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26 February 2018

(By email)

Our Ref: FOI5555

Dear

Freedom of Information: Right to know request

Thank you for your request under the Freedom of Information Act 2000 ("the Act") dated 17 January 2018 for the following information:

"I would like to know how many investigations the FCA currently has open into companies who are promoting contracts for difference on cryptocurrency prices to UK investors, also known as "leveraged cryptocurrency", "leveraged Bitcoin", "cryptocurrency spreadbetting", etc, without being authorised to offer contracts for difference in the UK.

I have noticed that these cryptocurrency CFDs are currently being heavily promoted to UK investors via UK local news sites, in much the same way as binary options platforms were prior to the last few months."

In our email of 14 February 2018 we advised we needed more time to consider whether the balance of public interest in the retention of information outweighed the public interest in its disclosure. I can now confirm we have now completed this exercise, and the outcome is set out below.

The FCA regulates contracts for difference ("CFDs") and firms offering CFDs must be authorised and supervised by us, including CFDs with cryptocurrencies as the underlying investment.

Since September last year, we have received increasing numbers of reports about firms promoting high risk CFDs in cryptocurrencies to UK consumers who are not authorised by us. Most of the firms reported to us appear to be based overseas, despite often claiming a UK presence. This can make it more difficult for us to obtain information in the course of a formal investigation.

In answer to your request, I can confirm we do not currently have any formal investigations open into unauthorised firms promoting CFDs on cryptocurrency prices to UK investors (that is, where we mean "investigations" in which investigators have been formally appointed under section 168(2)(a) FSMA). However, we do have three open "enquiries" into unauthorised firms who offer these high risk products. These are informal investigations in which we seek to form a view on whether or not to open a formal investigation. Our investigations will result in enforcement action, where we find sufficient evidence of serious misconduct.

Where our Unauthorised Business Department does not take formal action against a firm, it may still seek to obtain positive outcomes by engaging with the firm, in some cases ensuring that it applies for the appropriate authorisation; in others, demanding that it undertakes not to continue unauthorised activities; or occasionally we intervene to ask the firm to offer redress to consumers. In some situations it may be necessary to issue an alert to consumers via the FCA website to warn them about a particular individual, activity or firm or add a warning on our Scamsmart page: <https://www.fca.org.uk/scamsmart>. This can be for many reasons, but is mostly considered when an individual has not cooperated with technical correspondence, or is persisting in their activity. We recently issued a warning about firms offering CFDs with underlying cryptocurrencies on our website: <https://www.fca.org.uk/news/news-stories/consumer-warning-about-risks-investing-cryptocurrency-cfds>.

If you have identified any unauthorised firms that are offering CFDs with cryptocurrencies as their underlying investment, please do let us know. Information on how to do that is at: <https://www.fca.org.uk/consumers/report-scam-unauthorised-firm>.

Yours sincerely

Information Disclosure Team



Your right to complain under the FoI Act

If you are unhappy with the decision made in relation to your request, you have the right to request an internal review. If you wish to exercise this right you should contact us within three months of the date of this response.

If you are not content with the outcome of the internal review, you also have a right of appeal to the Information Commissioner at Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire SK9 5AF. Telephone: 01625 545 700. Website: www.ico.org.uk