

Email:       foi@fca.org.uk

By email

27 November 2018

Our Ref: FOI6063

Dear

**Freedom of Information: Right to know request**

Thank you for your request under the Freedom of Information Act 2000 (the Act), dated 23 October 2018, concerning investigations relating to cryptoassets. For ease of reference, the full text of your request is enclosed in Annex A below.

Firstly, I would like to sincerely apologise for the delay in responding.

Your request has now been considered, and I can confirm that we hold the information requested and we will answer each point in turn.

**1. The number of current investigations or enquiries (as the term "enquiry" is used in the response to FOI5673 - <https://www.fca.org.uk/publication/foi/foi5673-response.pdf>) relating to whether firms that are involved in some form of cryptoasset business might be carrying on regulated activities that require FCA authorisation**

As at 31 October 2018 there were 21 ongoing enquiries and 0 ongoing investigations.

**2. In relation to any investigations or enquiries falling within the scope of 1, a brief description of the activities which are the subject of investigation or enquiry.**

I can confirm that the 21 enquiries referred to at point 1, relate to one or more of the following category codes:

- Initial Coin Offering (ICO)
- CFD
- Clone
- Other
- FX
- Binary Options
- Collective Investment Scheme (CIS)
- s24 FSMA (False claim to be authorised)
- Advising and/or Arranging deals in investments

**3. The number of current investigations concerning cryptoassets relating to issues other than whether firms might be carrying on regulated activities that require FCA authorisation.**

There are zero investigations and two ongoing enquiries.

**4. In relation to any investigations or enquiries falling within the scope of 3, a brief description of the activities which are the subject of investigation or enquiry**

Of the two ongoing enquiries:

- One enquiry relates to the potential misappropriation of client funds; and
- One enquiry relates to providing account services to a cryptocurrency exchange.

**5. The number of authorised firms are subject to investigation in relation to activities relating to cryptoassets**

There are no investigations into authorised firms in relation to activities relating to cryptoassets but there are ongoing enquiries into two authorised firms.

**6. In relation to any investigations or enquiries falling within the scope of 5, a brief description of the activities which are the subject of investigation or enquiry**

The activities which are the subject of the enquiries are set out in (4) above.

**7. Investigations or enquiries not falling within the scope of 5 into authorised firms relating to use of distributed ledger technology**

Zero

**8. The number of investigations or enquiries relating to the money laundering risks associated with cryptoassets**

As at 5 November 2018 there were 0 open investigations and 2 open enquiries.

**9. The number of market abuse or market misconduct investigations relating to:**

- a. **Derivative instruments referencing cryptoassets**
- b. **Investment assets in cryptoassets**
- c. **Tokens representing transferable securities**

Zero

**10. The number of STORs concerning financial instruments linked to cryptoassets received during each of the last 8 quarters.**

We have run a keyword-based search of our internal records, and have found no 'market abuse' record types which contain the word "crypto". On this basis, we are satisfied that the answer to your question is zero.

Please note, to verify this beyond reasonable doubt, we would have to manually review every STOR received during the last eight quarters. However, given the large number of STORs received, it is likely that to complete this exercise, even for a limited period, would far exceed the appropriate cost limit under the 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](http://www.ico.org.uk)

Yours sincerely

**Information Disclosure Team**

## **Annex A:**

"We refer below to cryptoassets to include:

- *Cryptocurrencies (publicly available electronic medium of exchange that features a distributed ledger and a decentralised system for exchanging value)*
- *Derivative instruments referencing cryptocurrencies*
- *Investment assets in cryptocurrencies (as defined in Financial Conduct Authority's written submission on digital currencies to the Treasury Select Committee)*
- *Tokens representing transferable securities (as defined in Financial Conduct Authority's written submission on digital currencies to the Treasury Select Committee)*
- *Tokens representing a claim on prospective services or products (as defined in Financial Conduct Authority's written submission on digital currencies to the Treasury Select Committee)*

## **Questions**

We request the following information pursuant to the Freedom of Information Act.

1. *The number of current investigations or enquiries (as the term "enquiry" is used in the response to FOI5673 - <https://www.fca.org.uk/publication/foi/foi5673-response.pdf>) relating to whether firms that are involved in some form of cryptoasset business might be carrying on regulated activities that require FCA authorisation*
2. *In relation to any investigations or enquiries falling within the scope of 1, a brief description of the activities which are the subject of investigation or enquiry*
3. *The number of current investigations concerning cryptoassets relating to issues other than whether firms might be carrying on regulated activities that require FCA authorisation*
4. *In relation to any investigations or enquiries falling within the scope of 3, a brief description of the activities which are the subject of investigation or enquiry*
5. *The number of authorised firms are subject to investigation in relation to activities relating to cryptoassets*
6. *In relation to any investigations or enquiries falling within the scope of 5, a brief description of the activities which are the subject of investigation or enquiry*
7. *Investigations or enquiries not falling within the scope of 5 into authorised firms relating to use of distributed ledger technology*
8. *The number of investigations or enquiries relating to the money laundering risks associated with cryptoassets*
9. *The number of market abuse or market misconduct investigations relating to:*
  - a. *Derivative instruments referencing cryptoassets*
  - b. *Investment assets in cryptoassets*
  - c. *Tokens representing transferable securities*
10. *The number of STORs concerning financial instruments linked to cryptoassets received during each of the last 8 quarters."*