of the arrangements, systems and procedures in regulation 30(2) of the *Cryptoassets Regulations*;

(2) notifications for the purposes of regulation 30(3) of the *Cryptoassets Regulations*; and

(3) such matters relating to the *Cryptoassets Regulations* as the *FCA* considers appropriate.

4.8.3 G This section sets out:

(1) *rules* and *guidance* relating to regulation 30(2) of the *Cryptoassets Regulations*, in *CRYPTO* 4.8.5R to *CRYPTO* 4.8.18G;

(2) *rules* and *guidance* relating to regulation 30(3) of the *Cryptoassets Regulations*, in *CRYPTO* 4.8.19R to *CRYPTO* 4.8.36G; and

(3) *rules* and *guidance* on related matters, including record keeping, for *cryptoasset intermediaries*, in *CRYPTO* 4.8.37R to *CRYPTO* 4.8.39R.

4.8.4 R References to *cryptoasset market abuse* activities in this section are to those *cryptoasset market abuse* activities listed in *CRYPTO* 4.8.1UK.

Arrangements, systems and procedures under regulation 30(2) of the Cryptoassets Regulations

4.8.5 R The arrangements, systems and procedures referred to in regulation 30(2) of the *Cryptoassets Regulations* must:

(1) ensure effective and ongoing monitoring of the full range of trading activities undertaken by the *cryptoasset intermediary*, including all orders received or transmitted or transactions executed by the *cryptoasset intermediary* to detect *cryptoasset market abuse* activity;

(2) enable the *cryptoasset intermediary* to prevent and/or disrupt any *cryptoasset market abuse* activity identified under (1); and

(3) enable the *cryptoasset intermediary* to assess whether to notify a *UK QCATP operator* under regulation 30(3) of the *Cryptoassets Regulations*.

4.8.6 R A *cryptoasset intermediary* must establish and maintain the arrangements, systems and procedures in regulation 30(2) of the *Cryptoassets Regulations* irrespective of:

(1) the capacity in which the order is placed or the transaction is executed;

(2) the types of *clients* concerned; or

(3) whether the orders were placed or transactions executed on or outside a *qualifying cryptoasset trading platform*.

Proportionality

4.8.7 R A *cryptoasset intermediary* must ensure that the arrangements, systems and procedures referred to in *CRYPTO* 4.8.5R are appropriate and proportionate in relation to the scale, size and nature of its business activity.

4.8.8 R A *cryptoasset intermediary* must, upon request, provide the *FCA* with the information to demonstrate compliance with *CRYPTO* 4.8.7R, including information on the level of automation put in place in such systems.

Monitoring, prevention and disruption

4.8.9 R The arrangements, systems and procedures under *CRYPTO* 4.8.5R, as a minimum, must:

(1) provide for the analysis, individually and comparatively, of each and every transaction executed and order placed, modified, cancelled or rejected in the systems of the *cryptoasset intermediary*;

(2) ensure an appropriate level of human analysis in the monitoring, detection, identification and prevention of transactions and orders that could constitute *cryptoasset market abuse* activity;

(3) subject to (2), employ software systems which assist the prevention and detection of *cryptoasset market abuse* activities;

(4) have facilities to replay the order book in order to analyse the activity of a trading session in the context of *algorithmic trading*, including high frequency trading;

(5) produce alerts in line with predefined parameters indicating activities requiring further analysis by the *cryptoasset intermediary* for the purposes of detecting potential *cryptoasset market abuse* activities; and

(6) monitor activities and communications made internally within the *cryptoasset intermediary* as well as externally, such as on social media, public forums and chat rooms, blogs, newsletters and podcasts.

4.8.10 R (1) A *cryptoasset intermediary* must analyse whether, based on reasonable grounds, a given order or transaction is to be considered suspicious as part of the arrangements, systems and procedures in *CRYPTO* 4.8.9R.

(2) For the purposes of (1), a *cryptoasset intermediary* must undertake this analysis:

(a) as quickly as practicable; and

(b) on a case-by-case basis.

4.8.11 G 'Based on reasonable grounds' in *CRYPTO* 4.8.10R(1) means that the analysis must be based on more than speculation or presumption.

4.8.12 R The systems in *CRYPTO* 4.8.9R(3) must include software capable of deferred automated reading, replaying and analysis of order book data, and such software must have sufficient capacity to operate in an *algorithmic trading* environment.

Arrangements with clients

4.8.13 R A *cryptoasset intermediary* must establish and maintain arrangements, including, where appropriate, contractual agreements with *clients*, which allow the *cryptoasset intermediary* to disrupt activities which the *cryptoasset intermediary* identifies as abusive, including the ability to offboard the *client*.

Internal rules and controls

4.8.14 R The arrangements, systems and controls in *CRYPTO* 4.8.5R must include the following internal controls to prevent, detect and disrupt *cryptoasset market abuse* activities:

(1) information barriers, including barriers that limit the access that *employees* of the *cryptoasset intermediary* have to *client* orders to prevent *cryptoasset market abuse activities*, such as to prevent front running;

(2) personal account dealing arrangements and internal rules on personal account dealing for *employees*, such as *employees* seeking clearance before trading *relevant qualifying cryptoassets* or *related instruments*; and

(3) effective arrangements to identify, prevent and manage conflicts of interest that could harm the interests of *clients*.

4.8.15 G Front running under *CRYPTO* 4.8.14R(1) is a transaction that:

(1) is for a *person's* own benefit;

(2) is made on the basis of and ahead of an order which that *person* is to carry out with or for another (in respect of which information concerning the order is *cryptoasset inside information*); and

(3) takes advantage of the anticipated impact of the order on the market price.

4.8.16 G An *intermediary* is also subject to conflicts of interest requirements in *SYSC* 10.

Staff training

4.8.17 R *Cryptoasset intermediaries* must, on a regular basis, organise and provide effective and comprehensive training to the staff involved in preventing, detecting and disrupting orders and transactions that could indicate the existence of *cryptoasset market abuse* activities, including the staff involved in processing orders and transactions.

4.8.18 G The training in *CRYPTO* 4.8.17R may include information on:

(1) handling and managing *cryptoasset inside information*;

(2) maintaining appropriate information barriers among relevant staff; and

(3) managing *cryptoasset inside information* disclosures to the market concerning initial exchange offerings.

Notification of suspicious orders and transactions

4.8.19 G Under regulation 30(3) of the *Cryptoassets Regulations*, a *cryptoasset intermediary* may be required to notify more than one *UK QCATP operator*.

4.8.20 G A c*ryptoasset intermediary* should not wait for a particular number of suspected orders or transactions to accumulate before notifying a *UK QCATP operator*. To do so would be inconsistent with the requirement to notify the *UK QCATP operator* without unnecessary delay.

4.8.21 R (1) A c*ryptoasset intermediary* must not inform the *person* in respect of which the notification will be submitted or anyone who is not required to know that the notification will be submitted.

(2) A *cryptoasset intermediary* must have in place procedures to ensure that the *person* in respect of which the notification was submitted, and anyone who is not required to know about the submission of the notification by virtue of their function or position, is not informed of the fact that a notification has been, will be or is intended to be submitted.

Guidance on when notification would and would not be required under regulation 30(3) of the Cryptoassets Regulations

4.8.22 G Regulation 30(3) of the *Cryptoassets Regulations* can apply in relation to transactions and orders which occurred in the past, where a suspicion has arisen in light of subsequent events and information.

4.8.23 G It will be necessary to delay a notification under regulation 30(3) of the *Cryptoassets Regulations* in circumstances where there is a reasonable belief that notifying the relevant *UK QCATP operator* without delay would prejudice an investigation into the *cryptoasset market abuse* activity, for instance, because the suspicion relates to the *UK QCATP operator* itself.

4.8.24 G *Cryptoasset intermediaries* should not notify *UK QCATP operators* of all orders received or transactions conducted that have triggered an internal alert. Such a requirement would be inconsistent with the requirement in *CRYPTO* 4.8.10R to assess on a case-by-case basis whether there are reasonable grounds for suspicion.

Information to be included in the notification

4.8.25 R A *cryptoasset intermediary* must include in its notification under regulation 30(3) of the *Cryptoassets Regulations* any information of which the *cryptoasset intermediary* is aware and that is relevant and proportionate to disclose to facilitate or enable the detection, prevention or disruption of the *cryptoasset market abuse* activity of concern.

4.8.26 R Information under *CRYPTO* 4.8.25R includes, where relevant and depending on the nature of the suspected *cryptoasset market abuse* activity:

(1) the names and identifiers of the *relevant qualifying cryptoasset* or *related instrument* and information identifying the orders and transactions in the *relevant qualifying cryptoasset* or *related instrument* for which suspicious activity has been detected;

(2) the time period or time stamp for when the suspicious activity occurred;

(3) a description of the order or transaction of concern, including the type of order and type of trading and the price and volume;

(4) the type and nature of the *cryptoasset market abuse* activity suspected;

(5) the reasons for suspecting the *cryptoasset market abuse* activity has taken place, is taking place or is likely to occur;

(6) the reasonable grounds for holding any suspicions, including trends and anomalies in trading patterns or behaviours and any analysis carried out;

(7) the legal names, *LEI* or wallet address of, or any other appropriate means of identifying, any *person* in respect of whom the c*ryptoasset intermediary's* verifiable suspicions relate; and

(8) the capacity in which the *cryptoasset intermediary* submitting the notification operates, in particular when dealing on own account or executing orders on behalf of third parties.

Guidance on CRYPTO 4.8.25R

4.8.27 G (1) The question of whether information relating to the suspected *cryptoasset market abuse* activity of concern is relevant and proportionate must be assessed on a case-by-case basis, taking into account all the circumstances, including:

(a) whether the disclosure contains sufficiently precise, substantiated and verifiable information to meet the purpose of the disclosure;

(b) whether the disclosure contains information beyond what is relevant and necessary to meet the purpose of the disclosure;

(c) whether the information contains any information that is merely speculative;

(d) the nature and seriousness of the suspicion and/or *cryptoasset market abuse* in question; and

(e) whether there is a need to act particularly quickly to address the *cryptoasset market abuse* activity identified.

(2) Although information that falls within *CRYPTO* 4.8.25R is likely to be based on or comprise information ascertained as a result of the *cryptoasset intermediary's* arrangements, systems and procedures required by *CRYPTO* 4.8.9R, it may also include or comprise information from other sources of which the *cryptoasset intermediary* is aware.

Secure transmission of notification

4.8.28 R *Cryptoasset intermediaries* must ensure that the mechanism used for transmitting notifications under regulation 30(3) of the *Cryptoassets Regulations* is adequately secure for the kind of information concerned and capable of maintaining the completeness, integrity and confidentiality of the information concerned.

Subsequent information

4.8.29 R A c*ryptoasset intermediary* must provide a *UK QCATP operator* with any relevant additional information of which it becomes aware after it has submitted the notification under regulation 30(3) of the *Cryptoassets Regulations*.

Exclusion of liability in connection with a notification under regulation 30(3) of the Cryptoassets Regulations

4.8.30 R Subject to *CRYPTO* 4.8.31R, a notification made to a *UK QCATP operator* pursuant to regulation 30(3) of the *Cryptoassets Regulations* does not give rise to:

(1) a breach of any obligation of confidence owed by the *cryptoasset intermediary*; or

(2) any other civil liability, on the part of that *cryptoasset intermediary*, to a *person* to whom the information disclosed relates.

4.8.31 R The exclusion of civil liability set out in *CRYPTO* 4.8.30R does not apply to a *cryptoasset intermediary* notifying a *UK QCATP operator* under regulation 30(3) of the *Cryptoassets Regulations*, unless the *cryptoasset intermediary* can demonstrate that:

(1) it acted in good faith;

(2) it reasonably suspected that the relevant order or transaction could constitute a *cryptoasset market abuse* activity;

(3) it reasonably believed the information disclosed was relevant and proportionate to the purposes of detecting, preventing and disrupting the *cryptoasset market abuse* activity; and

(4) the notification was transmitted in accordance with *CRYPTO* 4.8.28R.

Guidance on CRYPTO 4.8.30R

4.8.32 G The exclusion from liability in *CRYPTO* 4.8.30R only applies to the act of notifying a *UK QCATP operator*. As such, it does not apply with respect to civil liability that may arise out of the use of the information, including any action taken as a result of it, other than subsequent information disclosures under *CRYPTO* 4.8.29R.

No exclusion from liability under data protection legislation

4.8.33 R *CRYPTO* 4.8.30R does not apply to any civil liability arising under *data protection legislation*.

Data protection and other legal obligations

4.8.34 G (1) *Cryptoasset intermediaries* remain responsible for ensuring compliance with obligations they may hold under competition law, *data protection legislation* and other relevant legislation.

(2) Any processing of personal data under the c*ryptoasset market abuse* regime should comply with all applicable *data protection legislation*.

(3) No obligations in *CRYPTO* 4.8 are to be interpreted in a manner which contravenes *data protection legislation*.

Guidance on the relationship between CRYPTO 4.8 and PRIN 11

4.8.35 G (1) *Cryptoasset intermediaries* are reminded of their obligations under *PRIN* 2.1.1R, including *Principle* 11 (Relations with regulators), which requires a *firm* to deal with its regulators in an open and cooperative way. *Cryptoasset intermediaries* must disclose to the *FCA* appropriately anything relating to the *firm* of which the *FCA* would reasonably expect notice.

(2) Given *CRYPTO* 4.8, the *FCA* would only expect notice of *cryptoasset market abuse* activity suspected by a *cryptoasset intermediary* in situations where the *cryptoasset intermediary* reasonably concludes that it cannot adequately prevent, disrupt or deter the *cryptoasset market abuse* activity by appropriate measures available it or by notifying a *UK QCATP operator* under regulation 30(3) of the *Cryptoassets Regulations*.

Delegation to another third party/another group entity

4.8.36 G Where a *cryptoasset intermediary* outsources to a third party or to a legal *person* forming part of the same *group* the performance of any functions to meet the requirements under *CRYPTO* 4.8, the *cryptoasset intermediary* will be subject to the *rules* and *guidance* in *SYSC* 8.

Record keeping and audit

4.8.37 R *Cryptoasset intermediaries* must ensure that the arrangements, systems and procedures referred to in *CRYPTO* 4.8 are:

(1) regularly assessed, at least through an annually conducted audit and internal review, or sooner if there are relevant changes to the business, legal or regulatory environment, and updated when necessary; and

(2) clearly documented in writing, including any changes or updates to them, for the purposes of complying with the *rules* in *CRYPTO* and the *cryptoasset market abuse* regime.

4.8.38 R *Cryptoasset intermediaries* must, for a period of 5 years, retain records of:

(1) information shared with *UK QCATP operators* pursuant to regulation 30(3) of the *Cryptoassets Regulations*, the analysis for why this information was shared, and the facts and evidence underpinning this;

(2) any information which *cryptoasset intermediaries* decided, after undertaking analysis, would not be shared with *UK QCATP operators*, the applicable analysis, and the related facts and evidence;

(3) the information documenting the analysis carried out with regard to orders and transactions that could constitute *cryptoasset market abuse* activity which have been examined;

(4) records of identified conflicts and the steps taken to address them under *CRYPTO* 4.8.14R(3); and

(5) the documented information required under *CRYPTO* 4.8.37(2)R.

4.8.39 R *Cryptoasset intermediaries* must provide to the *FCA* upon request the information and documents retained under *CRYPTO* 4.8.38R.

4.9 Requirement for large CATP operators to disclose information for the purposes of detecting, preventing or disrupting cryptoasset market abuse

Disclosure obligation

4.9.1 G (1) Regulation 32(2) of the *Cryptoassets Regulations* requires certain persons (those listed in regulation 30(1)) to disclose information to relevant authorised cryptoasset persons for the purposes of disrupting, preventing and detecting *cryptoasset market abuse* in accordance with *FCA rules* (the 'disclosure obligation').

(2) Regulation 32(4) of the *Cryptoassets Regulations* has the effect that the disclosure obligation applies only to *persons* and situations specified by *FCA rules*.

(3) Regulation 32(4) also enables the *FCA* to make *rules* regarding other matters relating to the disclosure obligation including the content of the information to be disclosed, the mechanism for disclosure and the exclusion of civil liability.

(4) *CRYPTO* 4.9 sets out these *rules*.

Persons to whom the disclosure obligation applies

4.9.2 R A *large CATP operator* is specified as a *person* to whom the disclosure obligation applies.

Situations in which the disclosure obligation applies

4.9.3 R The disclosure obligation applies when:

(1) a *large CATP operator* has reasonable grounds to suspect that *cryptoasset market abuse* has occurred, is occurring or is likely to occur; and

(2) it is necessary to disclose information of the kind specified in *CRYPTO* 4.9.9R to another *large CATP operator* in order to detect, prevent or disrupt the *cryptoasset market abuse* of concern.

Timing of the disclosure

4.9.4 R Where the disclosure obligation applies, the information required by *CRYPTO* 4.9.9R must be disclosed without unnecessary delay.

Authorised cryptoasset person to whom information must be disclosed

4.9.5 R Where the disclosure obligation applies, the disclosure must be made to the *large CATP operator* to whom it is necessary to disclose the information for the purpose of *CRYPTO* 4.9.3R.

Guidance on when disclosure would be required under the disclosure obligation in accordance with CRYPTO 4.9.2R to 4.9.5R

4.9.6 G For the avoidance of doubt, the disclosure obligation applies in relation to transactions and orders which occurred in the past, where a suspicion has arisen in light of subsequent events and information.

4.9.7 G Examples of where it would be necessary to disclose information under the disclosure obligation include where a *large CATP operator* has:

(1)

(a) a reasonable belief that the other *large CATP operator* has in their possession additional information that is likely to materially assist it in detecting, preventing or disrupting the suspected *cryptoasset market abuse* of concern; and

(b) reasonably concluded that it is necessary to disclose information about the suspected *cryptoasset market abuse* of concern in order to enable that other *large CATP operator* to share that additional information with it;

(2)

(a) received information from the other *large CATP operator* that evidences a reasonable suspicion, on the basis of verifiable facts, that *cryptoasset market abuse* may have occurred, be occurring or is likely to occur; and

(b) reasonably concluded that it is necessary to disclose information to the other *large CATP operator* to assist that operator with detecting, preventing or disrupting the suspected *cryptoasset market abuse* of concern;

(3)

(a) on the basis of verifiable facts, reasonable grounds to suspect that *cryptoasset market abuse* has occurred, is occurring or is likely to occur in relation to a *qualifying cryptoasset* that is *admitted to trading* on both its exchange and the exchange operated by the other *large CATP operator*; and

(b) reasonably concluded that effective detection, prevention or disruption of the suspected *cryptoasset market abuse* of concern, in respect of the *qualifying cryptoassets* of concern, would be facilitated by, or require, action to be taken by the other *large CATP operator*; and

(4)

(a) taken steps, on the basis of verifiable facts, to prevent or disrupt suspected *cryptoasset market abuse* from taking place, such as terminating a business relationship with a particular *person* who the *large CATP operator* has reasonable grounds for suspecting is or was involved in the commission of *cryptoasset market abuse* on its exchange; and

(b) reasonably concluded that the risk that the *person* could engage in *cryptoasset market abuse* on an exchange operated by the other *large CATP operator* is such that it is necessary and proportionate to inform that other *large CATP operator* of the steps it has taken, and the related circumstances, so that that

other *large CATP operator* may consider whether it has grounds to take steps of its own in respect of that *person*.

4.9.8 G It would not be necessary or proportionate to disclose information where, in all the circumstances, disclosure is unlikely to assist with preventing or detecting the *cryptoasset market abuse* of concern, including when disclosure would be more likely than not to prejudice an investigation into the suspected *cryptoasset market abuse*.

The information that must be disclosed

4.9.9 R A *large CATP operator* must disclose under the disclosure obligation such information of which the *large CATP operator* is aware that is relevant and proportionate to disclose to facilitate or enable the detection, prevention or disruption of the suspected *cryptoasset market abuse* of concern.

Guidance on CRYPTO 4.9.9R

4.9.10 G (1) The question of whether information relating to the suspected *cryptoasset market abuse* of concern is relevant and proportionate must be assessed on a case-by-case basis, taking into account all the circumstances, including:

(a) whether the disclosure contains sufficiently precise, substantiated and verifiable information to meet the purpose of the disclosure;

(b) whether the disclosure contains information beyond what is strictly relevant and proportionate to meet the purpose of the disclosure;

(c) whether the information contains any information that is merely speculative and not referrable to verifiable facts;

(d) the nature and seriousness of the suspicion and/or market abuse in question; and

(e) whether there is a need to act particularly quickly to address the *cryptoasset market abuse* identified.

(2) Although information that falls within *CRYPTO* 4.9.9R is likely to be based on or comprise information ascertained as a result of the *large CATP operator's* arrangements, systems and procedures required by *CRYPTO* 4.7, it may also include or comprise information from other sources of which the *large CATP operator* is aware.

(3) Information that may fall within *CRYPTO* 4.9.9R includes, depending on the nature of the suspected *cryptoasset market abuse*, and without limitation:

(a) the names and identifiers of the *qualifying cryptoassets* and information identifying the orders and transactions in *qualifying cryptoassets* for which suspicious activity has been detected;

(b) the time period or time stamp for when the suspicious activity occurred;

(c) a description of the orders or transactions of concern, including the type of order and type of trading, and the price and volume;

(d) the type and nature of the *cryptoasset market abuse* suspected;

(e) the reasons for suspecting *cryptoasset market abuse* has taken place, is taking place or is likely to occur;

(f) the verifiable evidence for holding any suspicions, including trends and anomalies in trading patterns or behaviours;

(g) whether the behaviour has taken place on or off chain; and

(h) the legal names, *legal entity identifier*, or wallet address of, or any other appropriate means of identifying, any *person* in respect of whom the *large CATP operator's* verifiable suspicions relate.

Restrictions on use of information received by virtue of the disclosure obligation

4.9.11 R Subject to *CRYPTO* 4.9.12R, a *large CATP operator* must:

(1) only use information which has been disclosed to it by virtue of *CRYPTO* 4.9 for the purposes of detecting, preventing and disrupting *cryptoasset market abuse* activity and for no other purpose; and

(2) not transmit information contained in the notification to any third parties.

4.9.12 R A *large CATP operator* may use or transmit information that has been disclosed to it by virtue of *CRYPTO* 4.9 where it is required to do so for the purposes of complying with its legal or regulatory obligations, including:

(1) transmitting such information to the *FCA* in accordance with *Principle* 11 (Relations with regulators) under *PRIN* 2.1.1R; and

(2) disclosing such information to other *large CATP operators* where they are required to do so under the disclosure obligation.

Secure transmission of disclosed information

4.9.13 R *Large CATP operators* must ensure that the mechanism used for transmitting information in compliance with the disclosure obligation is adequately secure

for the kind of information concerned and capable of maintaining the completeness, integrity and confidentiality of the information concerned.

Disclosure of personal data and other legal obligations

4.9.14 G (1) No obligations in *CRYPTO* 4.9 should be interpreted in a manner which contravenes *data protection legislation*.

(2) When considering the application of *CRYPTO* 4.9, *large CATP operators* should be mindful of their wider legal obligations, such as under competition law – in particular, where the information being shared is commercially sensitive.

Record keeping

4.9.15 R A *large CATP operator* must, for a period of 5 years, retain records of:

(1) information disclosed to other *large CATP operators* pursuant to the disclosure obligation together with:

(a) the facts and assessment that gave rise to the reasonable suspicion that *cryptoasset market abuse* had occurred, was occurring or was likely to occur;

(b) the reasons why it was considered necessary to share the information to detect, prevent or disrupt the *cryptoasset market abuse* of concern; and

(c) the reasons why the information shared was relevant and proportionate for the purposes of *CRYPTO* 4.9.9R;

(2) any assessments leading to a decision to not disclose information to another *large CATP operator*, including, insofar as relevant:

(a) reasons for concluding there was insufficient evidence to form reasonable grounds to suspect *cryptoasset market abuse*;

(b) reasons for concluding that it was not necessary to disclose information to detect, prevent or disrupt the *cryptoasset market abuse* of concern; and

(c) reasons for concluding that certain information would not meet the threshold of relevance or proportionality provided for in *CRYPTO* 4.9.9R; and

(3) information received from other *large CATP operators* under the disclosure obligation and any action taken as a result.

4.9.16 G The *FCA* may request to see the records referred to in *CRYPTO* 4.9.15R under its information gathering powers and they must be provided to the *FCA* upon such a request.

Guidance on the relationship between disclosing to another large CATP operator under the disclosure obligation and disclosing to the FCA under PRIN 11

4.9.17 G (1) *PRIN* 11 provides that a *firm* must disclose to the *FCA* appropriately anything relating to the *firm* of which the *FCA* would reasonably expect notice.

(2) Given *CRYPTO* 4.9, the *FCA* would only expect notice of *cryptoasset market abuse* suspected by a *large CATP operator* where the *large CATP operator* reasonably concludes that the suspected *cryptoasset market abuse* of concern could not be adequately detected, prevented or disrupted by appropriate measures available to the *large CATP operator* either acting by itself or in conjunction with another *large CATP operator* with whom information was, or is, necessary to share under the disclosure obligation.

Exclusion of liability in connection with a disclosure under the disclosure obligation

4.9.18 R Subject to *CRYPTO* 4.9.19R and *CRYPTO* 4.9.21R, a disclosure of information made or received by a *large CATP operator* pursuant to the disclosure obligation does not give rise to:

(1) a breach of any obligation of confidence owed by the *large CATP operator*; or

(2) any other civil liability, on the part of that *large CATP operator*, to a *person* to whom the information disclosed relates.

4.9.19 R The exclusion of civil liability set out in *CRYPTO* 4.9.18R does not apply to a *large CATP operator* disclosing information pursuant to the disclosure obligation unless the *large CATP operator* can demonstrate:

(1) it acted in good faith;

(2) it reasonably believed that the disclosure was necessary to detect, prevent, or disrupt the suspected *cryptoasset market abuse* of concern;

(3) it reasonably believed the information disclosed was relevant and proportionate to the purposes of detecting, preventing and disrupting the suspected *cryptoasset market abuse* of concern; and

(4) the information was disclosed in accordance with *CRYPTO* 4.9.12R.

4.9.20 G The exclusion from liability in *CRYPTO* 4.9.18R only applies to the act of disclosing or receiving information. As such, it does not apply with respect to civil liability that may arise out of the use of the information, including any action taken as a result of it, other than further disclosures of information under the disclosure obligation.

No exclusion from liability under data protection legislation

4.9.21 R *CRYPTO* 4.9.18R does not apply to any civil liability arising under *data protection legislation*.

4.10 Public disclosure of cryptoasset inside information

Obligation to disclose under regulation 26 of the Cryptoassets Regulations

4.10.1 UK Under regulation 26 of the *Cryptoassets Regulations*, a *relevant person* ('A') must, where required to do so by *FCA* rules, inform the public of *cryptoasset inside information* that directly concerns A:

(1) as soon as possible; and

(2) in a manner that enables fast access as well as complete, correct and timely assessment of the information by the public.

Application of regulation 26 of the Cryptoassets Regulations

4.10.2 R Regulation 26 applies to the following *relevant persons*:

(1) a *relevant issuer*;

(2) a *person responsible for the offer*; and

(3) a *UK QCATP*.

Manner, form and technical means of disclosure under regulation 26 of the Cryptoassets Regulations

4.10.3 R In complying with regulation 26, a *relevant issuer*, a *person responsible for the offer* and a *UK QCATP operator* must, as soon as possible, publicly disclose *cryptoasset inside information* which directly concerns them:

(1) on their website; and

(2) to as wide a public as possible on a non-discriminatory basis.

4.10.4 G (1) For the purposes of *CRYPTO* 4.10.3R, *cryptoasset inside information* can directly concern a *relevant issuer*, a *person responsible for the offer* and a *UK QCATP* where they become aware of such information in relation to a *relevant qualifying cryptoasset* that they have admitted to or are seeking to *admit to trading*.

(2) For example:

(a) If a *relevant issuer* hires a third party to design a *relevant qualifying cryptoasset* and subsequently becomes aware that the third party's work introduced a code vulnerability, this would directly concern that *relevant issuer*.

(b) If a *UK QCATP* outsources its custody infrastructure to a third party provider and later discovers that an outage at the provider

created a material risk of delayed or failed settlement for a *relevant qualifying cryptoasset admitted to trading* by that *UK QCATP*, this issue would directly concern that *UK QCATP*.

4.10.5 G In relation to decisions whether to publicly disclose *cryptoasset inside information* in accordance with *CRYPTO* 4.10.3R, *relevant issuers*, *persons responsible for the offer* and *UK QCATP operators* and their advisers are best placed to make an initial assessment of whether particular information amounts to *cryptoasset inside information*. The decision as to whether a piece of information is *cryptoasset inside information* may be finely balanced and the *relevant issuer*, *person responsible for the offer* or *UK QCATP operator* (with the help of its advisers) will need to exercise their judgement.

4.10.6 G A *relevant issuer*, a *person responsible for the offer* and a *UK QCATP operator* should carefully and continuously monitor whether changes in their circumstances are such that a disclosure obligation has arisen under *CRYPTO* 4.10.3R.

4.10.7 R A *relevant issuer*, a *person responsible for the offer* and a *UK QCATP operator* does not have to comply with *CRYPTO* 4.10.3R(1) where it does not have a website.

4.10.8 R A *relevant issuer*, a *person responsible for the offer* and a *UK QCATP operator* must, for the purposes of *CRYPTO* 4.10.3R(1):

(1) ensure the *cryptoasset inside information* is in the form of a downloadable written statement and the language used in that statement to describe the *cryptoasset inside information* is clear, precise and not misleading; and

(2) post and maintain on its website, for a period of at least 5 years, all *cryptoasset inside information* it is required to disclose publicly.

4.10.9 R *Cryptoasset inside information* disclosed on a website referred to in *CRYPTO* 4.10.3R(1) must:

(1) be accessible on a non-discriminatory basis and free of charge;

(2) be located in an easily identifiable section of the website; and

(3) clearly indicate the date and time of disclosure and be organised in chronological order.

4.10.10 G For the purposes of *CRYPTO* 4.10.3R(2), a *relevant issuer*, a *person responsible for the offer* and a *UK QCATP operator* may communicate *cryptoasset inside information*, directly or through a third party, via a media channel which the public can reasonably rely on, including:

(1) traditional media;

(2) social media permitting publication in written form;

(3) web-based platforms which permit publication of news relating to a *relevant issuer*, a *person responsible for the offer* and a *UK QCATP operator*; and

(4) the website of the *UK QCATP operator*, where the related *relevant qualifying cryptoasset* is traded and where it provides this service.

4.10.11 G A *relevant issuer*, a *person responsible for the offer* and a *UK QCATP operator* should avoid disseminating *cryptoasset inside information* through social media or web-based platforms where the social media or web-based platform does not ensure that the *cryptoasset inside information* is accessible to all users or where the social media or web-based platform restricts access to users.

4.10.12 R Where publication takes place on social media, web-based platforms or the website of a *UK QCATP*, the *relevant issuer*, the *person responsible for the offer* and the *UK QCATP operator* must include a link to the written statement published on their website in accordance with *CRYPTO* 4.10.8R(1).

4.10.13 R (1) A *relevant issuer*, a *person responsible for the offer* and a *UK QCATP operator* must ensure that communications for the dissemination of *cryptoasset inside information* referred to in *CRYPTO* 4.10.10G are transmitted using electronic means that maintain the completeness, integrity and confidentiality of the information during the transmission.

(2) For the purposes of (1), a *relevant issuer*, a *person responsible for the offer* and a *UK CATP* must clearly identify:

(a) that the information communicated is *cryptoasset inside information*;

(b) the identity of the *relevant issuer*, the *person responsible for the offer* and the *UK QCATP operator* (full legal name);

(c) the identity of the *person* making the notification: name, surname, and position within the *relevant issuer*, the *person responsible for the offer* and the *UK QCATP operator* (where relevant);

(d) the subject matter of the *cryptoasset inside information*; and

(e) the date and time of the communication.

4.10.14 R A *relevant issuer*, a *person responsible for the offer* and a *UK QCATP operator* must ensure completeness, integrity and confidentiality by remedying any failure or disruption in the communication of *cryptoasset inside information* without delay.

Uploading to the national storage mechanism

4.10.15 R A *relevant issuer*, a *person responsible for the offer* and a *UK QCATP* must, for the purposes of *CRYPTO* 4.10.3R:

(1) subsequently upload the *cryptoasset inside information* as soon as possible to the *national storage mechanism*; and

(2) have a *LEI* (where eligible) that is included on the *GLEIF* Global LEI Index when uploading that *cryptoasset inside information*.

Separation for marketing

4.10.16 R A *relevant issuer*, a *person responsible for the offer* and a *UK QCATP operator* must not combine the disclosure of *cryptoasset inside information* to the public with the marketing of its activities.

Delayed disclosure of cryptoasset inside information

4.10.17 UK (1) Regulation 27(1) of the *Cryptoassets Regulations* provides that a *relevant person* may delay the public disclosure of *cryptoasset inside information* in accordance with *FCA rules*.

(2) Regulation 27(2) of the *Cryptoassets Regulations* provides that the *FCA* may make *rules* concerning:

(a) the form, type, timing of and arrangements for notifications to delay disclosure;

(b) the conditions under which disclosure may be delayed;

(c) the conditions or circumstances when disclosure would need to be made; and

(d) such matters relating to this regulation as the *FCA* considers appropriate.

4.10.18 R A *relevant issuer*, *person responsible for the offer* or *UK QCATP operator* may, on its own responsibility, delay disclosure of *cryptoasset inside information*, provided that all the following conditions are met:

(1) immediate disclosure is likely to prejudice the legitimate interests of the *relevant issuer*, *person responsible for the offer* or *UK QCATP operator*;

(2) delay of disclosure is not likely to mislead the public; and

(3) the *relevant issuer*, *person responsible for the offer* or *UK QCATP operator* is able to ensure the confidentiality of that information.

4.10.19 R In the case of an ongoing process that occurs in stages and that is intended to bring about or that results in a particular circumstance or a particular event, a *relevant issuer*, *person responsible for the offer* or *UK QCATP operator* may, on its own responsibility, delay the public disclosure of inside

information relating to this process, subject to conditions (1), (2) and (3) of *CRYPTO* 4.10.18R.

4.10.20 G For the purposes of applying the requirement in *CRYPTO* 4.10.18R(1), legitimate interests may, in particular, relate to the following circumstances, which are not intended to be exhaustive:

(1) There are ongoing negotiations, or related elements, in relation to admission of a *relevant qualifying cryptoasset* to trading, where, if disclosed, the outcome of those negotiations would affect the price of the *relevant qualifying cryptoasset* itself.

(2) Where a *relevant issuer* is in discussions to make changes relating to a blockchain fork (see *CRYPTO* 4.3.9G(5)), the *relevant issuer* may wish to keep this information confidential until a final decision has been reached to avoid volatility in the price of a *qualifying cryptoasset*.

4.10.21 R Where disclosure of *cryptoasset inside information* has been delayed in accordance with *CRYPTO* 4.10.18R or *CRYPTO* 4.10.19R, and the confidentiality of that information is no longer ensured, the *relevant issuer*, *person responsible for the offer* or *UK QCATP operator* must disclose that information to the public as soon as possible. This includes situations where a rumour explicitly relates to *cryptoasset inside information*, the disclosure of which has been delayed in accordance with *CRYPTO* 4.10.18R or *CRYPTO* 4.10.19R, and the rumour is sufficiently accurate to indicate that the confidentiality of that information is no longer ensured.

4.10.22 G Where there is press speculation or market rumour regarding a *relevant issuer*, *person responsible for the offer* or *UK QCATP operator*, the *relevant issuer*, *person responsible for the offer* or *UK QCATP operator* should assess whether a disclosure obligation arises under regulation 26(1) of the *Cryptoassets Regulations* and *CRYPTO* 4.10.3R. To do this, the *relevant issuer*, *person responsible for the offer* or *UK QCATP operator* will need to carefully assess whether the speculation or rumour has given rise to a situation where the *relevant issuer*, *person responsible for the offer* or *UK QCATP operator* has *cryptoasset inside information*.

4.10.23 G The knowledge that press speculation or market rumour is false may not amount to *cryptoasset inside information*. If it does amount to *cryptoasset inside information*, the *FCA* expects that there may be cases where a *relevant issuer*, *person responsible for the offer* or *UK QCATP operator* would be able to delay disclosure in accordance with *CRYPTO* 4.10.18R or *CRYPTO* 4.10.19R.

4.10.24 R Where a *relevant issuer*, *person responsible for the offer* or *UK QCATP operator* has delayed the disclosure of *cryptoasset inside information* in accordance with the conditions in *CRYPTO* 4.10.18R, it must ensure the accessibility, readability and maintenance in a durable medium of all the following information:

(1) the reason(s) for the delayed disclosure of *cryptoasset inside information*;

(2) the dates and times when:

(a) the *cryptoasset inside information* first existed within the *relevant issuer*, *person responsible for the offer* or *UK QCATP operator*;

(b) the decision to delay the disclosure of *cryptoasset inside information* was made; and

(c) the *relevant issuer*, *person responsible for the offer* or *UK QCATP operator* is likely to disclose the *cryptoasset inside information*;

(3) the identity, position and function of the person(s) within the *relevant issuer*, *person responsible for the offer* or *UK QCATP operator* responsible for:

(a) deciding to delay the disclosure of the *cryptoasset inside information*, and deciding about the start of the delay and its likely end;

(b) ensuring the ongoing monitoring of the conditions for the delay of the disclosure of the *cryptoasset inside information*;

(c) deciding about the disclosure of the *cryptoasset inside information*; and

(d) providing to the *FCA* the information about the delayed disclosure;

(4) evidence of the initial fulfilment of the conditions in *CRYPTO* 4.10.18R and of any change in that fulfilment during the delay period, including:

(a) the information barriers which have been put in place internally and with regard to third parties to prevent access to *cryptoasset inside information* by persons other than those who require it for the normal exercise of their employment, profession or duties within the *relevant issuer*, *person responsible for the offer* or *UK QCATP operator*; and

(b) the arrangements put in place where the confidentiality of the *cryptoasset inside information* is no longer ensured; and

(5) a complete record of the *cryptoasset inside information* that is subject to the delayed disclosure, including, once the *cryptoasset inside information* is publicly disclosed, the reference number, where the dissemination system used assigns one, the duration of the delay, and

the date and time of the public disclosure of the *cryptoasset inside information*.

R A *relevant issuer*, *person responsible for the offer* or *UK QCATP operator* must make the information listed in *CRYPTO* 4.10.24R available to the *FCA* on request, in a form specified by the *FCA*.

4.10.25 R For the purposes of *CRYPTO* 4.10.24R, 'durable medium' means any instrument which stores information in a way that is accessible for future reference for a period of time adequate for the purposes of the information and allows the unchanged reproduction of the information stored.

4.11 Legitimate cryptoasset market practices

4.11.1 G (1) Regulations 23(1)(a), 25(1)(a) and 29(1)(a) of the *Cryptoassets Regulations* provide exclusions applicable to the prohibitions in regulations 22, 24 and 28 respectively.

(2) The exclusions referred to in (1) apply to conduct specified as a *legitimate cryptoasset market practice* in *rules* made under regulation 34(1) of the *Cryptoassets Regulations*.

(3) A *person* does not contravene the prohibitions in regulations 22, 24 or 28 where the conduct that would otherwise fall within those regulations is specified as a *legitimate cryptoasset market practice* in relation to the relevant prohibition.

4.11.2 G The *rules* in this section specify the market practices listed in the first column of the table below as *legitimate cryptoasset market practices* for the purpose of the prohibitions in the *Cryptoassets Regulations* listed in the second column of the table.

	Legitimate cryptoasset market practice	**Prohibition**
(1)	Burning	(a) regulation 22 (insider dealing); (b) regulation 24 (disclosure of inside information); and (c) regulation 28 (market manipulation).
(2)	Crypto-stabilisation	(a) regulation 22 (insider dealing); (b) regulation 24 (disclosure of inside information); and (c) regulation 28 (market manipulation).
(3)	Legitimate reasons	Regulation 28 (market manipulation).

Burning

4.11.3 G (1) The following *rules* and *guidance* are about *burning*.

(2) *Burning* is the process by which a cryptoasset is permanently removed from circulation on a blockchain.

(3) By reducing the availability of cryptoassets, the entities doing the *burning* hope to make the cryptoassets more valuable and less attainable by controlling the cryptoasset supply and maintaining or increasing the value of their own holdings.

(4) Some cryptocurrency developers intentionally *burn* cryptoassets to accomplish these tasks. This is not dissimilar to 'buy-back programmes' in traditional finance, where entities trade in their own shares.

4.11.4 R Subject to *CRYPTO* 4.11.5R, *burning* is specified as a *legitimate cryptoasset market practice* for the purpose of the prohibitions in regulations 22, 24 and 28 of the *Cryptoassets Regulations*.

4.11.5 R The prohibitions in regulations 22, 24 and 28 of the *Cryptoassets Regulations* do not apply to the activity of *burning* where the *relevant person* carrying on the *burning* ensures that:

(1) full details of the *burning* process are recorded and documented prior to the start of trading, including:

(a) the purpose of the *burning*;

(b) the maximum number of units of the *relevant qualifying cryptoasset* allocated to the *burning*;

(c) the maximum fiat value of the *relevant qualifying cryptoasset* to be burned; and

(d) the period allocated for the *burning*;

(2) transactions which are part of the *burning* process are:

(a) recorded; and

(b) subsequently disclosed to the public, except where the existence of the transaction can be observed directly on the blockchain;

(3) the records and documents referred to in (1) are retained for a period of 5 years and made available to the *FCA* on request; and

(4) the sole purpose of the activity is to reduce the amount of the *relevant qualifying cryptoassets* which are in circulation.

Crypto-stabilisation

4.11.6 G The following *rules* and *guidance* are about crypto-stabilisation.

4.11.7 R For the purposes of this section, crypto-stabilisation means:

(1) a purchase or offer to purchase *relevant qualifying cryptoassets*; or

(2) a transaction in *related instruments* equivalent to such a purchase or offer,

which is undertaken in the context of a distribution of such *relevant qualifying cryptoassets* or *related instruments* exclusively for supporting the market price of those *relevant qualifying cryptoassets* or *related instruments* for a predetermined period of time, due to a selling pressure in such *relevant qualifying cryptoassets* or *related instruments*.

4.11.8 R Subject to *CRYPTO* 4.11.9R, crypto-stabilisation is specified as a *legitimate cryptoasset market practice* for the purpose of the prohibitions in regulations 22, 24 and 28 of the *Cryptoassets Regulations*.

4.11.9 R The prohibitions in regulations 22, 24 and 28 of the *Cryptoassets Regulations* shall not apply to the activity of crypto-stabilisation where the *relevant person* carrying out the crypto-stabilisation ensures that the conditions in (1) to (3) are met.

(1) The crypto-stabilisation is carried out for a limited period as follows:

(a) in the case of a distribution in the form of an initial coin offer which is publicly announced, the limited period starts on the date of commencement of trading of the *relevant qualifying cryptoasset* or *related instrument* on the *UK QCATP* concerned and ends no later than 30 calendar days after that date; or

(b) in the case of a distribution in the form of a secondary coin offer, the limited period starts on the day when the offer is publicly disclosed and ends no later than 30 calendar days after that date.

(2) Transactions which are part of the crypto-stabilisation process are:

(a) recorded;

(b) subsequently disclosed to the public, except where the existence of the trade can be observed directly on the blockchain; and

(c) carried out in compliance with the applicable rules of the *UK QCATP* on which the *relevant qualifying cryptoasset* is

admitted or is to be admitted to trading, including any rules concerning public disclosure and trade reporting.

(3) The records referred to in (2)(a) are retained for a period of 5 years and made available to the *FCA* on request.

Market manipulation: legitimate reasons

4.11.10 G (1) Regulation 29(1)(a) of the *Cryptoassets Regulations* provides that a *person* does not contravene the prohibition of market manipulation in regulation 28 where the conduct that would otherwise fall within that regulation is a *legitimate cryptoasset market practice*.

(2) *CRYPTO* 4.11.11R specifies a *legitimate cryptoasset market practice* for the purposes of the prohibition of market manipulation.

(3) The *legitimate cryptoasset market practice* specified in *CRYPTO* 4.11.11R is in addition to the *legitimate cryptoasset market practices* specified in relation to *burning* and crypto-stabilisation which also apply in relation to the prohibition of market manipulation.

4.11.11 R A type or kind of behaviour is specified as a *legitimate cryptoasset market practice* for the purpose of the prohibition in regulation 28 of the *Cryptoassets Regulations* where the *person* undertaking the behaviour establishes that it is undertaken for legitimate reasons, having regard to the matters listed in *CRYPTO* 4.11.12G and *CRYPTO* 4.11.13G.

4.11.12 G The following factors are to be taken into account when considering whether behaviour is for legitimate reasons in relation to *CRYPTO* 4.11.11R and are indications that it is not:

(1) if the *person* has an actuating purpose behind the transaction to induce others to trade in, bid for or to position or move the price of, a *relevant qualifying cryptoasset*;

(2) if the *person* has another, illegitimate, reason behind the transactions, bid or order to trade; and

(3) if the transaction was executed in a particular way with the purpose of creating a false or misleading impression.

4.11.13 G The following factors are to be taken into account when considering whether behaviour is for legitimate reasons in relation to *CRYPTO* 4.11.11R and are indications that it is:

(1) if the transaction is pursuant to a prior legal or regulatory obligation owed to a third party;

(2) the extent to which the transaction generally opens a new position, so creating an exposure to market risk, rather than closes out a position and so removes market risk; and

(3) if the transaction complied with the rules of the *UK QCATP* about how transactions are to be executed in a proper way (for example, rules on reporting and executing cross-transactions).

4.11.14 G It is unlikely that the behaviour of *UK QCATP* users when dealing at times and in sizes most beneficial to them (whether for the purpose of long-term investment objectives, risk management or short-term speculation) and seeking the maximum profit from their dealings will of itself amount to manipulation. Such behaviour, generally speaking, improves the liquidity and efficiency of *UK QCATPs*.

4.11.15 G It is unlikely that prices of *relevant qualifying cryptoassets* which are trading on a *UK QCATP* outside their normal range will necessarily be indicative that someone has engaged in behaviour with the purpose of positioning prices at a distorted level. High or low prices relative to a trading range can be the result of the proper interplay of supply and demand.

4.12 Cryptoasset insider lists

Application and scope

4.12.1 UK (1) Regulation 31(1) of the *Cryptoassets Regulations* provides that a *relevant person* must, where required to do so under any *FCA rules* made by virtue of (2):

(a) draw up a *cryptoasset insider list*;

(b) maintain and update that *cryptoasset insider list*; and

(c) provide that *cryptoasset insider list* to the *FCA* upon its request.

(2) Regulation 31(2) of the *Cryptoassets Regulations* provides that the *FCA* may make *rules*:

(a) specifying the *relevant persons* to whom regulation 31 applies;

(b) concerning the form, content, maintenance, updating and recording of a *cryptoasset insider list* for the purposes of (1), including how and when a *relevant person* must provide a *cryptoasset insider list* to the *FCA*; and

(c) on such matters related to regulation 31 as the *FCA* considers appropriate.

4.12.2 R In accordance with regulation 31(2)(a), the *rules* in this section apply to:

(1) a *relevant issuer*;

(2) a *person responsible for the offer*; and/or

(3) a *UK QCATP operator*.

Requirement to draw up cryptoasset insider lists, and form and content of cryptoasset insider lists

4.12.3 R A *relevant issuer*, *person responsible for the offer* or *UK QCATP operator* must ensure that it and *persons* acting on its behalf or on its account draws up a *cryptoasset insider list*.

4.12.4 R (1) A *relevant issuer*, *person responsible for the offer* or *UK QCATP operator* must ensure that the *cryptoasset insider list*:

(a) specifies the date on which the *cryptoasset insider list* was created and updated;

(b) is drawn up in accordance with Template 1 of *CRYPTO* 4 Annex 1;

(c) is maintained by it or by any *person* acting on its behalf or on its account;

(d) is divided into separate sections relating to different *cryptoasset inside information*; and

(e) is updated to include new sections to the *cryptoasset insider list* upon the identification of new *cryptoasset inside information*.

(2) A *relevant issuer*, *person responsible for the offer* or *UK QCATP operator* must, in each section of the *cryptoasset insider list*, include details of the individuals who have access to the *cryptoasset inside information* relevant to that section in accordance with Template 1 of *CRYPTO* 4 Annex 1.

(3) (a) A *relevant issuer*, *person responsible for the offer* or *UK QCATP operator* may insert a supplementary section into its *cryptoasset insider list* with the details of individuals who have access at all times to all *cryptoasset inside information* ('permanent cryptoasset insiders'), in accordance with Template 2 of *CRYPTO* 4 Annex 1.

(b) A *relevant issuer*, *person responsible for the offer* or *UK QCATP operator* must not include the details of permanent cryptoasset insiders referred to in 3(a) in the sections of the *cryptoasset insider list* referenced in (2).

Maintenance of cryptoasset insider lists

4.12.5 R A *relevant issuer*, *person responsible for the offer* or *UK QCATP operator* must ensure that it or any *person* acting on its behalf or on its account promptly updates the *cryptoasset insider list*:

(1) when there is a change in the reason why a *person* is on the *cryptoasset insider list*;

(2) whenever a new *person* is to be added to the *cryptoasset insider lis*t; and

(3) to indicate the date on which a *person* already on the *cryptoasset insider list* no longer has access to *cryptoasset inside information*.

4.12.6 R A *relevant issuer*, *person responsible for the offer* or *UK QCATP operator* must ensure that every *cryptoasset insider list* prepared by it or by *persons* acting on its account or on its behalf is kept for at least 5 years from the date on which it is drawn up or updated, whichever is the latest.

4.12.7 R (1) A *relevant issuer*, *person responsible for the offer* or *UK QCATP operator* must ensure that it and any *persons* acting on its account or on its behalf draw up and keep the *cryptoasset insider list* up to date in an electronic format in accordance with Template 1 of *CRYPTO* 4 Annex 1.

(2) Where the *cryptoasset insider list* contains the supplementary section referred to in *CRYPTO* 4.12.4R(3)(a), a *relevant issuer*, *person responsible for the offer* or *UK QCATP operator* must ensure that it and any *person* acting on its account or on its behalf draw up and keep that section updated in an electronic format in accordance with Template 2 of *CRYPTO* 4 Annex 1.

4.12.8 R The electronic formats referred to in *CRYPTO* 4.12.7R must at all times ensure:

(1) the confidentiality of the information included by ensuring that access to the *cryptoasset insider list* is restricted to clearly identified *persons* that need that access due to the nature of their function or position from within the *relevant issuer*, *person responsible for the offer* or *UK QCATP operator* or any *person* acting on their behalf or on their account;

(2) the accuracy of the information contained in the *cryptoasset insider list*; and

(3) access to and retrieval of previous versions of the *cryptoasset insider list*.

Providing cryptoasset insider lists to the FCA on request

4.12.9 R (1) Whether the *cryptoasset insider list* is prepared, maintained and/or kept by a *relevant issuer*, *person responsible for the offer* or *UK QCATP operator* or by *persons* acting on its account or on its behalf, the *relevant issuer*, *person responsible for the offer* or *UK QCATP operator* must submit the *cryptoasset insider list* to the *FCA* as soon as possible upon request per regulation 31(1)(c) of the *Cryptoassets*

Regulations using the electronic means specified by the *FCA* when the *cryptoasset insider list* is requested.

(2) The electronic means used by a *relevant issuer*, *person responsible for the offer* or *UK QCATP operator* to submit its *cryptoasset insider list* to the *FCA* must maintain the completeness, integrity and confidentiality of the information during the transmission.

Acknowledgement of legal and regulatory duties

4.12.10 R A *relevant issuer*, *person responsible for the offer* or *UK QCATP operator* must ensure that it or any *person* acting on its behalf or on its account takes all reasonable steps to ensure that any *person* on the *cryptoasset insider list* acknowledges in writing the legal and regulatory duties entailed, and is aware of the sanctions applicable to *cryptoasset insider dealing* and unlawful disclosure of *cryptoasset inside information*.

4.12.11 R Where another *person* acting on behalf of or on the account of a *relevant issuer*, *person responsible for the offer* or *UK QCATP operator* assumes the task of drawing up and updating the *cryptoasset insider list*, the *relevant issuer*, *person responsible for the offer* or *UK QCATP operator* remains fully responsible for complying with *CRYPTO* 4.12. The *relevant issuer*, *person responsible for the offer* or *UK QCATP operator* must always retain a right of access to the *cryptoasset insider list*.

4.12.12 G Providing *persons* with access to *cryptoasset inside information* and including such *persons* on a *cryptoasset insider list* is without prejudice to the prohibitions laid down in Chapter 2 of the *Cryptoassets Regulations*.

4 Annex 1 Cryptoasset insider list templates

4 Annex 1.1R

TEMPLATE 1 Insider list: section relating to [Name of the deal-specific or event-based inside information]	
Date and time (of creation of this section of the cryptoasset insider list – ie, when this inside information was identified):	[yyyy-mm-dd; hh:mm (coordinated universal time (UTC))]
Date and time (last update):	[yyyy-mm-dd, hh:mm (UTC)]
Date of transmission to the Financial Conduct Authority (if applicable):	[yyyy-mm-dd]

First name(s) of the insider	[Text]
Surname(s) of the insider	[Text]
Birth surname(s) of the insider (if different)	[Text]
Professional telephone number(s) (work direct telephone line and work mobile numbers)	[Numbers (no space)]
Issuer/ person responsible for the offer/CATP operator name and address	[Address]
Function and reason for being insider	[Text describing role, function and reason for being on this list]
Obtained (the date and time at which a person obtained access to inside information)	[yyyy-mm-dd, hh:mm (UTC)]
Ceased (the date and time at which a person ceased to have access to inside information)	[yyyy-mm-dd, hh:mm (UTC)]
Date of birth	[yyyy-mm-dd]
National identification number (if applicable)	[Number and/or text]
Personal telephone numbers (home and personal mobile telephone numbers)	[Numbers (no space)]
Personal full home address: street name; street number; city; post/zip code; country)	[Text: detailed personal address of the insider Street name and street number City Post/zip code Country]
Cryptoasset wallet address(es) (if applicable)	[details about any wallet addresses owned by the insider]

4 Annex
1.2R

TEMPLATE 2 Permanent insiders section of the insider list

Date and time (of creation of the permanent insiders section)	[yyyy-mm-dd, hh:mm (UTC)]
Date and time (last update):	[yyyy-mm-dd, hh:mm (UTC)]
Date of transmission to the Financial Conduct Authority (if applicable):	[yyyy-mm-dd]

First name(s) of the insider	[Text]
Surname(s) of the insider	[Text]
Birth surname(s) of the insider (if different)	[Text]
Professional telephone number(s) (work direct telephone line and work mobile numbers)	[Numbers (no space)]
Issuer/ person responsible for the offer/CATP operator name and address	[Address]
Function and reason for being insider	[Text describing role, function and reason for being on this list]
Included (the date and time at which a person was included in the permanent insider section)	[yyyy-mm-dd, hh:mm (UTC)]
Date of birth	[yyyy-mm-dd]
National identification number (if applicable)	[Number and/or text]
Personal telephone numbers (home and personal mobile telephone numbers)	[Numbers (no space)]
Personal full home address (street name; street number; city; post/zip code; country)	[Text: detailed personal address of the insider Street name and number City Post/zip code Country]
Cryptoasset wallet address(es) (if applicable)	[details about any wallet addresses owned by the insider]

GLOSSARY (CRYPTOASSETS) INSTRUMENT 202X

Powers exercised

A. The Financial Conduct Authority ("the FCA") makes this instrument in the exercise of the powers and related provisions in or under:

(1) the following sections of the Financial Services and Markets Act 2000 ("the Act"), including as applied by articles 98 and 99 of the Financial Services and Markets Act (Regulated Activities) Order 2000 (as amended by the Financial Services and Markets Act 2000 (Regulated Activities and Miscellaneous Provisions) (Cryptoassets) Order 2025) as applied by paragraph 3 of Schedule 6 to the Payment Services Regulations 2017 (SI 2017/752) and paragraph 2A of Schedule 3 to the Electronic Money Regulations 2011 (SI 2011/99):

(a) section 71N (Designated activities: rules);
(b) section 137A (The FCA's general rules);
(c) section 137B (FCA general rules: clients' money, right to rescind etc.);
(d) section 137R (Financial promotion rules); and
(e) section 137T (General supplementary powers).

(2) the following provisions of the Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2025 [*Editor's note*: insert SI number]:

(a) regulation 6 ("Qualifying cryptoasset disclosure document" and "supplementary disclosure document");
(b) regulation 9 (Designated activity rules: qualifying cryptoasset public offers and admissions to trading);
(c) regulation 12 (Responsibility for disclosure documents);
(d) regulation 13 (General requirements to be met by a qualifying cryptoasset disclosure document or supplementary disclosure document);
(e) regulation 15 (Withdrawal rights);
(f) regulation 21 (Designated activity rules: market abuse in qualifying cryptoassets and related instruments);
(g) regulation 23 (Exclusions: insider dealing);
(h) regulation 26 (Public disclosure of inside information);
(i) regulation 27 (Public disclosure of inside information: delayed disclosure);
(j) regulation 30 (Systems and procedures for trading relevant qualifying cryptoassets and related instruments);
(k) regulation 31 (Insider lists for relevant qualifying cryptoassets and related instruments);

(l) regulation 32 (Cases in which sharing of information authorised or required);
(m) regulation 34 (Legitimate cryptoasset market practice);
(n) regulation 36 (Disapplication or modification of rules); and
(o) paragraph 8 ("Protected forward-looking statement") of Part 2 (Further exemption relating to forward-looking statement) of Schedule 2 (Compensation: exemptions).

(2) the other rule making powers listed in Schedule 4 (Powers exercised) to the General Provisions of the FCA's Handbook.

B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

C. This instrument comes into force on [*date*].

Amendments to the Handbook

D. The Glossary of definitions is amended in accordance with the Annex to this instrument.

Notes

E. In the Annexes to this instrument, the notes (indicated by "**Note:**" or "*Editor's note*:") are included for the convenience of readers but do not form part of the legislative text.

Citation

F. This instrument may be cited as the Glossary (Cryptoassets) Instrument 202X.

By order of the Board
[*date*]

Annex

Amendments to the Glossary of definitions

[*Editor's note*: This Annex takes into account the proposals and legislative changes included in the following consultation papers as if they were made final:

(1) 'Stablecoin issuance and cryptoasset custody' (CP25/14); and
(2) 'Application of FCA Handbook for Regulated Cryptoasset Activities' (CP25/25).]

In this Annex, underlining indicates new text and striking through indicates deleted text, unless stated otherwise.

Insert the following new definitions in the appropriate alphabetical position. The text is not underlined.

admission criteria	(in *CRYPTO* 3) the criteria a *UK QCATP* is required to establish by *CRYPTO* 3.2.1R.
cryptoasset	as defined in section 417 (Definitions) of the *Act*, any cryptographically secured digital representation of value or contractual rights that: (a) can be transferred, stored or traded electronically; and (b) uses technology supporting the recording or storage of data (which may include distributed ledger technology).
cryptoasset inside information	means 'inside information' as defined in regulation 18 (Inside information) of the *Cryptoassets Regulations*.
cryptoasset insider	means a *person* who possesses inside information, as described in regulation 22(4) and (5) (Prohibited use of inside information (insider dealing)) of the *Cryptoassets Regulations*.
cryptoasset insider dealing	means using inside information as prohibited by regulation 22 (Prohibited use of inside information (insider dealing)) of the *Cryptoassets Regulations*.
cryptoasset insider list	a list, as required by regulation 31(1)(a) (Insider lists for relevant qualifying cryptoassets and related instruments) of the *Cryptoassets Regulations*, of all *persons* specified in *CRYPTO* 4.12.2R, who: (a) have access to *cryptoasset inside information*; and (b) are working for those *persons* under a contract of employment, or otherwise performing tasks through which they have access to *cryptoasset inside information*, such as advisers, accountants or credit rating agencies.

cryptoasset intermediary

an *authorised person*, other than a *UK QCATP operator*, that carries out any of:

(a) in relation to *qualifying cryptoassets*:

(i) *dealing in qualifying cryptoassets as principal*;

(ii) *dealing in qualifying cryptoassets as agent*;

(iii) *arranging deals in qualifying cryptoassets*; and

(b) in relation to *related instruments*:

(i) *dealing in investments as principal*;

(ii) *dealing in investments as agent*;

(iii) *arranging (bringing about) deals in investments*; and

(iv) *making arrangements with a view to transactions in investments*.

cryptoasset market abuse

means any activity prohibited by the following provisions in the *Cryptoassets Regulations*:

(a) regulation 22 (Prohibited use of inside information (insider dealing));

(b) regulation 24 (Prohibition on the disclosure of inside information); and

(c) regulation 28 (Prohibition of market manipulation).

cryptoasset market manipulation

means 'market manipulation' as defined in regulation 19 (Market manipulation) of the *Cryptoassets Regulations*.

cryptoasset unlawful disclosure

the behaviour described in regulation 24 of the *Cryptoassets Regulations*.

Cryptoassets Regulations

The Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2025 [*Editor's note*: insert SI number].

large CATP operator

a *firm* which:

(a) operates a *UK QCATP*;

(b) has average revenue, to be calculated at 12-*month* intervals, of more than or equal to £10,000,000 a year, for 3 previous years, having regard to:

(i) all its activities, including but not limited to operating a *UK QCATP*; and

(ii) where applicable, revenue arising from periods when the business was carried on by or in any predecessor entity.

legal entity identifier	(in *CRYPTO*) a 20-character alphanumeric code that uniquely identifies legally distinct entities which engage in financial transactions.
legitimate cryptoasset market practice	a market practice that is specified in *CRYPTO* 4.11.
LEI	*legal entity identifier*.
offer of a qualifying cryptoasset to the public	has the same meaning as in regulation 5 ("Offer of a qualifying cryptoasset to the public") of the *Cryptoassets Regulations*.
person responsible for the offer	(in accordance with regulation 3(3) (Interpretation: qualifying cryptoasset public offers and admissions to trading) and regulation 17(1) and (5) (Interpretation: market abuse in qualifying cryptoassets and related instruments) of the *Cryptoassets Regulations*) means: (a) in relation to the offer of a *qualifying cryptoasset* to the public: (i) the *person* making the offer; or (ii) where the offer is being made on behalf of another, the *person* on whose behalf the offer is being made; (b) in relation to the *admission to trading*: (i) the *person* requesting or obtaining *admission to trading*; or (ii) where, of its own motion, a *UK QCATP operator* admits a *qualifying cryptoasset* to trading on a *UK QCATP* operated by it, that *UK QCATP operator*; (c) in relation to a *related instrument*, the *person* who is, for the purposes of the *Market Abuse Regulation*, the offeror of that instrument.
proprietary token	a *qualifying cryptoasset* that is not a *UK-issued qualifying stablecoin* and that is either:

	(a) a *qualifying cryptoasset* issued by the *qualifying cryptoasset firm* or a member of its *group*; or (b) a *qualifying cryptoasset* over which the *qualifying cryptoasset firm* or member of its *group* has material control or holdings of its supply.
QCATP operator	a *qualifying CATP operator*.
QCDD	a document which is a qualifying cryptoasset disclosure document for the purposes of Chapter 1 of Part 2 to the *Cryptoassets Regulations*.
qualifying CATP	a *qualifying cryptoasset trading platform*.
qualifying CATP operator	a *firm authorised* to carry on the activity of *operating a qualifying CATP*.
qualifying cryptoasset best execution obligation	(in *CRYPTO* 5) the obligation of a *firm* under *CRYPTO* 5.4.1R, *CRYPTO* 5.4.9R, *CRYPTO* 5.4.12R and *CRYPTO* 5.4.15R.
qualifying cryptoasset borrowing	the disposal of a *qualifying cryptoasset* from or via a *qualifying cryptoasset firm* to a *person* subject to an obligation or right to reacquire the same or equivalent *qualifying cryptoasset* from the *person*, which may include the provision of *qualifying cryptoasset borrowing collateral* and/or payment of interest from the *person* to the *qualifying cryptoasset firm*.
qualifying cryptoasset borrowing collateral	the transfer (other than by way of sale) by a *retail client* of assets (including *qualifying cryptoassets*) or currency, or rights in respect thereof, subject to a right of the *retail client* to have transferred back to it the same or equivalent assets or currency where the assets or currency are transferred to secure the performance of the obligations of the *retail client* arising in connection with *qualifying cryptoasset borrowing*.
qualifying cryptoasset execution venue	(in *CRYPTO*): (a) a *qualifying cryptoasset trading platform*; (b) a single dealer platform; (c) a liquidity provider; or (d) an entity that performs a similar function in a third country to the functions performed by any of the entities in (a) to (c) the foregoing.
qualifying cryptoasset lending	the disposal of a *qualifying cryptoasset* from a *person* to or via a *qualifying cryptoasset firm* subject to an obligation or right to reacquire the same or equivalent *qualifying cryptoasset* from the

	qualifying cryptoasset firm, typically with compensation paid to that *person* by the *qualifying cryptoasset firm* in the form of yield.
qualifying cryptoasset lending or borrowing	means one or both of the services of *qualifying cryptoasset lending* and/or *qualifying cryptoasset borrowing*.
reportable post-trade transparency information	information which a *transparency reporting firm* is required to report, as set out in *CRYPTO* 7.3.
reportable pre-trade transparency information	information which a *transparency reporting firm* is required to report, as set out in *CRYPTO* 7.2.
related instrument	(in accordance with regulation 17(1) (Interpretation: market abuse in qualifying cryptoassets and related instruments)) of the *Cryptoassets Regulations* a *financial instrument* or *specified investment* whose price or value depends on, or has an effect on, the price or value of a *relevant qualifying cryptoasset*, but does not include a *financial instrument* or *specified investment* which: (a) is a *relevant qualifying cryptoasset*; or (b) falls within Article 2(1) (Scope) of the *Market Abuse Regulation*.
relevant dealer in principal	(in accordance with regulation 17(1) (Interpretation: market abuse in qualifying cryptoassets and related instruments)) of the *Cryptoassets Regulations* a *person* who carries on an activity of a kind described in article 9T (Dealing in qualifying cryptoassets as principal) of the *Regulated Activities Order* in relation to a *relevant qualifying cryptoasset*.
relevant issuer	(in accordance with regulation 17(1) (Interpretation: market abuse in qualifying cryptoassets and related instruments)) of the *Cryptoassets Regulations* means: (a) in relation to a *relevant qualifying cryptoasset*: (i) the issuer of a *qualifying stablecoin*; or (ii) in any other case, a *person* ('A') where: (A) A offers a *qualifying cryptoasset*, or arranges for another to offer that *qualifying cryptoasset* to the public; and (B) that *qualifying cryptoasset* is created by, or on behalf of, A for sale or subscription; or

	(b) in relation to a *related instrument*, the issuer of that instrument.
relevant qualifying cryptoasset	(in accordance with regulation 17(1) (Interpretation: market abuse in qualifying cryptoassets and related instruments)) of the *Cryptoassets Regulations* a *qualifying cryptoasset* that has been *admitted to trading*, or is subject to an application seeking *admission to trading*, on a *UK QCATP*.
specified investment cryptoasset	means a *cryptoasset* that: (a) is a *specified investment* as a result of Part 3 (Specified investments) of the *Regulated Activities Order*: (i) excluding article 88F (Qualifying cryptoassets); and (ii) including where the *cryptoasset* is a right to or an interest in such a *specified investment* by operation of article 89 (Rights to or interests in investments); and (b) would be a *qualifying cryptoasset* if of article 88F(4)(a) to (c) were disregarded.
stablecoin QCDD	A *QCDD* produced in relation to a *UK qualifying stablecoin*.
supplementary disclosure document	a document which is a supplementary disclosure document for the purposes of Chapter 1 of Part 2 of the *Cryptoassets Regulations*.
transparency crypto intermediary	a *firm* dealing in *qualifying cryptoassets as principal* when trading in *qualifying cryptoassets* otherwise than on a matched principal basis.
transparency reporting firm	a *firm* that is either: (a) a *QCATP operator*; or (b) a *transparency crypto intermediary*, to which *CRYPTO* 7 applies.
UK QCATP	a *qualifying cryptoasset trading platform*, the operation of which requires *authorisation*.
UK QCATP operator	the operator of a *UK QCATP*.
UK qualifying cryptoasset execution venue	a *qualifying cryptoasset execution venue*, the operation of which requires *authorisation*.

UK qualifying stablecoin	a *qualifying stablecoin* issued by a *person* authorised under Part 4A of the *Act* for the activity specified in article 9M of the *Regulated Activities Order* (Issuing qualifying stablecoin).
wrapped token	a *qualifying cryptoasset* ('A') which: (a) relates to an underlying *qualifying cryptoasset* ('B'), where B is minted on a blockchain other than one on which A is used ('C'); and (b) is created specifically for the purpose of enabling B to be used on C.

Amend the following definitions as shown.

[*Editor's note*: the amendments to the terms 'acknowledgement letter', 'acknowledgement letter fixed text' and 'acknowledgement letter variable text' were previously consulted on in CP25/14. These terms have since been amended by the Payments and Electronic Money (Safeguarding) Instrument 2025 (FCA 2025/38), which comes into force on 7 May 2026. These amendments are reflected in the text below.]

acknowledgement letter	… (2) … (3) (in *CASS* 16) a *backing asset pool acknowledgement letter* (a letter in the form of the template in *CASS* 16 Annex 1R) or an *unallocated backing funds acknowledgement letter* (a letter in the form of the template in *CASS* 16 Annex 2R).
acknowledgement letter fixed text	… (4) … (5) (in *CASS* 16) the text in the template *acknowledgement letters* in *CASS* 16 Annex 1R and *CASS* 16 Annex 2R that is not in square brackets.
acknowledgement letter variable text	… (4) … (5) (in *CASS* 16) the text in the template *acknowledgement letters* in *CASS* 16 Annex 1R and *CASS* 16 Annex 2R that is in square brackets.

[*Editor's note*: the definition of 'admission to trading' takes into account the changes made by the UK Listing Rules (Further Issuance and Listing Particulars) Instrument 2025 (FCA 2025/33), which come into force on 19 January 2026.]

admission to trading …

(2A) …

(2B) (in *CRYPTO*) admission of a *qualifying cryptoasset* to trading on a *UK QCATP*.

…

algorithmic trading (1) (except in *CRYPTO* 4.7 and *CRYPTO* 4.8) trading in *financial instruments* which meets the following conditions:

(a) where a computer algorithm automatically determines individual parameters of orders such as whether to initiate the order, the timing, price or quantity of the order for how to manage the order after its submission; and

(b) there is limited or no human intervention; but

does not include any system that is only used for the purpose of routing orders to one or more *trading venues* or the processing of orders involving no determination of any trading parameters or for the confirmation of orders or the post-trade processing of executed transactions.

(2) (in *CRYPTO* 4.7 and *CRYPTO* 4.8), trading in *qualifying cryptoassets* or *related instruments* which meets the following conditions:

(a) where a computer algorithm automatically determines individual parameters of orders such as whether to initiate the order, the timing, price or quantity of the order for how to manage the order after its submission; and

(b) there is limited or no human intervention; but

does not include any system that is only used for the purpose of routing orders to one or more *qualifying cryptoasset trading platforms* or *trading venue* (as applicable) or the processing of orders involving no determination of any trading parameters or for the confirmation of orders or the post-trade processing of executed transactions.

[*Editor's note*: the amendments to the term 'approved bank' were previously consulted on in CP25/14. This term has since been amended by the Payments and Electronic Money (Safeguarding) Instrument 2025 (FCA 2025/38), which comes into force on 7 May 2026. These amendments are reflected in the text below.]

approved bank

(1) (except in *COLL* ~~and~~, *CASS* 15 and *CASS* 16) (in relation to a *bank* account opened by a firm):

…

(3) …

(4) (in *CASS* 16) (in relation to a *bank* account opened by a *firm*):

(a) the *central bank* of a state that is a member of the *OECD* ('an *OECD* state');

(b) a *credit institution* that is supervised by the *central bank* or other banking regulator of an *OECD* state; and

(c) any *credit institution* that:

(i) is subject to regulation by the banking regulator of a state that is not an *OECD* state;

(ii) is required by the law of the country or territory in which it is established to provide audited accounts;

(iii) has minimum net assets of £5 million (or its equivalent in any other currency at the relevant time);

(iv) has a surplus of revenue over expenditure for the past 2 financial years; and

(v) has an annual report which is not materially qualified.

arranging deals in qualifying cryptoassets

the regulated activity specified in article ~~[9Z]~~ 9Y of the *Regulated Activities Order*, which is, in summary, making arrangements:

(a) for another *person* (whether as *principal* or agent) to buy, *sell*, or subscribe for or underwrite a *qualifying cryptoasset*;

(b) with a view to a *person* who participates in the arrangements *buying*, *selling*, subscribing for or underwriting *qualifying cryptoassets* whether as *principal* or agent.

arranging qualifying cryptoasset safeguarding	the *regulated activity* specified in article ~~9O(1)(b)~~ 9N(1)(b) (Safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets) of the *Regulated Activities Order*, but only in relation to *qualifying cryptoassets*.
arranging qualifying cryptoasset staking	the *regulated activity*, specified in article ~~[9Z7]~~ 9Z6 of the *Regulated Activities Order*, which is, in summary, making arrangements on behalf of another (whether as principal or agent) for *qualifying cryptoasset staking*.
blockchain validation	(in accordance with article ~~[9Z7]~~ 9Z6 of the *Regulated Activities Order*): (a) the validation of transactions on: (i) a blockchain; or (ii) a network that uses distributed ledger technology or other similar technology; and (b) includes proof of stake consensus mechanisms.
data protection legislation	(1) (except in *CRYPTO* 4) the General Data Protection Regulation (EU) No 2016/679 and the Data Protection Act 2018. (2) (in *CRYPTO* 4) has the same meaning as in section 3 of the Data Protection Act 2018.
dealing in qualifying cryptoassets as agent	the *regulated activity*, specified in article ~~[9X]~~ 9W of the *Regulated Activities Order*, which is, in summary, *buying*, *selling*, subscribing for or underwriting *qualifying cryptoassets* as agent.
dealing in qualifying cryptoassets as principal	the *regulated activity*, specified in article ~~[9U]~~ 9T of the *Regulated Activities Order*, which is, in summary, *buying*, *selling*, subscribing for or underwriting *qualifying cryptoassets* as *principal*.
designated investment business	any of the following activities, specified in Part II of the *Regulated Activities Order* (Specified Activities), which is carried on by way of business: … (u) *issuing qualifying stablecoin* in the *United Kingdom* (article ~~[~~9M~~]~~); (v) *safeguarding qualifying cryptoassets*; (w) *operating a qualifying ~~cryptoasset trading platform~~ CATP* (article ~~[9T]~~ 9S);

	(x)	*dealing in qualifying cryptoassets as principal* (article ~~[9U]~~ 9T), but disregarding the exclusion in article ~~[9V]~~ 9U (Absence of holding out etc);
	(y)	*dealing in qualifying cryptoassets as agent* (article ~~[9X]~~ 9W);
	(z)	*arranging deals in qualifying cryptoassets* (article ~~[9Z]~~ 9Y);
	(za)	*arranging qualifying cryptoasset staking* (article ~~[9Z7]~~ 9Z6).
execution of orders on behalf of clients	(1)	(except in *CRYPTO* and *CRYPTOPRU*) acting to conclude agreements to buy or sell one or more *financial instruments* on behalf of *clients*, including the conclusion of agreements to sell *financial instruments* issued by an *investment firm* or a *credit institution* at the moment of their issuance.
		[Note: article 4(1)(5) of *MiFID*]
	(2)	(in *CRYPTO* and *CRYPTOPRU*) acting to conclude agreements to buy or sell one or more *qualifying cryptoassets* on behalf of *clients*, including the conclusion of agreements to sell *qualifying cryptoassets* issued by a *firm* at the moment of their issuance.

[*Editor's note*: the definition of 'forward-looking statement' is introduced by the Prospectus Instrument 2025 (FCA 2025/30), which comes into force on 19 January 2026.]

forward-looking statement	(1)	(in *PRM*) has the same meaning as in paragraph 10(2) of Schedule 2 to the *Public Offers and Admissions to Trading Regulations*.
	(2)	(in *CRYPTO* 3) has the same meaning as in paragraph 8(2) of Part 2 of Schedule 2 to the *Cryptoassets Regulations*.
market maker	…	
	(4)	…
	(5)	(in *CRYPTO*) a *person* who holds themselves out on a *qualifying CATP* on a continuous basis as being willing to deal in *qualifying cryptoassets* as principal by buying and selling *qualifying cryptoassets* against that *person's* proprietary capital at prices defined by that *person*.
material change	(in *COBS* 11 and in *CRYPTO* 5.4) a significant event that could impact parameters of best execution, such as cost, price, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order.	

operating a qualifying ~~cryptoasset trading platform~~ CATP	the *regulated activity* in article ~~[9T]~~ 9S of the *Regulated Activities Order* which is, in summary, the operation of a *qualifying cryptoasset trading platform*.
over the counter	(1) (except in *CRYPTO*) (in relation to a transaction in an investment) not on-exchange. (2) (in *CRYPTO*) in relation to a transaction in *qualifying cryptoassets*, not on a *UK QCATP*.
personal transaction	a trade in a *designated investment* or *qualifying cryptoasset*, or in *COBS* 11.7A only, a trade in a *financial instrument*, effected by or on behalf of a *relevant person*, where at least one of the following criteria are met: …
proprietary trading	(in *SYSC* 27 (Senior managers and certification regime: (Certification regime) and *COCON*) *dealing in investments as principal* as part of a business of trading in *specified investments*. For these purposes *dealing in investments as principal* includes: (a) any activities that would be included but for the exclusion in Article 15 (Absence of holding out), Article 16 (Dealing in contractually based investments) or, for a *UK AIFM* or *UK UCITS management company*, article 72AA (Managers of UCITS and AIFs) of the *Regulated Activities Order*; (b) *dealing in qualifying cryptoassets as principal*; (c) any activities that would be included in (b) but for the exclusion in ~~[~~article ~~9V]~~ 9U (Absence of holding out) of the *Regulated Activities Order*; (d) *issuing qualifying stablecoin* in the *United Kingdom*; and (e) *operating a qualifying ~~cryptoasset trading platform~~ CATP* to the extent that that activity would have fallen into (b) but for the exclusion in article ~~[9Y(3)(b)]~~ 9X(2)(b) of the *Regulated Activities Order*.

[*Editor's note*: the definition of 'protected forward-looking statement' is introduced by the Prospectus Instrument 2025 (FCA 2025/30), which comes into force on 19 January 2026.]

protected forward-looking statement	(1) (in *PRM*) a *forward-looking statement* that satisfies the conditions set out in *PRM* 8.1.3R.

(2) (in *CRYPTO* 3) a *forward-looking statement* that satisfies the conditions set out in *CRYPTO* 3.7.4R.

[*Editor's note*: the consultation papers 'Stablecoin issuance and cryptoasset custody' (CP25/14) and 'Application of FCA Handbook for Regulated Cryptoasset Activities' (CP25/25) proposed different definitions for the Glossary term 'qualifying cryptoasset'. Those definitions are now deleted; the changes set out below amend the existing Glossary term 'qualifying cryptoasset' as it exists in the Handbook.]

qualifying cryptoasset

(1) ~~(~~as defined in ~~paragraph 26F~~ article 88F (Qualifying cryptoasset) of ~~Schedule 1 to the *Financial Promotion Order*)~~ the *Regulated Activities Order*:

~~(1)~~ (a) ~~Any~~ a cryptoasset ~~(other than a cryptoasset falling in (2))~~ which is:

~~(a)~~ (i) fungible; and

~~(b)~~ (ii) transferable.

(iii) not solely a record of value or contractual rights, including rights in another cryptoasset; and

(iv) not excluded by (iii).

(b) For the purposes of (1)(a)(ii), the circumstances in which a cryptoasset is to be treated as 'transferable' include where it confers transferable rights.

~~(2)~~ (c) A cryptoasset does not fall within ~~(1)~~ (1)(a) if it is:

~~(a)~~ (i) ~~a *controlled investment* falling within any of paragraphs 12 to 26E or, so far as relevant to any such *investment*, paragraph 27 of Schedule 1 to the *Financial Promotion Order*~~; a *specified investment cryptoasset*, other than one specified by:

(A) article 74A (Electronic money) of the *Regulated Activities Order*; or

(B) article 88F (Qualifying cryptoassets) of the *Regulated Activities Order*;

~~(b)~~ (ii) ~~electronic money~~ *electronic money* ~~(as defined in regulation 2(1) (Interpretation) of the *Electronic Money Regulations*)~~;

~~(c)~~ (iii) ~~fiat currency~~ currency of the *United Kingdom* or any other country, or territory including a central bank digital currency; or

~~(d) fiat currency issued in digital form; or~~

~~(e)~~ (iv) a cryptoasset that:

~~(i)~~ (A) cannot be transferred or sold in exchange for money or other cryptoassets, except by way of redemption with the issuer; and

~~(ii)~~ (B) can only be used ~~in a limited way and meets one of the following conditions~~ by the holder to:

(1) ~~it allows the holder to~~ acquire goods or services ~~only~~ from the issuer; or

(2) ~~it is issued by a professional issuer and allows the holder to~~ acquire goods or services ~~only~~ within a limited network of service providers which have direct commercial agreements with the issuer~~; or~~.

~~(3) it may be used only to acquire a very limited range of goods or services.~~

~~(3) For the purposes of this definition, a cryptoasset is any cryptographically secured digital representation of value or contractual rights that:~~

~~(a) can be transferred, stored or traded electronically; and~~

~~(b) uses technology supporting the recording or storage of data (which may include distributed ledger technology).~~

(2) insofar as referring to the *controlled investment*, in accordance with article 2 (Interpretation: general) of the *Financial Promotion Order* has the meaning given by article 88F (Qualifying cryptoassets) of the *Regulated Activities Order*, except that the condition as to the cryptoasset being transferable is to be taken as met if a communication made in relation to the cryptoasset describes it as being:

(a) transferable; or

(b) conferring transferable rights.

qualifying cryptoasset activity any of the following activities, specified in Part II of the *Regulated Activities Order* (Specified Activities):

(a) *issuing qualifying stablecoin* in the *United Kingdom* (article ~~[9N]~~ 9M);

(b) *safeguarding qualifying cryptoassets* (article 9N);

(c) *operating a qualifying ~~cryptoasset trading platform~~ CATP* (article ~~[9T]~~ 9S);

(d) *dealing in qualifying cryptoassets as principal* ((article ~~[9U]~~ 9T) (but disregarding the exclusion in article ~~[9V]~~ 9U (Absence of holding out etc));

(e) *dealing in qualifying cryptoassets as agent* (article ~~[9X]~~ 9W);

(f) *arranging deals in qualifying cryptoassets* (article ~~[9Z]~~ 9Y); or

(g) *arranging qualifying cryptoasset staking* (article ~~[9Z7]~~ 9Z6).

qualifying cryptoasset custodian an *authorised person* with *permission* to carry on the *regulated activity* specified in article ~~[9O(1)(a)]~~ 9N(1)(a) (Safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets) of the *Regulated Activities Order*, but only in relation to *qualifying cryptoassets*.

qualifying cryptoasset trading platform (in accordance with article 3(1) (Interpretation) of the *Regulated Activities Order*) a system which brings together or facilitates the bringing together of multiple third-party *buying* and *selling* interests in *qualifying cryptoassets* in a way that results in a contract for the exchange of *qualifying cryptoassets* for:

(1) money (including *electronic money*); or

(2) other *qualifying cryptoassets*.

[*Editor's note*: the definition of 'qualified investor' is introduced by the Prospectus Instrument 2025 (FCA 2025/30), which comes into force on 19 January 2026.]

qualified investor (1) (in *CRYPTO* 3) has the meaning given by paragraph 9 of Part 2 of Schedule 1 to the *Cryptoassets Regulations*.

	(2)	(elsewhere in the *Handbook*) has the meaning ~~in~~ given by paragraph 15 of Schedule 1 to the *Public Offers and Admissions to Trading Regulations*.
qualifying stablecoin	~~(1)~~	~~(in *CRYPTO* 2 and *CASS* 16)~~ the specified *investment* defined in article 88G (Qualifying stablecoin) of the *Regulated Activities Order*~~, but only including those specified investments which involve a stablecoin referencing a single fiat currency~~.
	~~(2)~~	~~(except in *CRYPTO* 2 and *CASS* 16) the specified investment defined in article 88G (Qualifying stablecoin) of the *Regulated Activities Order*.~~
qualifying stablecoin issuer	an *authorised person* with permission to carry on the regulated activity defined in article 9M (Issuing qualifying stablecoin ~~in the United Kingdom~~) of the *Regulated Activities Order*.	

[*Editor's note*: the amendments to the term 'redemption' were previously consulted on in CP25/14. This term has since been amended by the Enforcement Guide (Consequential Amendments) Instrument 2025 (FCA 2025/18), which came into force on 3 June 2025. These amendments are reflected in the text below.]

redemption	(1)	(in relation to *units* in an *authorised fund*) the purchase of them from their *holder* by the *authorised fund* manager acting as a *principal*.
	(2)	(in relation to *qualifying stablecoin*) the process by which a *qualifying stablecoin issuer* fulfils its obligation to the *holder* of a *qualifying stablecoin*, whether carried out directly or indirectly (for example, through a third party), to provide value in exchange for the *holder* returning a *qualifying stablecoin*.
regulated activity	…	
	(B)	in the *FCA* Handbook: (in accordance with section 22 of the *Act* (Regulated activities)) the activities specified in Part II (Specified activities), Part 3A (Specified activities in relation to information) and Part 3B (Claims management activities in Great Britain) of the *Regulated Activities Order*, which are, in summary:
	…	
	(aa)	…

(ab) *issuing qualifying stablecoin* in the United Kingdom (article ~~[~~9M~~]~~);

(ac) *safeguarding qualifying cryptoassets and relevant specified investment cryptoassets* (article ~~[9O]~~ 9N);

(ad) *operating a qualifying ~~cryptoasset trading platform~~* *CATP* (article ~~[9T]~~ 9S);

(ae) *dealing in qualifying cryptoassets as principal* (article ~~[9U]~~ 9T);

(af) *dealing in qualifying cryptoassets as agent* (article ~~[9X]~~ 9W);

(ag) *arranging deals in qualifying cryptoassets* (article ~~[9Z]~~ 9Y);

(ah) *arranging qualifying cryptoasset staking* (article ~~[9Z7]~~ 9Z6);

…

relevant person (1) …

(2) (in *CRYPTO* 4) (in accordance with regulation 17(4) (Interpretation: market abuse in qualifying cryptoassets and related instruments)) of the *Cryptoassets Regulations* a *person*, in relation to a *relevant qualifying cryptoasset* or *related instrument*, that is:

(1) a *relevant issuer* of that *relevant qualifying cryptoasset* or *related instrument*;

(2) a *person responsible for the offer* of that *relevant qualifying cryptoasset* or *related instrument*;

(3) a *UK QCATP operator* in relation to a *relevant qualifying cryptoasset*; or

(4) a *relevant dealer in principal*.

~~(2)~~ (otherwise) any of the following
(3)

…

[*Editor's note*: the definition of 'retail investor' is introduced by the Consumer Composite Investments Instrument 2025 (FCA 2025/52), which comes into force on 6 April 2026.]

retail investor	(1)	(in *GEN*, *COBS*, *COLL*, *DISC* and the Investment Funds sourcebook) a *person* meeting the criteria in *DISC* 1A.1.5R.
	(2)	(in *CRYPTO* 3) a *person* who is not a *qualified investor* as defined by paragraph 9 of Part 2 of Schedule 1 to the *Cryptoassets Regulations*.
retail market business	the *regulated activities* and *ancillary activities* to those activities, *payment services*, issuing *electronic money*, and activities connected to the provision of *payment services* or issuing of *electronic money*, of a *firm* in a distribution chain (including a *manufacturer* and a *distributor*) which involves a *retail customer*, but not including the following activities:	
	…	
	(6)	…
	(7)	the activities specified as designated activities under section 71K (Designated activities) of the *Act* by regulations 7 (Designated activities: public offers of qualifying cryptoassets) and 8 (Designated activities: admissions to trading on a qualifying cryptoasset trading platform) of the *Cryptoassets Regulations*, where:
		(a) the carrying on of these activities would involve the carrying on of *regulated activities* or *ancillary activities* to those activities; and
		(b) those activities are carried on in relation to a *qualifying cryptoasset* that is not a *UK qualifying stablecoin*.
safeguarding qualifying cryptoassets	the *regulated activity* specified in article ~~9O(1)(a)~~ article 9N(1)(a) (Safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets) of the *Regulated Activities Order*, but only in relation to *qualifying cryptoassets*.	
safeguarding qualifying cryptoassets and relevant specified investment cryptoassets	the regulated activity specified in article ~~[9O]~~ 9N (Safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets) of the *Regulated Activities Order*.	

[*Editor's note*: the amendments to the term 'shortfall' were previously consulted on in CP25/14. This term has since been amended by the Payments and Electronic Money (Safeguarding) Instrument 2025 (FCA 2025/38), which comes into force on 7 May 2026. These amendments are reflected in the text below.]

shortfall	…	
	(4)	…
	(5)	(in relation to *qualifying cryptoassets*) any amount by which the *qualifying cryptoassets* in respect of which a *firm* is *safeguarding qualifying cryptoassets* falls short of the *firm's* obligations to its clients to *safeguard qualifying cryptoassets* (disregarding any decision that a firm may make under *CASS* 17.5.14R(3)(d)).

[*Editor's note*: the definition of 'working day' takes into account the changes made by the Commodity Derivatives (Position Limits, Position Management and Perimeter) Instrument 2025 (FCA 2025/4), which comes into force on 6 July 2026 and the Prospectus Instrument 2025 (FCA 2025/30), which come into force on 19 January 2026.]

working day	(1)	(in *PRM*, *MAR* 5-A, *MAR* 9 ~~and~~, *MAR* 10 and *CRYPTO* 3) (as defined in section 103 of the *Act*) any day other than a Saturday, a Sunday, Christmas Day, Good Friday or a day which is a bank holiday under the Banking and Financial Dealings Act 1971 in any part of the *United Kingdom*.
	…	

The following definitions were proposed to be introduced in the consultation papers 'Stablecoin issuance and cryptoasset custody' (CP25/14) and 'Application of FCA Handbook for Regulated Cryptoasset Activities' (CP25/25) and are reproduced here for convenience.

backing asset composition ratio	a proportion of a *firm's backing asset pool*, expressed as a percentage, calculated using the methodology in *CASS* 16.2.28R.
backing asset pool	a pool of *money* and/or *assets* held by a *firm* in connection with a *qualifying stablecoin* with a view to: (a) maintaining the stability or value of that *qualifying stablecoin*; or (b) meeting an undertaking to *redeem* that *qualifying stablecoin*.
backing asset pool acknowledgement letter	a letter in the form set out in *CASS* 16 Annex 1R.
backing assets account	an account which is provided by a *third party custodian* to hold and keep safe *asset*s that a *qualifying stablecoin issuer* holds as part or

	all of the *backing asset pool*, which meets or should meet the conditions set out in *CASS* 16.2.5R.
backing funds account	an account which is provided by a third party to hold and keep safe *money* that a *qualifying stablecoin issuer* holds as part or all of the *backing asset pool*, to which the conditions set out in *CASS* 16.2.4R apply.
burning	the process by which a cryptoasset is permanently removed from circulation on a blockchain.
calculation date	the date on which a *firm* should carry out a calculation for the purposes of *CASS* 16.2, as described in *CASS* 16.2.27R.
client-specific qualifying cryptoasset record	a *firm's* internal record, identifying each particular *qualifying cryptoasset* in respect of which the *firm* is *safeguarding qualifying cryptoassets* on behalf of each particular *client*, which sets out the detail required in *CASS* 17.5.4R.
core backing assets	(a) *on demand deposits*; and (b) *short-term government debt instruments*.

[*Editor's note*: The definition of 'expanded backing assets' takes into account the proposals and legislative changes suggested in the consultation paper 'Updating the regime for Money Market Funds' (CP23/28) as if they were made final.]

expanded backing assets	in relation to a *backing asset pool*, the following *asset*s: (a) *long-term government debt instruments*; (b) units in a *public debt CNAV MMF* or an *EU MMF* which is a *public debt constant NAV MMF* within the meaning of Article 2(11) of the *EU MMF Regulation* and which meets the following conditions: (i) all *asset*s held within the *MMF* are denominated in the *reference currency* of the *qualifying stablecoin*; and (ii) *asset*s which are a debt security represent a claim on the *UK* government or the central government of a *Zone A country*; (c) *asset*s, rights or *money* held as a counterparty to a *repurchase transaction*: (i) that has a maximum maturity up to and including 7 *days*;

(ii) that concerns *long-term government debt instruments* or *short-term government debt instruments*; and

(iii) in relation to which the other counterparty is limited to 1 of the following:

(A) a *UK credit institution*;

(B) a *MIFIDPRU investment firm*;

(C) a *designated investment firm*;

(D) a 'UK Solvency II firm' as defined in chapter II of the PRA Rulebook: Solvency II Firms Insurance General Application; or

(E) a *third country person* with a main business comparable to any of the entities referred to in (A) to (D).

holder	the *person* who has the right to *redeem* a *qualifying stablecoin*.
issuing qualifying stablecoin	the activity defined in article 9M (Issuing qualifying stablecoin in the United Kingdom) of the *Regulated Activities Order*.
long-term government debt instrument	a debt security representing a claim on the *UK* government or the central government of a *Zone A* country with a residual maturity of more than 365 *days*.
minting	the process of putting a cryptoasset on a blockchain or network using distributed ledger technology or similar technology in a transferrable form.
on demand deposit	a *deposit* the terms of which require that the sum of *money* paid will be repaid, with or without interest or a premium, on demand.
pre-issued stablecoin	a stablecoin which meets the definition of *qualifying stablecoin* and which forms part of a *qualifying stablecoin product* but which first entered circulation prior to [*Editor's note*: insert date on which this instrument comes into force].
qualifying cryptoasset firm	a *firm* with a *Part 4A permission* which includes a *qualifying cryptoasset activity*.
qualifying cryptoasset reconciliation	the process set out at *CASS* 17.5.11R.
qualifying cryptoasset safeguarding rules	*CASS* 17.

qualifying stablecoin funds	(a) *money* received by a *qualifying stablecoin issuer* in payment for a *qualifying stablecoin* in the course of carrying out the activity of *issuing qualifying stablecoin*; and (b) *money* that is equivalent in value to the consideration accepted by a *qualifying stablecoin issuer* when it accepts something other than *money* in payment for a *qualifying stablecoin* in the course of carrying out the activity of *issuing qualifying stablecoin*.
qualifying stablecoin product	a category of *qualifying stablecoins* identifiable on the basis that each *qualifying stablecoin* within that category is fungible with each other *qualifying stablecoin* within that category and together all the coins in that category represent a single product.
qualifying cryptoasset staking	the use of a *qualifying cryptoasset* in *blockchain validation*.
redemption day	(a) any *day* in the past which was (i) a *business day*; or (ii) any other *day* of the year on which a *qualifying stablecoin issuer* proposed to complete *redemptions* as set out in its liquidity risk management policy under *CASS* 16.2.18R and completed *redemptions*. (b) any *day* in the future which is: (i) a *business day*; or (ii) any other *day* of the year on which a *qualifying stablecoin issuer* proposes to complete *redemptions* as set out in its liquidity risk management policy under *CASS* 16.2.18R and has made preparations to complete those *redemptions*.
redemption fee	the fee contractually agreed between a *qualifying stablecoin issuer* and the *holder* of a *qualifying stablecoin* which a *qualifying stablecoin issuer* is entitled to charge for carrying out *redemption*.
redemption sum	the *reference value* of the *qualifying stablecoin* in respect of which a *redemption* request is received, less: (a) any *redemption fee*; and (b) any currency exchange fees which may be incurred by the *qualifying stablecoin issuer* in meeting the *redemption* request in a currency chosen by the *holder* where that currency is different to the *reference currency*.

reference currency	the fiat currency to which a *qualifying stablecoin* is referenced.
reference value	the face value of a *qualifying stablecoin*, with reference to a unit of the fiat currency to which that *qualifying stablecoin* is referenced.
relevant data	in relation to the same calendar *day* which is in the past: (a) data showing the number of *qualifying stablecoin* a *firm* estimated prior to that *day* it would be asked to *redeem* in the course of that *day* (the 'estimated daily redemption amount'); and (b) data showing the number of *qualifying stablecoin* it was in fact asked to *redeem* in the course of that *day* (the 'actual daily redemption amount').
short-term government debt instruments	a debt security representing a claim on the *UK* government or the central government of a *Zone A* country with a residual maturity of 365 *days* or fewer.
stablecoin backing assets	*asset*s received or held by *firm* in its capacity as trustee under *CASS* 16.5.2R for the benefit of the *holders* of a *qualifying stablecoin* in respect of which that *firm* is the *qualifying stablecoin issuer*.
stablecoin backing funds	*money* received or held by a *firm* in its capacity as trustee under *CASS* 16.5.2R for the benefit of the *holders* of a *qualifying stablecoin* in respect of which that *firm* is the *qualifying stablecoin issuer*.
stablecoin pool	a number ('X') of *qualifying stablecoins* calculated in accordance with *CASS* 16.2.9R.
third party custodian	(a) a *person* who is authorised and supervised in the *UK* or in a *third country* for the activity of safeguarding for the account of another *person* of assets including *core backing assets* (excluding *on demand deposits*) and *expanded backing assets*. (b) any *person* appointed to safeguard *core backing assets* (excluding *on demand deposits*) or *expanded backing assets* in circumstances described in *CASS* 16.6.6R(2).
unallocated backing funds	*money* received or held in connection with the purchase of a *qualifying stablecoin* which is held by a *firm* in a segregated manner and is not co-mingled with a *firm's* own funds, pending the *firm* carrying out internal and external safeguarding reconciliations under *CASS* 16.4.9R and *CASS* 16.4.12R.

unallocated backing funds account	an account to which the conditions set out in *CASS* 16.3.6R and *CASS* 16.3.7R apply and through which *money* should pass for a maximum of 24 hours until it is either removed into a *backing funds account* or into an account holding the *firm's* own *money*.
unallocated backing funds acknowledgement letter	a letter in the form of the template in *CASS* 16 Annex 2R.

The following existing definitions were proposed to be amended in the consultation papers 'Stablecoin issuance and cryptoasset custody' (CP25/14) and 'Application of FCA Handbook for Regulated Cryptoasset Activities' (CP25/25) and the relevant parts of the definitions are reproduced here for convenience. The text shown below takes account of the proposed amendments as if they were made final.

asset …

(2) …

(3) (in *CRYPTO* and *CASS* 16) any property, right, entitlement or interest, excluding *money*.

client …

(B) in the *FCA Handbook*:

(1) (except in *PROF*, in *MIFIDPRU* 5, in relation to a *credit-related regulated activity*, in relation to *regulated funeral plan activity*, in relation to a *home finance transaction* in relation to *insurance risk transformation* and activities directly arising from *insurance risk transformation*, and in relation to *issuing qualifying stablecoin* in *PRIN* and *SYSC* 15A) has the meaning given in *COBS* 3.2, that is (in summary and without prejudice to the detailed effect of *COBS* 3.2) a *person* to whom a *firm* provides, intends to provide or has provided a service in the course of carrying on a *regulated activity*, or in the case of *MiFID or equivalent third country business*, an *ancillary service*:

…

…

(13) (in *PRIN* and *SYSC* 15A in relation to *issuing qualifying stablecoin*):

(a) a *person* to whom a *firm* provides, intends to provide or has provided a service in the course of carrying on a *regulated activity*; and

(b) where not otherwise included in (a), the *holder* of a *qualifying stablecoin* which is issued by a *qualifying stablecoin issuer*.

CRD credit institution

(1) (except in *COLL*, *FUND* and *CASS* 16) a *credit institution* that has its registered office (or, if it has no registered office, its head office) in the *UK*, excluding an *institution* to which the *CRD* does not apply under the *UK* provisions which implemented article 2 of the *CRD* (see also *full CRD credit institution*).

(2) (in *COLL*, *FUND* and *CASS* 16) a *credit institution* that:

…

customer …

(B) in the *FCA Handbook*:

(1) (except in relation to *SYSC* 19F.2, *ICOBS*, *retail premium finance*, a *credit-related regulated activity*, *regulated claims management activity*, *regulated funeral plan activity*, *regulated pensions dashboard activity*, *MCOB* 3A, an *MCD credit agreement*, *CASS* 5, for the purposes of *PRIN* in relation to *MiFID or equivalent third country business* and *issuing qualifying stablecoin*, *DISP* 1.1.10- BR, *PROD* 1.4 and *PROD* 4) and in relation to *payment services* and issuing *electronic money* (where not a *regulated activity*) a *client* who is not an *eligible counterparty* for the relevant purposes.

…

(10) …

(11) (in *PRIN* in relation to *issuing qualifying stablecoin*) a *client* who is not an *eligible counterparty* for the relevant purpose.

retail customer …

(2) (in *PRIN* and *COCON*):

…

(g) where a *firm* carries out activities in relation to an *occupational pension scheme*, any *person* who is not a *client* of the *firm* but who is or would be a beneficiary in relation to *investments* held in that *occupational pension scheme*;

(h) where a *firm* is a *qualifying stablecoin issuer*, a *customer* who is not a *professional client*.

specified investment (1) any of the following *investments* specified in Part III of the *Regulated Activities Order* (Specified Investments):

…

(p) *rights to or interests in investments* (article 89);

(r) *qualifying cryptoasset* (article 88F);

(s) *qualifying stablecoin* (article 88G).

…

[*Editor's note*: the consultation paper 'Stablecoin issuance and cryptoasset custody' (CP25/14) proposed the introduction of a new Glossary term 'stablecoin issuer'. The proposed term is now withdrawn.]

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