

Policy Statement

PS26/13

Crypto Regime

Application of FCA Handbook for
Regulated Cryptoasset Activities

June 2026

This relates to

Consultation Papers CP25/25 and CP26/4 which are available on our website at www.fca.org.uk/publications

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Chapter 1

Applying the FCA Handbook

- 1.1** This policy statement sets out our final rules and guidance on how key cross-cutting FCA Handbook obligations will apply to regulated cryptoasset activities. These include standards on conduct, governance, resilience, redress, and reporting. They intend to provide a clear and proportionate basis for firms carrying on regulated cryptoasset activities.
- 1.2** The policy statement confirms that most firms carrying on regulated cryptoasset activities will be subject to requirements including the Consumer Duty, Conduct of Business (COBS), Dispute Resolution and access to the Financial Ombudsman Service, Senior Management Arrangements, Systems and Controls (SYSC), the Senior Managers and Certification Regime (SM&CR), Environmental, Social and Governance (ESG), the Client Asset Sourcebook (CASS) and regulatory reporting.
- 1.3** In light of consultation feedback, we have largely maintained the proposed framework, while making targeted refinements to improve clarity and proportionality, such as:
- Excluding UK-issued qualifying stablecoins from the definition of restricted mass market investments.
 - Making focused amendments to SYSC, COBS, DISP, CASS and reporting requirements.
 - Adjusting the enhanced threshold in relation to SM&CR qualifying UK stablecoin issuers in light of the Bank of England's latest proposals.
 - Clarifications to non-Handbook guidance on the Consumer Duty, including territorial scope, fair value, consumer support, consumer understanding, and the roles of distributors and manufacturers in the supply chain.
 - Giving further clarity on operational resilience expectations under SYSC 15A, including a new example for firms arranging deals in qualifying cryptoassets.
 - Clarifying our approach to international cryptoasset firms, so that dual-regulated firms may operate in the UK through a branch where the PRA is satisfied that its threshold conditions and ongoing requirements are met.

Chapter 2

Approach to International Cryptoasset Firms (AICF) – non-Handbook Guidance

- 2.1** This chapter focusses on the non-Handbook guidance consulted on in CP26/4 about our general approach to international cryptoasset firms seeking to be authorised in the UK and to serve UK consumers (see [CP26/4](#), paragraphs 1.4 to 1.10, and Annex 4).

Overview of CP26/4 AICF proposals

- 2.2** Our proposed non-Handbook guidance outlined the minimum standards we expect international cryptoasset firms requiring FCA authorisation to meet, both at the time of their application for authorisation and on an ongoing basis once authorised.
- 2.3** In our proposed guidance, we outlined how we expect to apply key aspects of the threshold conditions assessment to international cryptoasset firms (including location of offices, effective supervision, appropriate resources, suitability and business model).
- 2.4** We highlighted the potential increased likelihood of harm to consumers and markets occurring through international firms authorised via UK branches compared to UK legal entities. We also pointed to our recent consumer research which shows that misunderstandings of cryptoasset risks remain high and highlighted that customers, particularly retail, may be even less clear that the risk of harm may be higher where the firm they interact with is located overseas.
- 2.5** Reflecting this potential for heightened risk of harm to UK consumers, key points we made included that:
- We will generally expect international cryptoasset firms to have a UK legal entity.
 - However, in some circumstances, firms may be able to operate in the UK through establishing an authorised UK legal entity together with a UK branch of an overseas qualifying cryptoasset trading platform (QCATP) which will also need to be authorised (though there is no obligation for firms to carry out the activity of operating a QCATP via a UK branch, and some UK-authorized QCATP operators (UK QCATP operators) may carry out this activity from a UK legal entity).
 - Where overseas-based UK QCATP operators obtain authorisation via a branch, they also would be able to provide matched principal trading services on the platform and operate a settlement float, subject to the conditions set out in CASS 17 for the safeguarding of client cryptoassets (see Chapter 7 of [PS26/11](#)).
 - Cryptoasset firms' intended legal form would be assessed on a case-by-case basis at the FCA authorisation gateway and during supervision to ensure they meet our fundamental threshold conditions and general requirements.

2.6 We further said that:

- International cryptoasset firms should read the AICF in conjunction with our existing Approach to international firms (AIF) guidance.
- Dual regulated firms should also refer to the approach of any other relevant regulator, including, eg, the PRA's Approach to international firms.

2.7 We asked respondents for feedback on the following question:

Question 1: Do you agree with our proposed approach on guidance for international crypto firms? If not, provide details.

Feedback

2.8 We received 35 responses to this question, with 72% of respondents supporting the proposed guidance. 17% were neutral, and 11% were unsupportive of our proposed guidance.

2.9 Supportive respondents agreed with the flexibility of our approach to firms' legal form and our rationale for it. Albeit, two responses, while generally supportive, suggested there should be no exceptions to the legal entity requirement. They argued that branch-based models would offer weaker consumer protection and pose greater oversight challenges.

2.10 Several of the supportive responses, and some neutral ones requested more guidance on:

- What we consider permissible structures for overseas-incorporated UK QCATP operators, and the decision-making framework used during authorisation.
- How and when recognition of, and cooperation with, overseas jurisdictions would be formalised.

2.11 Respondents that were unsupportive of our proposals mostly represented large, dual regulated, international banks. They noted that several dual-regulated firms currently carry on a significant proportion of their UK TradFi activity from a UK-authorized branch (albeit usually for institutional clients).

2.12 These respondents argued that PRA/FCA dual-regulated firms that currently operate from a branch should not be forced to create a UK legal entity in order to offer crypto services including because:

- The stringent nature of PRA authorisation and dual supervision would serve to mitigate potential harms that might otherwise arise from branch-based firms.
- A unified operating model is needed to effectively serve institutional clients and would be undermined by set up of a separate entity.

- Requiring the set-up of a new legal entity to enable UK cryptoasset activity would be disproportionate (eg, due to operational complexity and substantial capital, governance, staffing, and systems infrastructure that this would entail) and would lead firms to discontinue crypto activities rather than incur these costs.

Our response

Given the overall support, we have generally proceeded with our proposed guidance as consulted on in CP26/4 Annex 4. Our finalised guidance can be found at [FG26/7](#).

We have not provided further guidance at this stage because:

- Addressing queries about specific arrangements by QCATP operators seeking authorisation via a UK branch can be addressed on a case-by-case basis rather than through non-Handbook guidance.
- International equivalence and cooperation arrangements take time and the input of multiple parties, and given the rapid pace of change of crypto regimes around the world, we are not able to commit to a timeframe for achieving this. Further, equivalence usually requires legislation which is outside the FCA's powers.

However, we have clarified in the final guidance that the AICF overall, and in particular the expectation of a legal entity rather than a branch as the basis for a firm's cryptoasset activities, will only apply to firms which are solo-regulated by the FCA.

Dual-regulated firms would therefore be allowed to carry on cryptoasset activities from a branch, subject to approval by the PRA as the lead regulator and provided the firm meets the general threshold conditions as assessed at the FCA authorisations gateway and holds the relevant permission.

To implement this change, the revised paragraph in our finalised guidance on "Who this guidance applies to" therefore now reads (new wording underlined, relevant paragraphs only):

Who this guidance applies to

This guidance is relevant to firms that require FSMA-authorisation in the UK for any of the following activities in Table 1 below. This includes (i) firms who are already FSMA-authorised for other, non-crypto, regulated activities (who will need a variation of permission), (ii) crypto MLR-registered firms which are not yet FSMA-authorised, (iii) firms currently serving UK customers by making use of the 'section 21 gateway' who are not yet FSMA-authorised, nor registered under the crypto MLR regime.

Firms that are or will be dual-regulated by the FCA and the PRA should also read this guidance to familiarise themselves with the FCA's general approach to assessing whether international cryptoasset firms meet our threshold conditions. However, such dual-regulated firms will not necessarily be expected to carry on the new cryptoasset activities through a UK legal entity if they can demonstrate at the FCA authorisations gateway, and on

an ongoing basis, that they can meet the threshold conditions by operating from a branch. This will be assessed on a case-by-case basis by the FCA before it provides consent:

- *to an authorisation, or*
- *to a variation of permission for dual regulated firms to the PRA; or*
- *as part of supervisory engagement once authorised, to a firm that is considering restructuring.*
- *[...]*

In addition to this guidance, dual-regulated firms who are intending to carry out any of the activities in Table 1 should refer, for further information, to:

- *The FCA's Approach to international firms.*
 - *Any rules or guidance from the Bank of England on systemically important payment systems that use digital settlement assets (DSA), such as stablecoins, and DSA service providers.*
 - *The PRA's Approach to international firms.*
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Chapter 3

The Consumer Duty

- 3.1** This chapter sets out our proposed requirements for cryptoasset firms under the Consumer Duty (the Duty).
- 3.2** The Duty sets high standards of consumer protection, requiring firms to put consumer needs first and act to deliver good outcomes. It focuses on acting in good faith, avoiding causing foreseeable harm, and enabling and supporting retail customers to pursue their financial objectives.
- 3.3** In [CP25/25](#), we considered whether we should apply the Duty to cryptoasset firms in the same way as it applies to other FSMA-authorized firms or whether sector-specific rules aligned to Duty outcomes would achieve appropriate consumer protection. We said we were considering introducing bespoke rules and guidance in place of the Duty for activities falling under the admissions and disclosures (A&D) regime.
- 3.4** In [CP26/4](#), in light of the feedback to [CP25/25](#), we consulted on the application of the Duty to cryptoasset firms in full, subject to limited exemptions in the case of admissions and disclosures activities and trading on a UK QCATP. We also consulted on [GC26/2](#), non-Handbook Duty Guidance, which aimed to clarify how cryptoasset firms should apply the Duty, given the differences between cryptoasset markets and traditional financial markets.

Application of the Duty

- 3.5** In [CP26/4](#), we asked:

Question 3: Do you agree with our proposals to apply Principle 12 and PRIN 2A to cryptoasset firms supplemented by non-Handbook guidance to clarify how the Duty applies to cryptoasset activities?

Feedback

- 3.6** We received 50 responses to question 3, of which 100% supported the proposal.
- 3.7** 100% of respondents supported applying the Duty to cryptoasset firms, along with additional sector-specific guidance. Respondents highlighted that the Duty's outcomes-based framework is well-suited to cryptoasset firms, would create an even playing field across retail financial services, and that sector-specific guidance would help firms apply the Duty effectively.
- 3.8** Some respondents, while agreeing with the proposal, raised concerns around the application of the Duty in practice, arguing that the Duty's application must reflect the role of the firm in the distribution chain and that it is inappropriate that non-UK retail customers can fall under the Duty's scope in certain circumstances.

Our response

Having considered the feedback, we are proceeding with our policy as consulted on, applying the Duty to cryptoasset firms in full, subject to limited exemptions in the case of A&D activities and trading on a UK QCATP.

We note the concerns some respondents raised about the Duty's practical application. Our non-Handbook Duty Guidance in [FG26/5](#) aims to provide additional clarity for firms in complying with their Duty obligations. Feedback on the guidance is addressed further in 3.20 – 3.23.

Furthermore, we note the recent publication of [CP26/23](#), which consulted on various changes to how the Duty applies to regulated firms, including the Duty's application to non-UK customers and distribution chains. The Duty will apply to cryptoasset firms in line with any updated final rules which are published following the consultation process. Cryptoasset firms should therefore take note of [CP26/23](#) and any subsequent policy statements when preparing to apply the Duty.

[CP26/23](#) consults on updates to the Final non-Handbook Guidance for firms on the Consumer Duty ([FG22/5](#)). We will align our non-Handbook Duty Guidance ([FG26/5](#)) with any necessary cross references to the updated version of [FG22/5](#) when [CP26/23](#) concludes.

Disapplication of the Duty to trading between participants of a UK QCATP

- 3.9** In [CP26/4](#), we proposed that we will not apply the Duty to the trading between participants of a UK QCATP. We made this proposal because the rules proposed in Chapter 6 of the CRYPTO sourcebook (CRYPTO 6) are designed to provide for non-discretionary, fair and transparent trading between all participants and applying the Duty in addition to these, we consider, would be unnecessary and disproportionate.
- 3.10** In [CP26/4](#), we asked:

Question 4: Do you agree with our approach that the Duty will not apply to trading between participants of a UK QCATP?

Feedback

- 3.11** We received 50 responses to this question, 91% supportive and 9% unsupportive.
- 3.12** The vast majority of respondents (91%) supported our suggested approach. Respondents highlighted that the prescriptive rules in CRYPTO 6 will provide for fair, transparent and efficient trading between participants on a UK QCATP and that the

application of the Duty in addition to CRYPTO 6 would add unnecessary complexity without securing stronger protection for retail customers. They further highlighted that this approach is consistent with how MTFs operate in traditional finance.

- 3.13** A small number of respondents (9%) suggested this approach was inappropriate because UK QCATPs will generally allow direct retail participation which is not permitted on MTFs. These respondents suggested that the Duty should therefore apply to ensure retail customers receive the appropriate level of consumer protection.

Our response

We are proceeding with our proposal of not applying the Duty to trading between participants on a UK QCATP with no material changes and are implementing this exemption via an update to PRIN 3.1.1.14R.

While direct retail participation is permitted on UK QCATPs, we agree with the majority of respondents who suggested CRYPTO 6 rules will provide an equivalent level of protection for retail customers compared to the direct application of the Duty. Given that participants on a UK QCATP trade between themselves rather than with the platform, we consider that it would be disproportionate for UK QCATP operators to assume responsibility under the Duty for trading between UK QCATP participants, given the UK QCATPs are not a counterparty to these trades in their capacity as UK QCATP operators.

We have updated the final non-Handbook Duty Guidance ([FG26/5](#)) to make it clearer for UK QCATPs that this is a narrow exemption and that the Duty will apply in respect of other interactions they have with retail customers, including (but not limited to) onboarding, communications, and customer service.

Application of the Duty to public offers and admissions to trading for all UK-issued qualifying stablecoins and disapplication for other qualifying cryptoassets

- 3.14** In CP26/4 we asked:

Question 5: Do you agree with our approach that the Duty will apply to all activities carried out in relation to UK-issued qualifying stablecoins, including activities relating to public offers and admissions to trading?

- 3.15** In CP25/41, we proposed that the Duty would not be extended to designated activities relating to public offers and admissions to trading of qualifying cryptoassets. While the Duty applies to a firm's retail market business and could otherwise capture regulated cryptoasset activities overlapping with these designated activities, we proposed a

carve-out from the definition of retail market business so that, where such an overlap arises, the Duty would not apply and the tailored A&D rules proposed in CP25/41 would apply instead. Our view was that embedding Duty-aligned outcomes through these tailored A&D rules would be better suited to securing an appropriate degree of consumer protection than directly applying the Duty, and that applying the Duty on top of bespoke requirements would have imposed an unnecessary burden on firms.

- 3.16** In CP25/41 and 26/4 we proposed that the carve-out from the Duty would not extend to disclosures relating to UK-issued qualifying stablecoins. We proposed that the Duty would apply to all retail market business when relating to UK-issued qualifying stablecoins, including the designated activities relating to public offers and admissions to trading.

Feedback

- 3.17** We received 52 responses to this question, 92% supportive and 8% unsupportive.
- 3.18** The majority of respondents (92%) supported our suggested approach of applying the Duty. Respondents emphasised that strong consumer protection was appropriate for UK-issued qualifying stablecoins, due to their claim to maintain a stable value and their potential future payments uses.
- 3.19** Some respondents raised concerns around the application of the Duty to activities relating to public offers and admissions to trading for UK-issued qualifying stablecoins, on the basis that the A&D rules set out outcome-focused disclosure obligations and the application of the Duty on top risks duplication and increased operational burden.

Our response

Having considered the feedback we are proceeding with our proposal as consulted on and have also clarified in the non-Handbook guidance (FG26/5) the role of the Duty in relation to public offers and admissions to trading for UK-issued qualifying stablecoins.

The final rules do not apply the Duty to public offers and admissions to trading for qualifying cryptoassets other than UK-issued qualifying stablecoins.

We have taken this position because transparent and reliable disclosures are particularly important because of the potential use of UK-issued stablecoins as digital money.

Issuers of UK-issued qualifying stablecoins must follow the applicable prescriptive A&D rules and then consider if they need to perform any additional actions to comply with the Duty. It is not unusual for firms to apply the Consumer Duty alongside more prescriptive requirements within the FCA's regulatory framework. In the context of UK-issued qualifying stablecoins, which may be offered outside of the A&D regime, we consider that the application of the Consumer Duty is necessary to ensure an appropriate level of protection for retail consumers.

Our sector-specific Consumer Duty Guidance

3.20 In CP26/4, we consulted on non-Handbook Duty guidance. We asked:

Question 6: Do you have any comments on our proposed guidance on how cryptoasset firms should comply with the Consumer Principle and three cross-cutting rules?

Question 7: Do you have any comments on our proposed guidance on application of the Duty's: (a) products and services outcome; (b) price and value outcome; (c) consumer understanding outcome; and (d) consumer support outcome?

Question 8: Are there any areas where cryptoasset firms could benefit from additional guidance to better understand their obligations. Please provide examples.

Feedback

3.21 Respondents broadly supported the proposed non-Handbook Duty Guidance in [GC26/2](#) but highlighted several areas where they believe that further clarification would be beneficial. These included the role of different firms in the distribution chain, how fair value should be assessed for cryptoasset products and services, and how the Duty may apply to non-UK retail customers.

3.22 Some respondents raised concerns around the need for obligations to be proportionate to a firm's role, given the varying different roles firms can play as manufacturers or distributors and given cryptoasset firms often have no direct retail relationship with retail customers or have decentralised business models. These respondents argued that it is important that firms do not bear responsibility under the Duty for promoting the Duty's outcomes where they have limited ability to promote those outcomes. In addition, some respondents raised concerns that our examples could be seen as prescriptive and would limit the flexibility firms have to decide how best to promote the Duty's outcomes.

3.23 There were additionally several areas where respondents requested further guidance to help firms to understand their Duty obligations. These included how the Duty applies to crypto-specific business models, such as UK QCATPs, how the Consumer Duty interacts with the A&D regime, and more practical guidance on applying the four Duty outcomes.

Our response

In light of the feedback we are proceeding with our proposal to publish non-Handbook Duty Guidance ([FG26/5](#)) and have made some clarificatory changes and updates to the final guidance ([FG26/5](#)) based on issues raised in feedback.

We agree that the Duty needs to apply proportionately to a firm's business model. In the Final non-Handbook Guidance for firms on the Consumer Duty (FG22/5), we note that *"the extent of a firm's responsibilities under the Duty will depend on the firm's role and the extent of its influence over retail customer outcomes. The level of responsibility depends on what the firm's actual role and influence is in practice, rather than just what is set out in contractual terms between firms in the chain."* This remains correct, and cryptoasset firms should consider their role and influence over retail customer outcomes when considering how to apply the Duty. Although we have made non-Handbook Duty Guidance in GC26/2 on the requirements on different firms, this does not replace firm-level judgement. As with other sectors, a degree of interpretation and contextual application is expected, consistent with the Duty's principles-based design.

We have made some changes to the non-Handbook guidance, which include:

- We clarified that the scope of the Duty only applies to *retail market business*.
- We have clarified that while firms ought to avoid complex redemption mechanisms such as multi-step stablecoin redemptions, this does not affect the responsibility of firms to conduct required anti-money laundering checks as required by law and FCA rules.
- We have clarified that a UK QCATP operator, when acting in that capacity, is only a manufacturer of the trading platform product and not of the cryptoassets traded on the platform. It is instead a distributor of the cryptoassets traded.
- We have clarified the guidance to avoid the impression that firms must offer consumer support on all possible consumer channels. Instead, firms should take account of paragraph 9.11 of the Final non-Handbook Guidance for firms on the Consumer Duty (FG22/5) which states that "firms must ensure the channels of support they do offer meet the needs of their customers, including customers dealing with non-standard issues, and customers with characteristics of vulnerability."
- We have added some additional good and bad practice points to the non-Handbook Guidance concerning arranging qualifying cryptoasset staking.
- In some areas, we have adjusted the proposed Guidance in GC26/2 to add clarity and provide additional detail where possible. Specifically, we have made changes to the guidance on territorial scope, fair value, on consumer support, consumer understanding and the role of distributors and manufacturers in the supply chain.

Some respondents also expressed concern that our examples are prescriptive and may be interpreted by firms as near-rules. We have confirmed in the guidance that our examples are illustrative-only, not mandatory and that firms retain the flexibility to choose how to meet the Duty's outcomes.

However, we have not provided all the examples/explanations highlighted in the feedback, because we do not consider it appropriate to provide prescriptive guidance on all areas. The Duty is designed to be outcomes-based, and sufficiently flexible to incorporate a range of different sectors and business models. The Final non-Handbook Guidance for firms on the Consumer Duty (FG22/5) sets out our Duty expectations in more detail, and our final non-Handbook Duty Guidance is designed to help firms understand how the Duty translates to the cryptoasset sector. The guidance cannot be exhaustive of all business models and products. Firms are expected to use the cryptoasset non-Handbook Duty Guidance ([FG26/5](#)), alongside Final non-Handbook Guidance for firms on the Consumer Duty (FG22/5) and PRIN 2A to assess how to best achieve the Duty outcomes and comply with the cross-cutting rules across their business.

Chapter 4

Designated Investment Business

- 4.1** This chapter outlines the feedback we received when we proposed applying FCA Handbook cross-cutting standards across the business of cryptoasset firms carrying on qualifying cryptoasset activities as defined in Cryptoassets Regulations 2026.

Consultation proposals

- 4.2** In CP25/25, we proposed to expand the glossary definition of ‘designated investment business’ (DIB) in the Handbook, to apply the majority of existing cross cutting rules and guidance in our Handbook to cryptoasset firms in the same way as we do to traditional finance firms. These rules and guidance include, for example, SYSC (Chapter 6-9), COBS (Chapter 10) and CASS (Chapter 5). In CP26/4, we consulted on the classification of specified investment cryptoassets under DIB.
- 4.3** DIB is a term defined in the Handbook’s glossary and includes a range of regulated activities. This acknowledges that the cryptoasset activities introduced by the Cryptoassets Regulations are similar or equivalent to the traditional finance activities that fall under the existing DIB definition.
- 4.4** Extending the definition of DIB as proposed would, for example, apply all COBS requirements (which currently apply to DIB) to firms conducting cryptoasset activities, as well as the CASS 7 rules relating to clients’ money held in connection with regulated cryptoasset activities.
- 4.5** In CP25/25, we asked:

Question 1: Do you agree that new cryptoasset activities defined in the SI (and as described as ‘qualifying cryptoasset activities’ in draft FCA Handbook rules) should fall under the category of ‘designated investment business’ for the purposes of applying relevant sections of the Handbook?

Feedback

- 4.6** We received 38 responses to Question 1. The vast majority of responses (87%) were supportive that we should apply cross-cutting Handbook standards by extending the glossary definition of DIB.
- 4.7** Respondents noted that the approach was clear, logical and aligned with our ‘same risk, same regulatory outcome’ principle, and helped to achieve consistency with other FSMA-authorized firms.

- 4.8** The remaining respondents asked whether this approach should apply across all cryptoasset activities. Some queried whether to apply the definition of DIB unilaterally, saying there should be differentiation between the nature of business conducted (13%). Others (6%) said this approach may not be proportionate as cryptoasset firms may vary in size and risk.
- 4.9** A small number of respondents (7%) were unsupportive of applying Handbook standards to the activity of issuing qualifying stablecoin, because, for example, they said extending DIB to stablecoins risks importing investment market constructs ill-suited for tokens intended for payments, and that stablecoin activities should be benchmarked using other regimes.

Our response

We will proceed with our proposals. As a result, our final rules apply cross-cutting Handbook standards to all cryptoasset firms through the glossary definition of 'designated investment business' (DIB). This means that, subject to the scope and applicability of individual Handbook sourcebooks, most existing rules and guidance in our Handbook will apply to cryptoasset firms in the same way as to traditional finance firms.

Some requirements apply only in specific circumstances, for example, certain elements of the Senior Managers and Certification Regime (SM&CR) will only apply where firms meet the relevant criteria. The TC Sourcebook will only be applicable to a subset of cryptoasset firms as outlined in paragraph 6.12 of Chapter 6.

Categorising cryptoasset activities as DIB establishes a baseline of compliance that is consistent and relevant regardless of the type of cryptoasset activity. As these activities come within our regulatory perimeter, cryptoasset firms must meet existing standards around organisational arrangements, senior management accountability, financial crime controls, and operational resilience. This promotes consistent, robust governance across both cryptoasset and traditional financial sectors.

We consider that the new cryptoasset activities are similar or equivalent to activities under the DIB definition, and so we are proceeding with our approach to apply cross-cutting Handbook standards across all qualifying cryptoasset activities, including issuing qualifying stablecoin, creating a consistent approach across the regulated activities. In addition to applying cross-cutting rules through increasing the scope of the DIB definition, we are applying final rules in relation to specific activities as set out in these Policy Statements.

Chapter 5

Amendments to CASS 1, 7 and 8 related to cryptoasset activities

5.1 This chapter outlines the feedback we received on our proposals in Chapter 2 of CP26/8 to make consequential amendments to the Client Assets sourcebook (CASS). As set out in Chapter 4, we have expanded the definition of designated investment business (DIB) to include qualifying cryptoasset activities. As a result, certain provisions in CASS will apply to firms carrying on these activities, and we therefore proposed amendments to ensure these provisions apply appropriately and avoid duplication or unintended outcomes.

Consultation proposals

5.2 Following the expansion of the definition of DIB, without further changes, the client money rules in CASS 7 will apply to firms:

- Issuing qualifying stablecoins in the UK, if they receive and hold client money.
- Safeguarding client cryptoassets, which include both qualifying cryptoassets and relevant specified investment cryptoassets (RSICs), whether done directly or via a third party, where money flows arise in connection with the activities.
- Undertaking activities involving client money used to acquire or dispose of cryptoassets, where firms receive or hold money on behalf of clients as part of execution, dealing or arranging activities within scope of DIB.

5.3 To ensure that CASS 7 applies appropriately to these firms, we proposed to:

- Clarify that firms safeguarding client cryptoassets must comply with CASS 7 in respect of any money they receive from, or hold on behalf of, a client.
- Clarify that money held in backing funds accounts for qualifying stablecoins is subject to CASS 16 and not CASS 7.
- Amend guidance on the alternative approach to client money segregation to clarify it may be applied to cryptoasset transactions, where the existing conditions in CASS 7 are met.
- Disapply the professional client opt-out for firms undertaking specified qualifying cryptoasset activities.
- Disapply the delivery versus payment (DvP) exemption relating to commercial settlement systems where the delivery obligation is in respect of client cryptoassets.

5.4 We also reviewed the application of other CASS chapters in light of the expanded definition of DIB. In most cases, these chapters either did not apply or did not require amendment. However, we proposed to:

- Clarify that the requirement in CASS 1.2.11R to segregate money held under different CASS chapters also applies to firms holding stablecoin backing assets under CASS 16.
- Clarify that CASS 8 does not apply to client cryptoassets that are already subject to safeguarding requirements under CASS 17.

5.5 In CP26/8, we asked:

Question 2.1: Do you agree with our proposal to clarify that money held solely as backing assets for qualifying stablecoins would be subject to CASS 16 and not CASS 7, and that such money must be held separately from money protected under other chapters of CASS? If not, please explain why.

Feedback

5.6 We received 2 responses to these proposals. Respondents were broadly supportive of applying CASS 16 to money held as backing assets for qualifying stablecoins, noting that this would improve clarity and legal certainty, particularly in respect of the treatment of these assets in insolvency, and help maintain the integrity of the safeguarding framework.

5.7 Respondents emphasised the need to avoid duplicative or overlapping requirements between different CASS regimes. They sought further clarification on the interaction between the CASS 7, CASS 16 and CASS 17 regimes, particularly where firms undertake both stablecoin issuance and cryptoasset custody.

5.8 Respondents also asked for confirmation that the banking exemption for deposit-taking activity would remain available to credit institutions and approved banks.

Our response

We have updated our approach to clarify the boundary and avoid overlap between the CASS 7 and CASS 16 regimes for firms issuing qualifying stablecoins.

We previously proposed a new application rule to clarify that money required or permitted under CASS 16 to be held in backing funds accounts is not client money for the purposes of CASS 7. Instead, under the final rules, firms carrying on the activity of issuing qualifying stablecoins will not be subject to CASS 7 at all, whether this relates to the money held as backing assets, or to any other money arising from stablecoin issuance.

While stablecoin issuers will not need to protect client money arising from stablecoin issuance under CASS 7, such firms may be subject to other chapters of CASS for other lines of business. In these instances, we have maintained our proposal that stablecoin issuers must not hold backing assets in the same backing funds account as money held in respect of any other chapter of CASS.

The different chapters of CASS that may apply to firms issuing qualifying stablecoins and/or safeguarding client cryptoassets are designed to address distinct activities and risks. Further detail on the application of these rules is set out in Chapter 7 of [PS26/11](#) (for safeguarding client cryptoassets) and Chapters 4–6 of [PS26/10](#) (for stablecoin issuance). We have also committed to consulting on failure and distribution rules for both firms that safeguard qualifying cryptoassets (subject to CASS 17), and FCA authorised stablecoin issuers (subject to CASS 16).

We also confirm that the banking exemption in CASS 7.10.16R, which allows firms with permission to accept deposits (credit institutions and approved banks) to hold money which would otherwise be client money as a deposit, remains unchanged.

5.9 In CP26/8, we asked:

Question 2.2: Do you agree with our proposal that the professional client opt-outs from the client money rules should not apply to money held in connection with qualifying cryptoasset activities? If not, please explain why.

Feedback

- 5.10** We received 4 responses to this proposal. Respondents were generally unsupportive. They considered that professional clients can make informed decisions about risk, and questioned the departure from the approach taken for other non-MIFID designated investment business. One respondent proposed introducing the disapplication on an initial basis, if at all, with a commitment to review its appropriateness as the regime develops.
- 5.11** Two respondents also raised broader questions on the application of CASS 7 in wholesale cryptoasset market structures, particularly in relation to principal trading and settlement flows between professional counterparties.

Our response

After considering the feedback carefully, we are proceeding with our proposal to disapply the professional client opt-out in CASS 7 for money held in connection with qualifying cryptoasset activities.

Qualifying cryptoasset activities present heightened risks. Firms that safeguard client money in connection with cryptoassets are exposed to these risks, given the extent of vertical integration and concentration of the market at present. While respondents considered that professional clients can assess and accept these risks, and may benefit from bespoke contractual arrangements, we think this benefit is outweighed by the risks to market integrity and consumer protection at this stage. Equally, the feedback did not provide evidence that disallowing the opt-out would negatively impact the market or our desired outcomes for the cryptoasset regime.

We therefore do not consider it appropriate to permit an opt-out at this stage. We will continue to monitor our position as the regime develops.

5.12 In CP26/8, we asked:

Question 2.3: Do you agree with our proposal to disapply the DvP exemption related to the use of a commercial settlement system, where the delivery obligation is in relation to a cryptoasset? If not, please explain why.

Feedback

- 5.13** We received 4 responses to this proposal. One respondent supported the proposal at this stage, noting the absence of recognised cryptoasset settlement systems comparable to those used in traditional securities markets, but emphasised that the position should be kept under review as market infrastructure evolves.
- 5.14** The other 3 respondents raised concerns, suggesting that the absence of qualifying settlement systems today does not justify foreclosing their future use and may risk taking an overly static view of market development. These respondents favoured a more flexible approach over time, including the potential recognition of cryptoasset settlement systems as they develop, and highlighted the risk of inconsistent treatment between traditional securities and their tokenised equivalents.
- 5.15** Two respondents highlighted potential operational impacts, noting that disapplication of the exemption could create challenges for transaction models intended to achieve near-simultaneous or atomic settlement.

Our response

Having considered all the feedback, we are proceeding with our proposal as consulted on. We recognise that settlement models continue to evolve. However, we are not aware of any established commercial settlement systems being used for the settlement of cryptoasset transactions in a manner comparable to those used in traditional securities markets. In that context, we do not consider it appropriate to rely on an exemption that assumes the presence of settlement infrastructure capable of providing a high degree of assurance that delivery and payment occur together.

In the absence of systems that meet the characteristics of a commercial settlement system for these purposes, developing a framework for their recognition would be premature and would require further assessment of their features, safeguards and legal characteristics.

We note that some cryptoasset transaction models are structured to achieve near-simultaneous or atomic settlement. Where firms structure transactions such that they do not receive or hold client money at any point, those arrangements are not affected. However, where a firm receives money ahead of delivery, for example in pre-funding arrangements, it will be holding client money during the settlement period. In such cases, it is appropriate for those funds to be safeguarded under CASS 7 for the duration of that period.

We will keep the DvP position and the definition of 'commercial settlement system' under review as settlement models evolve.

5.16 In CP26/8, we asked:

Question 2.4: Do you agree with our proposal to clarify that the alternative approach to client money segregation may apply, where appropriate, for client transactions involving qualifying cryptoasset activities? If not, please explain why.

Feedback

- 5.17** We received 3 responses to this proposal. Respondents were broadly supportive in principle, noting that the alternative approach can provide flexibility for high-volume, cross-border and time-sensitive transactions, while maintaining client money protections through existing reconciliation and safeguarding requirements.
- 5.18** However, 1 respondent considered that the proposal did not provide sufficient clarity on how the alternative approach would operate in a cryptoasset context. They noted that features such as 24/7 trading, multi-venue execution and mixed fiat and crypto flows may give rise to different reconciliation and timing considerations, and suggested that additional clarity, including clearer parameters or worked examples, would assist firms in applying the approach in practice.
- 5.19** One respondent sought clarification as to whether firms operating omnibus or pooled client money arrangements could rely on the alternative approach where the relevant CASS 7 requirements are met. Another highlighted uncertainty around what constitutes a 'material amendment' for the purposes of the mandatory prudential segregation amount (MPSA) for new cryptoasset business lines, and inconsistency in audit interpretations, potentially triggering requirements for updated auditor assurance.

Our response

Having considered all the feedback carefully, we are proceeding with our proposal as consulted on. This confirms that the alternative approach can be applied to client transactions involving qualifying cryptoassets, where appropriate.

We have concluded that the existing CASS 7 rules on the alternative approach are sufficiently flexible to accommodate cryptoasset business models, provided firms meet the established conditions and controls. These include assessing whether use of the alternative approach is appropriate for the relevant business line, documenting their rationale, obtaining an independent auditor's opinion on the adequacy of their systems and controls and the design of the MPSA, and notifying the FCA of their intention to apply the approach.

Whether using the alternative approach is appropriate for firms includes assessing what constitutes a material change for the purposes of the MPSA. In some cases, introducing a cryptoasset business line may result in a material change, where this involves a change to the methodology used to calculate or maintain the MPSA, although this will depend on the firm's existing approach. We do not consider it necessary to provide crypto-specific parameters or worked examples, which could constrain firms' ability to apply the approach flexibly or imply an expansion of the circumstances in which it may be used.

Firms operating omnibus or pooled client money structures in connection with cryptoasset trading systems may rely on the alternative approach where the existing CASS 7 conditions are met. This is subject to the firm demonstrating the ability to maintain accurate records, perform timely reconciliations and ensure appropriate segregation of client money.

We will continue to monitor how firms apply the alternative approach, including in cryptoasset contexts, as part of our ongoing supervisory engagement, and will consider whether any further clarification is required in future.

5.20 In CP26/8, we asked:

Question 2.5: Do you agree with our proposal to clarify that money arising from, or in connection with, the safeguarding of client cryptoassets should be treated as client money, including where a firm appoints a third party to safeguard those client cryptoassets? If not, please explain why.

Feedback

- 5.21** We received 3 responses to this proposal. Respondents were broadly supportive, noting that the proposal aligns with the established treatment of cash flows arising from safe custody assets in traditional financial markets and promotes regulatory coherence by ensuring consistent identification, segregation and protection of client money. They also supported the clarification that CASS 7 applies where safeguarding functions are performed by a third party, including the requirement for such third parties to deposit relevant money into the firm's client bank account.
- 5.22** One respondent sought clarification on whether and how CASS 7 would apply in cases where proceeds, including staking rewards, arise directly on-chain to client-controlled wallets rather than being received or held by the firm.
- 5.23** Two respondents raised concerns about the interaction between CASS 7 and CASS 17, particularly in relation to differing record-keeping and reconciliation requirements, which may be burdensome for firms to meet.

Our response

We have updated our rules to clarify the application of the client money rules to safeguarding of both qualifying and RSICs.

For firms safeguarding qualifying cryptoassets within scope of CASS 17, we are proceeding with our proposals as consulted on. This approach supports the appropriate identification and segregation of client money arising in connection with cryptoasset safeguarding activities, and the consistent application of client money protections.

Firms safeguarding RSICs will be subject to CASS 6 for the time-being. Further detail on this approach, including the rationale, is set out in Chapter 7 of [PS26/11](#). We are inviting industry feedback to inform CASS rules we may apply to RSIC custody in the longer term, through our recent call for input [The future of tokenisation: A joint vision and set of regulatory principles for tokenisation in UK wholesale financial markets](#).

We have therefore made a consequential clarification in CASS 7.14.5G to reflect that firms safeguarding RSICs under CASS 6 are within scope of CASS 7 in respect of any client money arising in connection with those activities. This clarification is consistent with the existing position for firms already in scope of CASS 6.

The guidance in CASS 7.14.5G makes clear that this applies to money **received or held by a firm**, in connection with safeguarding activities, which is **due to clients**. Where a firm does not receive or hold money in this context, CASS 7 will not apply. CASS 7 will not apply to any proceeds that arise in a form other than money, for example where staking rewards or similar cryptoasset-based returns are credited as cryptoassets rather than fiat. It also will not apply where such proceeds accrue directly to client-controlled wallets without the firm or its appointed third party receiving or holding client money.

We acknowledge the feedback regarding potential overlap with the crypto-specific regimes. While the different chapters of CASS may operate alongside one another, they are intended to address different types of risks and involve distinct record-keeping and reconciliation requirements. We therefore do not consider that this approach introduces duplication of requirements.

5.24 In CP26/8, we asked:

Question 2.6: Do you agree with our proposal to clarify that references to designated investments in the CASS 7.16.22E evidential provision for the individual client balance calculation should be read as including qualifying cryptoassets? If not, please explain why.

Feedback

- 5.25** We received 2 responses to this proposal. Respondents were supportive or did not object to the proposal, noting that it promotes consistency with the treatment of other designated investment business and avoids gaps in the reconciliation framework. They highlighted that excluding qualifying cryptoassets could prevent firms from applying the standard methodology used to reconcile individual client balances against total client money resources.
- 5.26** Respondents sought further clarification on how the reconciliation methodology would be applied in a cryptoasset context. They emphasised that firms should be able to adopt outcomes-based approaches, including where distributed ledger-based record keeping or multi-party custody arrangements are used.
- 5.27** One respondent also noted practical challenges in applying reconciliation requirements designed for traditional assets to cryptoasset activities, particularly where these involve third parties, on-chain settlement processes and continuous (24/7) operations.

Our response

Having considered the feedback carefully, we are proceeding with our proposal as consulted on. This maintains consistency in how firms calculate and reconcile individual client balances where client money is held in connection with cryptoasset transactions.

Under CASS 7, firms are required to maintain accurate records to determine at any time the amount of client money they should be holding for each client, and to perform an effective internal client money reconciliation. These requirements prescribe the calculation methodology and reconciliation outcome, but not a particular system design. We do not consider that features of cryptoasset business models would prevent firms from applying the individual client balance methodology where client money is held.

Where a firm holds client money in connection with cryptoasset activities, it must ensure its systems and controls capture relevant transactions and client entitlements, including where activity takes place across multiple venues or firms. These are matters of implementation rather than a reason to depart from the existing CASS 7 methodology. The CASS framework already contemplates that firms may be subject to both custody asset and client money requirements at the same time, with separate obligations applying under the relevant chapters. We do not consider that additional crypto-specific methodology, parameters or worked examples are necessary for the purposes of CASS 7.16.22E.

For further information on the use of blockchain in complying with our reconciliation and record-keeping requirements in CASS 17, please refer to Chapter 7 of [PS26/11](#).

5.28 In CP26/8, we asked:

Question 2.7: Do you agree with our proposal to make clarificatory amendments to CASS 8 for cryptoasset firms? If not, please explain why.

Feedback

- 5.29** We received 4 responses to this proposal. Three respondents were broadly supportive, noting that the amendments would help prevent duplication and support a clearer distinction between relevant CASS chapters.
- 5.30** However, 3 respondents highlighted a need for greater clarity on the boundary between the application of CASS 17 and the mandate rules in CASS 8, in light of the concept of 'control' in the regulated activity of safeguarding cryptoassets (Article 9N of the [Cryptoassets Regulations](#)). They questioned how firms should distinguish between CASS 17 and CASS 8 arrangements, including for non-custodial staking models, and those involving third-parties. Some respondents queried how the regulatory perimeter, and specifically Article 9N, would apply more widely.
- 5.31** Two respondents expressed concern that the proposed changes could introduce additional complexity. They emphasised the importance of ensuring that the mandate framework remains proportionate and appropriately targeted to arrangements involving client cryptoassets.

Our response

We are proceeding with our proposal as consulted on, with minor consequential amendments to reflect the application of CASS 6 to RSICs, as explained earlier in the chapter. The purposes of the rules in CASS 6, CASS 8 and CASS 17 remain distinct and appropriate in the context of cryptoasset activities.

CASS 8 will not apply to a firm that is safeguarding cryptoassets within the meaning of Article 9N. This is to draw a distinction between the concepts of control in CASS 8 and Article 9N. In the former, control relates to the firm's authority to instruct or direct a client's assets. In the latter, control relates to the firm's ability to bring about a transfer of benefit of a client's cryptoassets.

Article 9N firms may be subject to the corresponding requirements in CASS 17 or, in the case of RSICs, CASS 6, depending on the relevant application rules. There may also be a CASS 8 mandate over cryptoassets (such as a power of attorney held by a discretionary investment manager), but in that context the CASS 8 mandate-holder would not be the safeguarding firm; rather the CASS 8 mandate-holder would be in a position to instruct the safeguarding firm.

Because CASS 8 will not apply to a firm that is safeguarding cryptoassets within the meaning of Article 9N, if that firm also provides staking services, then CASS 8 will not be relevant. However, whether CASS 8 applies to non-custodial staking, where a firm provides staking services in relation to a cryptoasset that it is not also safeguarding (which the feedback queried), will depend on whether the firm has mandate authority to give instructions in relation to the relevant assets (and provided all the conditions in CASS 8.2.1R(1) to (5) are met).

We understand that most existing non-custodial staking models do not currently involve this type of authority. We have consulted, in [CP26/13](#), on proposed PERG guidance setting out our approach to the cryptoasset perimeter. While that guidance has not yet been finalised, it provides further detail on how the perimeter applies, including for firms safeguarding client cryptoassets.

5.32 In CP26/8, we asked:

Question 2.8: Are there any other consequential amendments to CASS required as a result of our proposed regime for cryptoasset activities and the proposed amendment to DIB? If so, please specify which CASS rules may need to be amended and why.

Feedback

5.33 We received 3 responses to this question. The feedback focused primarily on broader issues relating to the design of the CASS 16 and CASS 17 regimes, rather than the consequential amendments proposed in CP26/8. These included the approach to international cryptoasset firms, the interaction with the Overseas Persons Exclusion, the need for clearer perimeter guidance, and the appropriate CASS framework for custody of specified investment cryptoassets.

Our response

As the feedback was not relevant to the proposals we made in CP26/8, we have considered it separately in Chapter 7 of PS26/11 (for safeguarding client cryptoassets) and Chapters 4–6 of PS26/10 (for stablecoin issuance).

Chapter 6

Feedback on Senior Management Arrangements, Systems and Controls (SYSC)

- 6.1** This chapter outlines feedback to our proposals in the Senior Management Arrangements, System and Controls (SYSC) Sourcebook, specifically on general organisation and governance requirements.
- 6.2** Our SYSC framework (particularly SYSC 1, 4-7, 9-10 and 18), complemented by other sourcebooks, such as Code of Conduct (COCON), Fit and Proper TEST (FIT) (see also Chapter 7 on SMCR covering COCON, FIT and SUP 10C), and Training and Competence (TC), aims to ensure FSMA-authorised firms have effective governance, risk management and internal controls.
- 6.3** In essence, the senior management shaping a firm's operations and business should meet our expectations and be fit and proper, and the firm's employees servicing retail clients should have the appropriate skills, knowledge and expertise.

Consultation proposals

- 6.4** To make sure cryptoasset firms implement a robust governance and compliance framework, we proposed in [CP25/25](#) and [CP26/4](#), that they must follow our rules in SYSC and related sourcebooks, aligning to the rules applicable to FSMA-authorised firms in the same way as traditional finance.
- 6.5** These include general organisational requirements (SYSC 4), employees' skills, knowledge and expertise (SYSC 5 and the TC Sourcebook), compliance and risk control requirements (SYSC 6 and 7, see Chapters 8 and 9 on operational resilience and financial crime), record-keeping (SYSC 9), conflicts of interest (SYSC 10), and whistleblowing (SYSC 18) applicable to firms conducting DIB.
- 6.6** To supplement SYSC 5, in CP26/4, we proposed that firms conducting certain new cryptoasset activities for retail clients will also have to follow additional requirements in TC, in the same way as TC applies to FSMA-authorised firms carrying on comparable activities. These activities are: (i) dealing in qualifying cryptoassets as principal or agent (including cryptoasset lending and borrowing); (ii) safeguarding a qualifying cryptoasset or a relevant specified investment cryptoasset (including arranging for a person to carry on that activity); and (iii) arranging qualifying cryptoasset staking.

Applying our SYSC and related Sourcebooks to cryptoasset firms*

Handbook reference	Key Requirements
SYSC 4	General organisational requirements; persons who effectively direct the business; responsibility of senior personnel; management body and nomination committee; apportionment of responsibilities.
SYSC 5	Skills, knowledge and expertise for employees, agents and other relevant persons (see also TC Sourcebook on requirements specifically for employees servicing retail clients for certain cryptoasset activities).
SYSC 9	Keeping records for business and internal organisation (including all services and transactions) in an orderly manner.
SYSC 10	Identifying conflicts (see also Chapter 4 of CP25/36 for requirements relating to QCATPs and other requirements proposed in the upcoming PS on client categorisation and conflicts of interest).
SYSC 18	Requirements to set up appropriate internal procedures to handle whistleblowing mechanism; settlement agreement with workers.

* Except for the TC Sourcebook (TC 1-7), which is only applicable to a subset of cryptoasset firms as outlined in paragraph 6.6 above.

Feedback

6.7 In [CP25/25](#), we asked:

Question 4: Do you agree with our proposal to require cryptoasset firms to follow the existing requirements in SYSC 1, 4–7, 9–10, and 18 in the same way as existing FCA-regulated firms (or existing DIBs)?

6.8 We received 46 responses to CP25/25 Question 4.

6.9 Most respondents (78%) supported our overall approach and agreed that applying the SYSC Sourcebook to cryptoasset firms in the same way to other FSMA-authorized firms will promote robust governance, and in turn enhance market integrity and consumer protection. A small group (11%) of respondents expressed a neutral view, with general agreement on the core principles underpinning SYSC. The remaining group (11%) of respondents were unsupportive of the approach, stating that we should tailor our requirements to the technical features of blockchains and cryptoasset business models.

6.10 In [CP26/4](#), we asked:

Question 19: Do you agree with our proposals to apply the TC Sourcebook to certain cryptoasset activities similar to the existing approach for traditional finance?

6.11 We received 21 responses to CP26/4 Question 19.

- 6.12** The majority of respondents (95%) were supportive of our proposals to promote the skills and knowledge of staff in cryptoasset firms in a balanced manner with an emphasis on activities that have more interaction with retail clients, noting the early stage of professional training markets in this sector.

Our response

Given the broad support for our proposed approach we will proceed with applying the SYSC Sourcebook to cryptoasset firms in the same way as FSMA-authorized firms, as consulted upon. Cryptoasset firms will be considered as 'other firms' in the Sourcebook unless they are otherwise common platform firms, and requirements will apply accordingly. The common platform requirements in relation to SYSC 4 to 10 are set out in SYSC 1 Annex 1.

Our SYSC requirements are high-level and designed to be technology neutral, therefore adjusting these requirements to cryptoasset firms is not necessary. In line with our approach to applying SYSC, firms conducting multiple regulated activities will need to follow the SYSC rules which apply to each activity.

Specifically on the application of the TC Sourcebook, we will proceed with our proposed approach to apply the requirements where firms' employees carry out certain activities for retail clients, customers or consumers, as consulted upon.

These activities are dealing in qualifying cryptoassets as principal or agent (including cryptoasset lending and borrowing), safeguarding a qualifying cryptoasset or a relevant specified investment cryptoasset (including arranging for a person to carry on that activity), and arranging qualifying cryptoasset staking.

The new activities will be subject to the territorial scope of the existing TC Sourcebook. We recognise that the qualifications market is still developing so while we will not require qualifications at this time, we will monitor this space as the cryptoasset ecosystem matures.

Chapter 7

Feedback on Senior Managers and Certification Regime (SM&CR)

- 7.1** This chapter sets out the feedback we received on our proposed requirements for cryptoasset firms under the Senior Managers and Certification Regime (SM&CR).
- 7.2** In [CP25/25](#) and [CP26/4](#) we proposed applying the regime in full to all cryptoasset firms. We also set out how we have updated the threshold for when UK stablecoin issuers become SM&CR Enhanced firm, to ensure the threshold operates alongside the Bank's regime for systemic stablecoins, reflects the current and projected stablecoin market size, and accounts for the risks posed by stablecoins when used for payments.

Consultation proposals

- 7.3** In CP25/25, we proposed applying the existing SM&CR requirements to cryptoasset firms, in line with the current approach for FSMA-authorised firms. This involves applying all relevant senior management functions (SMFs), certification functions, prescribed responsibilities and conduct rules.
- 7.4** In CP26/4, we proposed thresholds for when cryptoasset safeguarding firms and UK stablecoin issuers would become an SM&CR Enhanced firms, mirroring the approach for equivalent activities in traditional finance. We also proposed applying the same requirements that currently apply to Enhanced firms in traditional finance to Enhanced cryptoasset firms. These include the requirement to provide a Management Responsibilities Map and to seek approval (where relevant) for 11 additional SMFs, such as SMF2 (Chief Finance Function) and SMF7 (Group Entity Senior Manager). We consider this a proportionate policy outcome for when large cryptoasset firms whose size, complexity and potential impact on consumers or markets warrant more robust supervisory attention. We indicated that we do not anticipate many (if any) firms conducting cryptoasset activities exclusively would meet the Enhanced threshold when the regime commences in October 2027.
- 7.5** In light of the ongoing SM&CR review by the Treasury, the FCA and the Prudential Regulation Authority (PRA), we suggested in CP25/25 a 'modification by consent' approach to avoid the risk of imposing requirements that may soon be changed. This means the assessment of Certification Regime (CR) compliance will be deferred for a period during the gateway, until after the 'Phase 2' SM&CR Review changes have been finalised.

Applying SM&CR to cryptoasset firms

Handbook reference	Title
SYSC 22	Getting, giving and receiving references
SYSC 23	Introduction and firm classification
SYSC 24	Allocation of prescribed responsibilities
SYSC 25	Management responsibilities map & handover procedures and manual
SYSC 26	Overall and local responsibilities
SYSC 27	Certification Regime
SUP 10C	FCA senior managers regime for approved persons in SMCR firms
SUP 15.11	Notification of COCON breaches and disciplinary action
COCON	Conduct rules for firm staff
FIT	Fit and proper test for employees and senior personnel

Feedback

7.6 In [CP25/25](#), we asked:

Question 5: Do you agree with our proposal to apply the existing SM&CR regime to cryptoasset firms, taking into account various parallel consultations on the broader SM&CR regime to ensure consistency? If not, please explain why.

7.7 We received 33 responses to Question 5 of CP25/25.

7.8 The majority of respondents (79%) agreed that it is right to apply SM&CR to authorised cryptoasset firms. Many noted the potential benefits of strengthened governance, personal responsibility and a clear allocation of responsibilities.

7.9 A minority (10%) disagreed, instead proposing that authorised cryptoasset firms should have the same treatment as e-money firms, who are currently not subject to SM&CR. Some of these respondents said this approach would allow time for the SM&CR Review policy outcomes to settle, and negate the need for a 'modification by consent' approach during the gateway period. Some other respondents also queried whether the current SM&CR would suit cryptoasset firms who are global by nature and often have international management structures.

7.10 A small number of firms asked for guidance on how to determine SMF responsibility over mitigating risks associated with permissionless DLTs and consensus mechanisms that are beyond the control of a single firm. Others requested clarity on how to define and allocate senior managers' responsibilities in the case of cross-border transactions or when firms operate with global management structures, particularly when enforcing financial crime measures.

7.11 At our industry engagement roundtables, some participants queried our proposal to require stablecoin issuers to certify individuals under the 'proprietary trading' certification function. They questioned whether managing backing assets as part of stablecoin issuance sufficiently resembled the existing definition of 'proprietary trading'.

7.12 In CP25/25, we asked:

Question 6: Do you agree with the proposed categorisation for enhanced cryptoasset firms, such as the threshold for allowing cryptoasset custodian firms to qualify as Enhanced? Should we consider other ways to categorise cryptoasset firms as Enhanced?

7.13 Very few respondents objected to our policy intention of capturing around 1% of cryptoasset firms as Enhanced (a similar proportion as in traditional finance).

7.14 Some of these respondents said it could be too early to implement a threshold for Enhanced cryptoasset firms, as the UK cryptoasset market is still new. Several suggested crypto-specific thresholds, arguing that alternative metrics could serve as better indicators of risk for this market.

7.15 In CP26/4, we asked:

Question 18: Do you agree with our proposals to introduce thresholds for becoming an SM&CR Enhanced firm for authorised stablecoin issuance firms and authorised cryptoasset custodians? If not, please explain why.

7.16 We had 23 responses to this question, including from cryptoasset, fintech, banks, law and compliance firms, as well as industry associations.

7.17 The vast majority (87%) of respondents supported the proposed Enhanced thresholds of £65bn in backing assets (per stablecoin product) for stablecoin issuers, and £100bn in 'client cryptoassets' and 'safe custody assets' for cryptoasset custodians. They considered our proposals proportionate, recognising the importance of aligning with the existing framework for traditional financial services.

7.18 CP26/4 proposed a threshold for allowing cryptoasset safeguarding firms to become Enhanced. Separately, CP25/25 proposed that cryptoasset custodians should also be required to allocate Prescribed Responsibility Z (PRz) ('Responsibility for the *firm's* compliance with CASS') to an individual SMF. After the publication of 26/4, we received three responses suggesting that an additional Prescribed Responsibility could be introduced for cryptoasset custody exclusively, separate to the existing PRz for compliance with safeguarding requirements for traditional assets. These respondents said that the consolidated role (responsibility for complying with safeguarding requirements for both traditional assets and cryptoassets) may be too expansive for a single SMF to be responsible for.

- 7.19** Thirteen respondents (57%) welcomed further guidance on how tiering under SM&CR operates and interacts with the Bank of England's regime on systemic stablecoins.

Our response

We will proceed with our proposal to apply SM&CR in full to authorised cryptoasset firms with some minor amendments to the Annex of SYSC 23 and will implement a 'modification by consent' waiver approach until we know more about the future of the Certification Regime.

We do not agree with the minority who suggested authorised cryptoasset firms should be treated like e-money firms and not be subject to SM&CR. SM&CR applies to all FSMA-authorised firms, and we do not have any strong evidence for treating cryptoasset firms differently. We consider that SM&CR will be beneficial for governance and accountability in cryptoasset firms in the same way as for other FSMA-authorised firms.

Regarding **the global nature of cryptoasset markets and transactions**, many FSMA-authorised firms in traditional finance also operate globally and are subject to the SM&CR regime. We expect SMRs to account for the challenges associated with global business models when meeting our requirements, including those under SM&CR and other areas of our Handbook such as SYSC 15A (operational resilience).

Some respondents said SM&CR would not work well for **international management structures in cryptoasset firms**, where currently key senior responsibilities may be given to individuals based overseas. We may approve SMF applications for individuals based overseas, such as where an individual within the wider group is responsible for implementing the firm's strategy in the UK entity. The general expectation when authorising a firm, and approving its SMF applications, is that 'mind and management' should be, and should continue to be, located in the UK. We particularly consider physical location when considering SMF17 and SMF16 applications. We expect the persons holding these roles will work from the firm's principal place of business in the UK. Where firms operate as part of a global group with entities authorised overseas, our expectations and requirements for location policy will also be relevant. Please see Chapter 2 of [PS26/9](#) covering our Approach to International Cryptoasset Firms (AICF) guidance feedback and [FG26/7](#) for further detail.

On risks associated with permissionless DLTs and consensus mechanisms, Chapter 4 of CP25/25 outlines our expectations for cyber and technology resilience, safeguarding cryptographic keys and infrastructure, and continuity and disruption planning. Additionally, we will include DLT-specific measures and considerations to guide senior managers on how to fulfil their responsibilities in the forthcoming consultation on non-Handbook guidance on operational resilience for DLTs.

Regarding whether the **'backing asset management' element of the stablecoin issuance activity should require relevant individuals to certify under the 'proprietary trader' certification function, we have decided to remove this requirement (in the Annex to SYSC 23) following consultation feedback**. We agree that the stablecoin issuance activity does not sufficiently resemble proprietary trading to justify this requirement so will not be amending the 'proprietary trading' definition in the way that we proposed in CP25/25.

Although we note the UK cryptoasset market is new and has unique characteristics, **we do not agree it is too early to implement Enhanced thresholds for cryptoasset firms**. The additional requirements of Enhanced classification will be key risk mitigants for larger cryptoasset firms, in particular cryptoasset custodians. We will proceed with the consulted threshold for cryptoasset safeguarding firms (£100bn in safe custody assets and client cryptoassets combined). In relation to UK-stablecoin issuers, we have considered the proposed enhanced threshold, alongside proposals for systemic stablecoins that the Bank published earlier this month, and the nascency of the market and the differences in risk profile to the asset management industry.

The final rules therefore set out that a UK qualified stablecoin issuer will be subject to the Enhanced SM&CR regime when they hold £20bn in backing assets, calculated as a three-year rolling average. We consider that having an enhanced regime is an important protection for the largest firms, and as the stablecoin industry in the UK is nascent, we have set the threshold for the Enhanced regime to cover an appropriate number of firms as the industry develops. This change also takes into account the feedback raised by over half of the respondents – that any SM&CR tiering would need to take into account the interaction with any criteria used by the Treasury to designate a stablecoin as systemic, and the Bank's regime for systemic stablecoins, including the Bank's temporary issuance guardrail.

The new threshold of £20bn has been developed based on the current and projected stablecoin market size (including backing assets) in the UK and globally, and considerations that the risks arising from stablecoins when used for payment may not be comparable with asset management firms, given that stablecoins have a high velocity of payments. We have reviewed market data which indicates that with a £20bn threshold, although it is unlikely that any firms conducting stablecoin issuance will meet the new Enhanced threshold when the regime commences in October 2027, over time this threshold will capture the most significant stablecoins within the FCA regime. Smaller and medium-sized businesses will not be subject to enhanced SM&CR requirements. This approach is consistent with the Enhanced thresholds in other sectors, as it aims to capture 1% or less of the firm population.

As the Bank finalises its rules and further consults on requirements for systemic stablecoins, including temporary issuance guardrails, and as the market develops, we will keep this Enhanced threshold and its operation under review and will consult on changing the threshold as necessary.

Considering the feedback for **separate PRs for compliance with cryptoasset custody requirements, and compliance with CASS** requirements for other assets we note that the existing PRz already encompasses the custody of a broad range of disparate assets, and we believe it would be disproportionate to separate digital assets from these. We are therefore not changing this.

Chapter 8

Feedback on Operational Resilience

- 8.1** This chapter sets out the feedback to our operational resilience proposals. We proposed extending our operational resilience framework to cover all cryptoasset firms, including those that would not fall within its scope under existing requirements for FSMA-authorized firms. It also sets out how we addressed the comments on our draft non-Handbook guidance for cryptoasset firms.
- 8.2** Operational resilience refers to the ability to prevent, adapt, respond to, recover and learn from operational incidents and disruptions. Our existing framework for operational resilience, and our other operational resilience standards, are captured in these areas of the Handbook:

Handbook reference	Title
SYSC 4	General risk management requirements
SYSC 7	Risk control
SYSC 8	Outsourcing requirements
SYSC 15A	Operational resilience framework

- 8.3** SYSC 15A is our operational resilience framework and currently applies to in-scope firms carrying out financial services activities. It includes requirements covering understanding and mapping the people, processes, technology, facilities and information needed to deliver each important business service, including testing within set impact tolerances.
- 8.4** SYSC 4 and SYSC 7 complement our operational resilience framework, setting out risk management and control requirements to help firms maintain robust business operations and incident management.
- 8.5** SYSC 8 sets requirements around a firm's arrangements for the functions it outsources.

Consultation proposals

- 8.6** The cryptoasset sector relies on systems and technology, so when operational and technological incidents occur, their impact is exacerbated if operational resilience is poor. We proposed to extend the scope of SYSC 15A to cover all authorized cryptoasset firms, including those that would not fall within it under existing requirements for FSMA-authorized firms.
- 8.7** We proposed additional non-Handbook guidance to help firms understand how the proposed requirements would apply in a cryptoasset context. Our finalised guidance is in [FG26/6](#).

8.8 We also proposed that cryptoasset firms' use of permissionless distributed ledger technologies (DLTs) should not be treated as an outsourcing arrangement under SYSC 8.1.1[R]. Cryptoasset firms may face challenges applying SYSC 8 provisions to permissionless DLTs due to the lack of direct contractual relationships with DLT providers.

8.9 In CP25/25, we asked:

Question 7: Do you agree with our proposal to extend the application of SYSC 15A to cover all cryptoasset firms, including FSMA-authorized firms carrying out qualifying cryptoasset activities? If not, please explain why.

Question 8: Do you agree with our proposal that the use of permissionless DLTs by cryptoasset firms should not be treated as an outsourcing arrangement? If not, please explain why.

Question 10: Do you agree with the guidance set out in this document, and can you outline any areas where you think our approach could be clearer or better tailored to the specific risks and business models in the cryptoasset sector?

Question 11: Are there any emerging digital and cyber security industry practices or measures which we should consider when supporting cryptoasset firms complying with operational resilience and related requirements? Please elaborate.

Feedback

8.10 We received a total of 37 responses to Question 7. Most respondents (91%) strongly supported our proposal to extend the operational resilience framework under SYSC 15A to cryptoasset firms. We also received a total of 36 responses to Question 10. A high proportion (88%) supported the approach, focus and content of our proposed non-Handbook guidance on operational resilience for cryptoasset firms. They reiterated that the amplified technological risks in the cryptoasset sector warrant a more holistic application of operational resilience requirements.

8.11 A small number of respondents (9%) to Question 7 considered the extension of SYSC 15A to be disproportionate, claiming it would hold some cryptoasset firms to stricter standards than those applied to traditional financial institutions.

8.12 We received a total of 38 responses to Question 8. There was broad consensus across respondents (98%) that permissionless DLTs should not be treated as outsourcing under SYSC 8. Respondents proposed constructive solutions to improve clarity, maintain accountability and provide a clearer treatment of permissionless DLT in guidance.

- 8.13** In relation to our draft non-Handbook guidance on operational resilience for cryptoasset firms, some respondents requested further clarity on the application of operational resilience frameworks in permissionless contexts.
- 8.14** We received 29 responses to Question 11. Respondents recommended aligning with existing operational resilience frameworks, including international frameworks (such as IOSCO or other supranational frameworks), to avoid duplication and provide clearer outsourcing definitions.

Our response

We have considered the feedback and are proceeding with our proposal to apply SYSC 15A to cryptoasset firms without change. We consider that the risks posed by the activities in this sector and the reliance on technology in providing essential activities are such that applying SYSC 15A to cryptoasset firms remains appropriate and proportionate to ensure their approach is designed to manage disruptions effectively, protecting consumers and preserving market integrity without undermining technology and hindering innovation.

We are also proceeding to finalise the non-Handbook guidance with minor changes and providing further examples.

In light of the feedback about international standards, our approach was developed to be consistent with [IOSCO Crypto and Digital Assets Recommendation 17 on Management and disclosure of Operational and Technological Risks](#).

We are proceeding with our proposal that permissionless DLTs should not be treated as outsourcing under SYSC 8, acknowledging the industry consensus that applying SYSC 8 to permissionless DLTs is inappropriate.

In relation to the non-Handbook guidance we have included additional examples of emerging and established good practices provided by industry to strengthen operational resilience.

We have also updated various parts of the non-Handbook guidance to provide additional clarity, including the sections on outsourcing expectations for cryptoasset firms, setting impact tolerances, mapping exercises, conducting scenario testing, and communications. Noting that a significant number of firms coming into our gateway will be conducting intermediary activities, we have also added one more illustrative firm example (ie new firm E throughout the guidance) to highlight how a firm arranging deals in qualifying cryptoassets could consider its operational resilience. Firms are encouraged to consider adopting these mechanisms as part of meeting their regulatory obligations.

In May 2026, we published a Call for Input on The future of tokenisation: A joint vision for UK wholesale financial markets, jointly with the Bank of England to seek feedback on existing initiatives UK authorities are progressing to support the adoption of this new technology. Later this year we will also consult on non-Handbook guidance on operational resilience for DLT use. This guidance is aimed at supporting firms in managing DLT-specific operational and technological risks, using example firms to demonstrate how operational resilience requirements can apply in practice in permissionless and permissioned DLT use cases.

Chapter 9

Feedback on Financial Crime

- 9.1** This chapter sets out the feedback to our financial crime proposals, which were to apply the financial crime elements of SYSC 6, the Financial Crime Guide (FCG) and Financial Crime Thematic Reviews (FCTR) to all firms conducting cryptoasset regulated activities.
- 9.2** Since January 2020, cryptoasset businesses operating in the UK (defined in the MLRs as cryptoasset exchange providers or custodian wallet providers) have been required to register with us and comply with the MLRs. Since September 2023, they must also comply with the Travel Rule, which require cryptoasset businesses in the UK to collect, verify and share information about cryptoasset transfer. The cryptoasset regulated activities under the Cryptoassets Regulations will operate alongside the MLRs – and so firms carrying out cryptoasset activities will need to comply with both the MLR and FSMA regimes.
- 9.3** FSMA-authorized firms currently need to comply with our financial crime rules and guidance, including SYSC 6, FCG and FCTR, as well as the MLRs, and other relevant legal requirements under financial crime legislation, such as the Terrorism Act 2000, Proceeds of Crime Act 2002 and the Bribery Act 2010.

Consultation proposals

- 9.4** We proposed applying the financial crime requirements in SYSC 6, alongside the guidance in the FCG and FCTR, in the same way that these apply to traditional finance firms. We consider it proportionate for cryptoasset firms to be subject to the same financial crime rules in place for other FSMA-authorized firms, and that applying these rules should adequately address the financial crime risks in this sector.
- 9.5** Through applying the rules and guidance in SYSC 6, FCG and FCTR, we believe this will support cryptoasset firms to build stronger policies and procedures, including systems and controls to identify, assess, monitor and manage financial crime risks. We expect policies and procedures to be comprehensive and proportionate to the nature, scale and complexity of firms' activities.
- 9.6** Requiring firms to implement robust policies to manage financial crime risks, as well as regularly reviewing these policies' effectiveness should help cryptoasset firms to reduce illicit activities more widely in this sector.

Applying our financial crime rules to cryptoasset firms

Handbook reference	Title
SYSC 6.1.1R	Adequate policy and procedures
SYSC 6.3.1R	Financial Crime – systems and controls
SYSC 6.3.3R	Financial Crime – systems and controls assessments
SYSC 6.3.8R	Financial Crime – senior manager responsibility
SYSC 6.3.9R	Financial Crime – Money Laundering Reporting Officer

9.7 In [CP25/25](#), we asked:

Question 9: Do you agree with our proposal to require cryptoasset firms to follow the same financial crime framework as FSMA-authorized firms? If not, please explain why.

Feedback

- 9.8** We received a total of 38 responses to Question 9. A high proportion of responses (89%) agreed with our financial crime proposals to apply SYSC 6, FCG and FCTR. Several respondents stressed the importance of ensuring consistent guidance with traditional finance, to aid firms to meet obligations in this area, agreeing that our proposals were proportionate and consistent with the risks posed by the regulated cryptoasset activities.
- 9.9** Several respondents (19%), although agreeing with our proposals overall, called for crypto-specific requirements. Some noted the distinct financial crime elements of cryptoassets compared to traditional finance, such as through the use of anonymity-enhancing technology including mixers and tumblers, as well as having different risk mitigants, such as blockchain analytics.

Our response

We will proceed with our proposals to apply the financial crime elements of SYSC 6, the FCG and FCTR as consulted on. This approach aligns with feedback received and will continue to align our financial crime regime with international standards set by the Financial Action Task Force. We believe the financial crime framework that applies to traditional finance firms adequately addresses the risks we have seen in the cryptoasset market, such as crimes including fraud and scams, money laundering, terrorist financing, proliferation financing, and sanctions evasion. The Joint Money Laundering Steering Group (JMLSG) already provides guidance to cryptoasset firms in meeting their obligations under the MLRs, tailored to the sector and the risks they face. We will continue to engage with the JMLSG to support further updates to its guidance to ensure alignment with Cryptoassets Regulations. Firms should also be aware of broader changes to the MLRs, which include amendments

specific to cryptoasset firms, such as amendments to the change in control regime and correspondent bank rules, alongside other relevant changes.

We recognise the financial crime risks faced by the sector and strongly encourage firms to continue to refer to other reliable information sources in fulfilling their financial crime obligations, such as guidance or reports published by HM Government, like the National Risk Assessment and Threat Assessments, and international standard-setting bodies such as the Financial Action Task Force, such as the Targeted Report on Stablecoins and Unhosted Wallets. These will remain relevant and can help firms in their design of appropriate financial crime systems and controls responding to new and emerging risks. These reports provide sector-specific guidance relevant to future FSMA-authorised cryptoasset firms.

Chapter 10

Conduct of Business Standards (COBS)

- 10.1** In this chapter, we set out the proposals we consulted on in [CP26/4](#) relating to how the Conduct of Business Standards (COBS) apply to firms carrying on regulated cryptoasset activities.
- 10.2** COBS sets out core standards governing how firms interact with clients and as cryptoasset activities become regulated, a conduct framework is needed to address risks and ensure firms act in the same way as other regulated parties – honestly, fairly and professionally.
- 10.3** The table below summarises the approach we consulted on in CP26/4 and the final positions we have taken following consideration of feedback. It is intended to provide an overview of how the COBS framework applies to regulated cryptoasset activities, highlighting where we are maintaining our proposed approach and where we have made changes or clarifications.
- 10.4** The sections that follow provide further detail on the key areas of feedback received and how this has informed our final policy positions.

Summary of approach

	Summary of proposals in CP26/4	Final position
COBS 1 – Application	Consider disapplication of COBS for non-UK retail and professional users of overseas firms authorised via a UK branch; apply COBS to services provided from overseas to UK retail clients.	We will disapply COBS for non-UK users of overseas-incorporated QCATPs authorised in the UK via a branch, based on user habitual residence or (where applicable) country of establishment.
COBS 2 – Conduct of business obligations	Require cryptoasset firms to act honestly, fairly and professionally, including providing timely and accurate disclosures covering the firm, its services, strategies, execution venues, costs and charges, and appropriate risk warnings.	We are maintaining our proposed approach.
COBS 3 – Client categorisation	Expand the definition of per se eligible counterparty (ECP) to include qualifying cryptoasset firms, with exclusions (eg operating a UK QCATP).	We are maintaining our proposed approach.

	Summary of proposals in CP26/4	Final position
COBS 4 – Communicating with clients, including financial promotions	Apply COBS 4 to cryptoasset firms with changes to treatment of UK-issued qualifying stablecoins (removing RMMI classification); require additional risk warnings for non-UK issued stablecoins; clarify interaction with CRYPTO disclosure requirements and application of overseas person provisions.	We are maintaining our proposed approach.
COBS 5 – Distance communications	Do not apply COBS 5 and instead rely on Consumer Duty and supporting guidance for distance communications.	We are maintaining our proposed approach.
COBS 6 – Information about the firm, its services and remuneration	Require cryptoasset firms to disclose information about the firm and its services, including status, conflicts of interest, performance reporting and key risks; require firms safeguarding cryptoassets on trust to provide clear information on trust arrangements, client protections, risks, security arrangements and use of third parties.	We are maintaining our proposed approach, with additional guidance to support consumer understanding.
COBS 8 – Client agreements (non-MiFID provisions)	Apply COBS 8 client agreement requirements to cryptoasset firms, including contracts governing rights and obligations, with adjustments reflecting treatment of qualifying stablecoins.	We are maintaining our proposed approach.
COBS 10 – Appropriateness (for non-advised services) (non-MiFID and non-insurance-based investment product provisions).	Introduce a rule requiring firms to ask questions covering all matters in COBS 10 Annex 4G; convert Annex 4G from guidance into rules; require firms to assess client knowledge and experience for cryptoasset products, including cryptoasset lending and borrowing, and provide guidance on matters to be covered.	We are maintaining our proposed approach, with further clarification due to be consulted on in relation to the application of the strengthened appropriateness requirements to existing clients, to ensure consistent and appropriate outcomes.
COBS 11 – Dealing and managing	Disapply COBS 11 for firms carrying out qualifying cryptoasset activities and instead apply execution and order handling rules in CRYPTO 5; retain personal account dealing requirements where applicable.	We are maintaining our proposed approach.
COBS 15 – Cancellation	Disapply cancellation rights for distance contracts relating to cryptoasset products or activities.	We are maintaining our proposed approach.

	Summary of proposals in CP26/4	Final position
COBS 16 – Reporting information to clients	Disapply COBS 16 reporting requirements for certain cryptoasset activities (eg trading and execution) and introduce similar reporting requirements in CRYPTO; apply enhanced reporting requirements for firms safeguarding cryptoassets, including provision of online access to client holdings and detailed asset information; disapply CRYPTO reporting for lending and borrowing firms where separate provisions apply.	We are disapplying COBS 16 for staking activities. We are maintaining our proposed approach for other activities.
COBS 1 Annex 1 - Application	Replicate the existing COBS 1 Annex 1 carve-outs (including those applicable to MTFs) to transactions concluded on UK QCATPs.	We are maintaining our proposed approach for UK users of a UK QCATP. We will disapply COBS for non-UK users of overseas-incorporated QCATPs authorised in the UK via a branch, based on user habitual residence or (where applicable) country of establishment.
COBS 1 Annex 2 Application to TP firms and Gibraltar-based firms	Apply relevant COBS requirements to Gibraltar-based firms carrying out qualifying cryptoasset activities.	We are maintaining our proposed approach.

COBS 1: Application

- 10.5** In CP26/4, we proposed to apply the COBS framework to firms carrying on regulated cryptoasset activities by extending its application to these activities. In general, COBS applies to firms operating in the UK, and to firms outside the UK when providing services to clients in the UK. COBS does not apply to a third-country firm where the relevant service is not provided from a UK establishment to a person in the UK. It does apply to Gibraltar-based firms providing services to UK clients.
- 10.6** We also clarified how we proposed COBS would apply to firms operating UK QCATPs. This included applying COBS to firms authorised to operate a UK QCATP, while recognising the specific characteristics of these platforms and the types of transactions conducted on them.
- 10.7** We also considered whether COBS should be disapplied more generally for non-UK retail and professional users of UK QCATPs operated by overseas firms authorised via a UK branch. In this context, we proposed that COBS would apply where services are provided from overseas to retail clients in the UK.

10.8 In CP 26/4, we asked:

Question 15: What is your view on whether COBS generally (subject to COBS 1 Annex 1 carve-outs) should apply to non-UK retail and professional clients of a UK QCATP that is incorporated overseas and authorised via a UK branch?

Feedback

- 10.9** There were 20 respondents to this question. 37% of respondents considered that COBS should only apply to UK users of a UK QCATP. They cited the potential for duplicative or conflicting home-state rules and the increased compliance costs potentially making it economically unviable for overseas QCATP operators to obtain UK authorisation. Two respondents stated that they did not believe that the Treasury legislation was intended to capture QCATP services provided to overseas customers and thus the application of COBS should reflect this.
- 10.10** A further 32% of respondents considered that there should be a baseline level of conduct standards for firms while allowing flexibility to align with home state requirements to prevent a duplication or conflict of rules.
- 10.11** Of the remaining respondents, 21% considered that COBS should apply to all users, both UK and non-UK, to ensure a level playing field and avoid regulatory arbitrage. 10% of respondents did not have a strong opinion.

Our response

After carefully considering the feedback, we have disappplied COBS to non-UK users of an overseas-incorporated QCATP authorised in the UK via a branch. We expect for this to be determined by the habitual residence of the user or (where applicable) having a UK place of business. We want to ensure that UK customers are protected while preventing any conflict with requirements imposed in home jurisdictions. This decision also aligns with our limitation of Admissions and Disclosures (A&D) rules on Qualifying Cryptoasset Disclosure Documents (QCDDs) to UK retail investors and the commitment to limitation of the Consumer Duty to UK customers, as reflected in the [Mansion House](#) letter to the Chancellor.

While a number of respondents suggested there should be a baseline level of conduct standards or that COBS should apply to all users, we consider that the disapplication of COBS to non-UK users of an overseas QCATP authorised in the UK via a branch is the most proportionate solution which protects UK (retail) customers while preventing conflict with overseas requirements. All overseas QCATPs authorised in the UK via a branch will still be subject to the Principles for Businesses, common platform requirements in SYSC and conduct-related obligations in the CRYTPO sourcebook, in accordance with the application provisions of each sourcebook. See Chapter 2 for our responses to feedback regarding our approach to international cryptoasset firms, ([FG26/7](#)) for our finalised guidance and our existing [approach to international firms](#) for more detail.

COBS 4: Financial promotions

10.12 In CP26/4, we consulted on discrete amendments to COBS 4 (Communicating with clients, including financial promotions) to qualifying cryptoassets, including the treatment of qualifying stablecoins and advertisements where a QCDD is required which is discussed further in [PS26/9](#). We proposed that:

- UK-issued qualifying stablecoins would not be categorised as Restricted Mass Market Investments (RMMIs), reflecting their comparatively lower risk profile. This would mean that such stablecoins would not be subject to the RMMI marketing restrictions, including cooling-off periods and appropriateness requirements.
- Financial promotions for non-UK-issued qualifying stablecoins should include additional risk warnings to make clear that such stablecoins are not subject to the UK regulatory requirements applicable to UK-issued qualifying stablecoins.

10.13 In relation to other qualifying cryptoassets, we did not propose changes to the application of the existing financial promotion rules. However, we noted feedback from previous consultations and engagement with Industry and Trade Associations regarding their concerns about this approach, and as such, in CP24/6 we asked:

Question 16: Do you have any views on what qualifying cryptoassets should be assessed as Category A or Category B qualifying cryptoassets? If so, please provide details.

10.14 This question referred to the proposed prudential categorisation framework for qualifying cryptoassets, which we included as the only metric we had consulted on to distinguish between different types of qualifying cryptoassets.

Feedback

10.15 We have addressed feedback relating to the prudential design and the Category A/ Category B framework separately in [PS26/12](#).

10.16 Of the 25 responses we received, around half commented on the application of the financial promotions regime. Among those respondents, views were largely critical.

10.17 43% put forward the case that the RMMI classification is overly broad, insufficiently risk-sensitive, and does not adequately reflect differences in the risk profiles, liquidity, or market maturity of different cryptoassets. Some respondents suggested that, once firms are authorised and subject to prudential and conduct requirements, asset-level financial promotion restrictions should play a reduced role, with greater emphasis on firm-level controls and supervisory oversight.

10.18 Other respondents raised concerns that RMMI requirements create disproportionate friction in the consumer journey, particularly at onboarding, and could adversely affect competition. Some respondents suggested that smaller or newer firms may be disproportionately affected by the operational and compliance costs associated with RMMI requirements.

10.19 Several respondents proposed that certain widely traded cryptoassets, such as BTC and ETH, should be excluded from the RMMI category. They also asked us to clarify whether, and under what circumstances, the RMMI classification might be reviewed, and the specific consumer risks that justify its retention under the future regulatory framework.

Our response

We carefully considered the feedback to Question 16. We note respondents' concerns regarding the breadth of the current RMMI classification as it applies to qualifying cryptoassets and the desire for a more risk-sensitive approach as the regulatory framework for cryptoasset activities develops. We acknowledge respondents' calls for greater clarity on how the RMMI framework will operate and interact with other elements of the regulatory regime.

Our view is that cryptoasset markets remain volatile and evolving, and, given the limited evidence at this stage that asset-level differentiation would deliver better consumer outcomes, we do not consider that it would be appropriate to alter the financial promotions framework at this stage.

We do not consider that the feedback received provided sufficient evidence for changing the application of the financial promotions regime at the point the new regulatory framework is implemented. The evidence provided did not support a consistent classification between qualifying cryptoassets within the sector. At this stage, we do not believe that changes to the RMMI classification would deliver more effective or more appropriately calibrated consumer protection in practice.

When the regulatory framework first applies, cryptoasset markets will continue to present significant and evolving risks to retail consumers, firms will be newly authorised, and our supervisory evidence base will still be developing.

We have therefore decided to maintain our proposed approach and retain the current application of the financial promotions regime for qualifying cryptoassets, including the continued classification of qualifying cryptoassets (other than UK-issued qualifying stablecoins) as RMMIs.

As the wider cryptoasset framework is implemented, we will continue to monitor the effectiveness and proportionality of the RMMI classification, drawing on supervisory engagement, firm-level data, and analysis of consumer outcomes.

Financial promotions rules will apply to non-UK stablecoin issuers

- 10.20** In CP26/4 we proposed that financial promotions for non-UK-issued qualifying stablecoins should include additional risk warning information. This differs from UK-issued qualifying stablecoins on the basis of their differing risk profile.
- 10.21** 16% of respondents were unsupportive of our approach. This was on the basis that they suggested transparency requirements and mutual recognition of counterparty jurisdictions will be able to sufficiently mitigate risk.

Our response

We are retaining our position that financial promotions for qualifying stablecoins not issued by an authorised UK issuer must include additional risk warning information. The issuance and governance of backing asset composition of qualifying stablecoins not issued by an authorised UK issuer are not subject to our rules and the additional risk warning will highlight to consumers that they may not have the same protection or stability as UK-issued qualifying stablecoins.

Strengthening retail client understanding

- 10.22** Authorised firms are currently required to apply appropriateness assessments where a retail client's transaction in qualifying cryptoassets is prompted by a direct offer financial promotion (DOFP).
- 10.23** Since 2023, we have reviewed a sample of crypto firms' compliance following implementation of the appropriateness test. We noted evidence of poor practice in the cryptoasset sector, including assessments that do not adequately test clients' knowledge and experience, and instances where firms allow retail clients to proceed with transactions despite an assessment indicating that the service is not appropriate.
- 10.24** To address this, in CP 26/4, we proposed to change the guidance in COBS 10 Annex 4G from guidance to a rule, establishing a consistent minimum standard and support appropriate friction to support retail clients' understanding of cryptoasset risks.
- 10.25** We further proposed that, where firms offer cryptoasset lending or borrowing to retail clients, appropriateness assessments should explicitly assess whether clients understand the additional risks associated with these activities, including leverage, liquidation risk, margin calls and counterparty risk. Further details of these requirements are discussed [CP25/40](#). We proposed to allow firms flexibility as to whether they conduct this assessment as part of the broader cryptoasset appropriateness assessment or as a separate assessment, provided the relevant risks are adequately covered.

- 10.26** These proposals were intended to mitigate the risk of retail clients engaging in cryptoasset activities they do not understand, address evidence of inconsistent and poor market practice, and promote more consistent standards across firms. Our approach sought to strengthen consumer protection in a proportionate way, aligned with the existing COBS framework for non-advised, high-risk investments.
- 10.27** In CP26/4 we asked:

Question 17: Do you agree with our proposals on express consent, appropriateness testing, and strengthening retail clients' understanding? If not, please explain why not? If there is an issue of timing or cost in relation to our proposals on appropriateness assessments and express consent, including as they apply to existing clients, please share details.

Feedback received

- 10.28** We received 24 responses to this question. Respondents were broadly supportive of the proposed application of these obligations to firms carrying out regulated cryptoassets activities (83% supported and 17% were unsupportive). For details of responses to our proposals on express prior consent relating to lending and borrowing and improving consumer understanding please consult [PS26/11](#).

Appropriateness test

- 10.29** 83% of respondents supported our approach to the appropriateness test and agreed that we should mandate regulated cryptoassets firms to ask the client questions that cover, at least, the matters contained in COBS 10 Annex 4R.
- 10.30** Some respondents (17%) believed that the appropriateness test is too prescriptive and duplicative throughout the consumer journey. Cryptoasset firms will be required to comply with consumer protection rules such as Consumer Duty, risk disclosure requirements and other COBS provisions which will already improve consumer understanding. As such, these respondents countered that the existing approach to the appropriateness test as guidance is sufficient and that mandating the appropriateness test would merely be a tick-box exercise without necessarily improving consumer understanding.
- 10.31** 33% of respondents wanted more clarity on how firms will be expected to operationalise the appropriateness test, specifically if they should apply it retrospectively to existing clients and subsequent implications if an existing client is deemed inappropriate (ie whether existing holdings of such clients must be liquidated). They noted that regulated cryptoassets firms would face operational challenges relating to timing and administrative costs if the new rule is retrospectively applied.

- 10.32** Of the respondents who referred to the cryptoasset lending and borrowing specific appropriateness test, 75% supported our proposal to apply tailored appropriateness assessments, recognising these products are higher risk and require enhanced consumer understanding.
- 10.33** There was also broad support for allowing firms to integrate the cryptoasset lending and borrowing-specific appropriateness test into a broader cryptoasset appropriateness assessment, rather than requiring standalone tests. Respondents considered this operationally sensible and less burdensome for customers, while still maintaining robust consumer protections.

Our response

We have made final rules in relation to the approach we consulted on. We believe the appropriateness test, particularly when required as part of a rule, adds necessary friction and consumer protection in the consumer journey to ensure that the consumer has the necessary experience and knowledge to understand the risks involved in relation to the specific cryptoasset activity. The appropriateness assessment was (even under the existing provisions) never intended to be a tick-box exercise and which will be further supported by the application of the Consumer Duty.

However, to address feedback relating to operationalisation, we are conducting further work on how the rule may interact with the appropriateness assessment conducted by firms as part of the financial promotions regime for existing clients. We also intend to consult in September 2026 on any potential deferrals and expected timelines for implementation of this rule.

Information concerning safeguarding of cryptoassets

- 10.34** In CP 26/4, we proposed requiring firms safeguarding cryptoassets on trust to provide clear, plain language disclosures so clients can understand how safeguarding arrangements affect their protections and the risks they face. This includes information on trust structures and failure outcomes, any use of exceptions (and associated consent), security arrangements for accessing assets, and reliance on third-party custodians.
- 10.35** One respondent (trade body) questioned whether the level of detail envisaged would meaningfully improve consumer understanding, given the technical complexity of cryptoasset safeguarding (eg trust structures), and highlighted practical limits on simplifying inherently technical concepts despite firms' obligation to use plain language.

Our response

We have made final rules in relation to the approach we consulted upon. We acknowledge that some aspects of cryptoasset safeguarding are technically complex, and that it is important to ensure that clients are provided with clear information that they can easily understand. We have therefore added guidance to suggest that firms may consider it helpful to include a glossary of technical terms.

The disclosure requirements in COBS 6.1.7R are intended to complement firms' broader contractual and information obligations. They require explanations of crypto-specific safeguarding arrangements and risks that are unlikely to be readily understood without targeted disclosure. Where a firm safeguards cryptoassets for retail clients, these disclosures sit alongside its obligations under the Consumer Duty to support retail customer understanding, including by communicating information in a way that meets retail customers' information needs and is likely to be understood. Firms remain responsible for taking account of the nature of their safeguarding arrangements and their client base when providing these disclosures.

Cancellation rights for safeguarding of cryptoassets

- 10.36** Further to feedback received in [CP25/25](#) relating to cancellation rights for clients of safeguarding and safeguarding services, which detailed the risk of regulatory arbitrage, challenges with operationalisation, and the speed at which positions are confirmed, in CP26/4 we proposed not to apply COBS 15 to all cryptoasset activities.
- 10.37** One respondent (a consumer advocacy body) raised broader consumer protection concerns, noting that consumers may not fully understand the implications of entering safeguarding arrangements in a high-risk and complex market, including potential asset lock-up and the irreversible nature of certain transactions, and suggested that additional safeguards including the application of COBS 15 cancellation rights may be warranted.

Our response

We are maintaining our position not to apply cancellation rights for all cryptoasset activities including safeguarding.

We believe there are sufficient requirements in place to strengthen retail clients' understanding of the service they are entering into, including information requirements concerning safeguarding of cryptoassets in [COBS 6.1.7](#), CASS and Consumer Duty obligations.

In response to the feedback on the complexity of safeguarding arrangements, we are requiring firms safeguarding cryptoassets to provide clients with information as to whether, and on what basis, the client may terminate the firm's safeguarding services or give instructions to request the return or transfer of cryptoassets being safeguarded on their behalf.

COBS 16: Reporting requirements will be disapplied for cryptoasset staking services

- 10.38** In CP26/4, we consulted on applying COBS 16 (reporting information to clients) to certain cryptoasset activities, including cryptoasset staking and safeguarding activities, with enhanced reporting requirements where firms safeguard client cryptoassets on trust. We also proposed to disapply COBS 16 (except for COBS 16.4) for activities including operating a UK QCATP and dealing or arranging in qualifying cryptoassets, and instead introduce similar reporting requirements under the CRYPTO sourcebook. In addition, we proposed to not to extend the application of CRYPTO 8 for firms engaged in lending and borrowing activities, to which separate provisions apply.
- 10.39** Following feedback to [CP25/40](#), we are now requiring staking firms to provide a notification to retail clients, at least every 12 months, on the staking service being provided to them, including the amount of cryptoassets staked, rewards earned and fees charged. This requirement will sit in the CRYPTO sourcebook. To avoid firms being required to implement duplicative notification or reporting requirements, we have decided to disapply COBS 16 for the qualifying cryptoasset staking activity.
- 10.40** This approach reflects our view that transaction-based and relatively frequent periodic reporting requirements under COBS 16 are not well aligned to staking.

Streamlining COBS and CRYPTO sourcebook obligations

- 10.41** We recognise that the interaction between COBS and the CRYPTO sourcebook may give rise to overlapping or substantively similar obligations, particularly in relation to communications and disclosures (for example, under COBS 2.2 and COBS 4.7), as well as firm disclosures and client agreements (COBS 6 and COBS 8). Our intention is not to require firms to implement duplicative compliance frameworks where the underlying regulatory outcomes are aligned.
- 10.42** As set out in CP26/4, these requirements are intended to be complementary. The relevant COBS provisions do not prescribe the specific form in which firms must meet these obligations. Consistent with this, we indicated that firms have flexibility in how they discharge overlapping requirements.

- 10.43** In particular, in the context of requirements in COBS 6, COBS 8, financial promotions and disclosures, we clarified that firms may be subject to both COBS and CRYPTO requirements, and that these may operate alongside each other.
- 10.44** Accordingly, where a firm is subject to both COBS and CRYPTO requirements, it may discharge these obligations through a single, integrated set of systems, controls, policies, procedures, communications or contractual arrangements, provided that, taken as a whole, these arrangements meet the requirements applicable to the firm.
- 10.45** Firms should, however, ensure that any crypto-specific requirements (for example, express prior consent or enhanced disclosures) are appropriately reflected within their integrated framework.
- 10.46** This approach is intended to reduce unnecessary operational burden while maintaining consistent standards of consumer protection.

Chapter 11

Environmental, Social and Governance (ESG)

- 11.1** The ESG Sourcebook requires FSMA-authorised firms to give clear and accurate sustainability information about their products and services, including how they manage sustainability-related risks and opportunities. The Sourcebook also includes requirements for firms communicating or approving financial promotions in the UK.

Consultation proposals

- 11.2** We proposed in [CP25/25](#) that ESG rules applicable to all FSMA-authorised firms should also apply to cryptoasset firms (ESG 4.1.1R and ESG 4.3.1R). These rules would prevent cryptoasset firms from using sustainability labels. The rules would also require cryptoasset firms to ensure that any sustainability references are clear, fair and not misleading, and are consistent with the sustainability characteristics of the product or service.
- 11.3** We proposed not to extend other ESG rules to cryptoasset firms, particularly when they only apply to specific types of firms (eg asset managers) whose activities and risks are not similar to those of cryptoasset firms. We did not propose to introduce new climate-related or sustainability disclosure requirements for this sector, as the cryptoasset market is still at an early stage of development, and obtaining sustainability data would be difficult.
- 11.4** In [CP25/25](#) we asked:

Question 12: Do you agree with our proposal to apply the ESG Sourcebook to cryptoasset firms?

Feedback

- 11.5** We received 38 responses to Question 12.
- 11.6** Overall, respondents (74%) broadly supported our proposals to apply certain provisions of the ESG Sourcebook to cryptoasset firms. They said the proposal was proportionate, recognising that it avoids overly prescriptive ESG requirements while data availability and methodologies for cryptoasset activities are still evolving.
- 11.7** A few respondents (5%) suggested only applying our ESG approach to certain activities, such as UK qualifying stablecoin issuance or arranging qualifying cryptoasset staking, pointing out that the ESG impact of a firm may vary based on its activity. There was a view that there could be merits in modelling our requirements on other regional frameworks.

Our response

We will proceed with our proposal to apply the ESG Sourcebook (ESG 4.1.1R and ESG 4.3.1R) to all cryptoasset firms as consulted on.

We will not extend ESG provisions that only apply to specific firm types, such as asset managers, asset owners and distributors, as these rules would not be proportionate nor relevant to cryptoasset firms. This also aligns with feedback we received.

We have considered the suggestion that a small number of respondents raised to only apply our ESG sourcebook to some but not all cryptoasset activities, such as UK qualifying stablecoin issuance or arranging qualifying cryptoasset staking. However, we are not proposing to amend our approach. This is because our approach does not require considering levels of ESG impact from cryptoasset activities. As set out above, the requirements in the final rules mean that cryptoasset firms must follow our anti-greenwashing rules and not use sustainability labels. Sustainability references must be clear, fair and not misleading, and be consistent with the sustainability characteristics of the product or service. Moreover, as activities such as UK qualifying stablecoin issuance share the same underlying technological infrastructure as other cryptoasset activities, we believe we should apply the ESG sourcebook in the same way to all cryptoasset activities. We will continue to monitor how the industry evolves, including their energy consumption and whether any new and emerging business models might contribute to more efficient use of energy, and consider how our rules should be updated as appropriate.

Chapter 12

Dispute resolution and compensation

Overall approach

- 12.1** The Dispute Resolution: Complaints sourcebook (DISP) sets out the rules and guidance governing how regulated firms must receive, investigate, resolve and report complaints from eligible complainants. The rules ensure that complaints are handled fairly, consistently and promptly, and that consumers have effective access to redress, including referral to the Financial Ombudsman Service (FOS) where appropriate.
- 12.2** In CP26/4, we proposed applying the DISP rules and associated guidance to firms carrying out the new cryptoasset activities as they apply to other authorised firms, in order to ensure that complaints are resolved promptly and fairly and that consumers can obtain redress without going to court.
- 12.3** We also proposed to allow access to the Financial Ombudsman for consumers of regulated cryptoasset firms. We did not propose to expand Financial Services Compensation Scheme (FSCS) protection to regulated cryptoasset activities.

Complaint handling requirements in DISP 1 for firms

- 12.4** In CP26/4, we proposed to apply the requirements in DISP 1 to the new regulated cryptoasset activities set out in the Cryptoassets Regulations. As is the case with other firms we regulate, firms carrying on cryptoasset activities will be required to have appropriate and effective processes in place for the prompt and fair handling of complaints.
- 12.5** We asked:
- Question 9: Do you agree with our proposal to apply the DISP 1 complaint handling requirements to all cryptoasset firms?**
- 12.6** We received 23 responses to this question. Feedback from respondents was almost entirely supportive, with 96% agreeing and the remainder expressing neutral views. Respondents agreed that the application of DISP 1 to cryptoasset firms is important for transparency and clarity for consumers and would boost competitiveness of, and trust in, the market.
- 12.7** Some respondents raised the issue of proportionality, including whether DISP 1 should differentiate between cryptoasset firms based on the level of consumer risk posed by different business models and regulated activities undertaken. They also sought assurance that they would not be liable for market-volatility losses, and asked how DISP would apply to crypto-specific issues. Respondents further highlighted the need for greater clarity on the respective responsibilities of firms and third parties, including expectations for forwarding complaints.

Our response

We will proceed with the application of DISP 1 complaint handling requirements to all cryptoasset firms as proposed, subject to any exemptions we consider appropriate.

We note the feedback seeking greater clarity about expectations in relation to forwarding complaints. We highlight DISP 1.7 which permits a firm to forward all or part of a complaint to another authorised firm where it has reasonable grounds to believe that the other authorised firm is solely or jointly responsible for the matter complained of.

We acknowledge concerns about the Financial Ombudsman holding firms liable for losses sustained by consumers during periods of market volatility. If a complaint is referred to the Financial Ombudsman, it will consider any complaints about investment losses in the usual manner, based on the application of the fair and reasonable test, which will include considering the nature of the investment product. A complaint is likely to be upheld if the Financial Ombudsman finds that the firm has acted in a way that has caused loss to the consumer. It is unlikely that redress will be owed in cases where a loss suffered by a consumer has been caused by poor market performance.

Third party complaints handling for UK-qualifying stablecoin issuers

12.8 It is important for UK stablecoin issuers to have contractual requirements in place to ensure that consumers are provided with information about how to complain to the authorised qualifying stablecoin issuer, and that qualifying stablecoin issuers receive, from third parties appointed to carry out parts or all of the activity of issuing qualifying stablecoin, any complaints arising from such activities for which it remains responsible. We proposed requiring stablecoin issuers to include the following within contractual arrangements with a third party in the Cryptoasset Sourcebook Chapter 2:

- Provisions requiring the third party to provide information on the qualifying stablecoin issuer's procedures for the handling of complaints on their website and in relevant communications.
- Provisions requiring the third party to forward complaints it receives to the qualifying stablecoin issuer to enable the authorised firm to consider them.
- Provisions requiring the third party to provide contact details information for the qualifying stablecoin issuer to the holder of a qualifying stablecoin, including clarifications of the role (if any) the third party plays in the handling of customer service.

12.9 In CP26/4, we asked:

Question 10: Do you agree with the proposal to add requirements to the crypto sourcebook for stablecoin issuers to put in place contractual arrangements with third parties that carry out activities on their behalf?

- 12.10** Of the 22 responses received, the majority (64%) of respondents were supportive of our proposal while 18% were unsupportive and a further 18% were neutral.
- 12.11** Some respondents felt that the proposed stablecoin outsourcing rules duplicated existing requirements and questioned the need for new rules, suggesting clarification through guidance instead. Others were concerned that the rules would capture independent intermediaries as third parties, increasing issuer liability for actions outside their control. They requested clearer definitions of 'third parties' and of when they can be said to be acting on behalf of a firm.
- 12.12** Concerns were also raised that UK-specific bespoke contracting might be difficult in global stablecoin ecosystems and some respondents suggested allowing functionally equivalent arrangements where outcomes are met. They noted this is particularly challenging for smaller UK firms dealing with large global providers. One respondent proposed placing cooperation obligations on third parties for complaint handling, emphasising the importance of robust third-party governance for financial stability and consumer confidence.
- 12.13** One respondent highlighted that the requirement to forward complaints "immediately" should be worded in a way that would allow the third-party time to properly triage complaints. They outlined that this would ensure the issuer receives complaints that are related to the service they provide, reducing the risk of inaccurate forwarding and delays to complaint resolution.
- 12.14** One respondent raised that there is potential for confusion in relation to non-UK-issued stablecoins distributed in the UK where a customer may have cause to complain to the stablecoin issuer. They highlighted that it may be unclear whether a complaint relates to the stablecoin itself or to the way it is sold, for example, where there are unclear charges associated with the purchase of a non-UK issued stablecoin caused by the UK distributor's deficient sales process.

Our response

Having taken into account the feedback and general agreement from respondents, we will add these requirements to the crypto sourcebook as consulted on, with one minor change.

In response to feedback and to ensure consistency with DISP rules, we have changed the proposed wording for our requirements on third parties to forward complaints. Third parties will now need to forward complaints 'promptly' as opposed to the original wording of 'immediately', reflecting the need for third parties to forward complaints in a timely manner. Where

a third party receives a complaint about the UK stablecoin issuer, this should be managed through the issuer's contractual arrangements with the third party.

To make our expectations clear for both firms and consumers, we will add guidance to DISP 1 setting out our expectation that firms should resolve complaints within 8 weeks of a third party receiving them. This will provide clarity for both firms and consumers and ensure timely resolution of complaints and access to redress, where relevant.

We believe that the scope of the rule at CRYPTO 2.3.15R is sufficiently clear as only being applicable to third parties appointed by a UK stablecoin issuer to carry out all or part of their activity of issuing qualifying stablecoin in the United Kingdom and only in relation to complaints about this activity. An issuer's relationship with a distributor or other third party is only captured by these rules where appointed to carry out such activities on the issuer's behalf. Issuers would not be at risk of increased liability just as a result of working with genuinely independent intermediaries beyond that scope. Complaints forwarding and complaints information requirements will ensure complaints relating to the issuer's activities are communicated to them even if first received by third parties appointed to carry out such activities on their behalf.

We have set out the response for applying the outsourcing rules in Chapter 10 of the Stablecoin Issuance Policy Statement. This outlines that UK stablecoin issuers are responsible for complying with all relevant regulatory requirements and are liable if something goes wrong when a third party is acting on their behalf. Issuers should have strong governance processes in place to ensure the third party is clear about their complaints handling obligations.

Regulatory systems in other jurisdictions prescribe complaints handling rules, including complaints forwarding. While globally operating firms' existing obligations may differ, we consider our approach is consistent and proportionate to manage the risks posed by third party arrangements.

The redemption of a non-UK issued qualifying stablecoin by a UK authorised firm may involve the regulated activities of dealing in qualifying cryptoassets as principal or agent, so complaints relating to such activities could still be covered by DISP 1. This means these complaints could be referred to the UK firm carrying out the redemption of the stablecoin. If the respondent firm considers the complaint does not arise from acts or omissions it should be held accountable for, it remains open to it to explain why to the complainant in its response to their complaint.

Access to the Financial Ombudsman

12.15 In CP26/4, we proposed extending the compulsory jurisdiction to complaints which relate to acts or omissions of firms in carrying on any of the new regulated cryptoasset activities, updating DISP 2.3 and related definitions, to that effect. We also proposed to clarify in the guidance in DISP 2.3.2G that the Financial Ombudsman's jurisdiction extended to complaints relating to acts and omissions for which a firm is responsible, such as those of third parties acting on its behalf.

12.16 We asked:

Question 11: Do you agree that the Financial Ombudsman should consider complaints about all new cryptoasset activities carried out by all UK authorised firms? If not, are there specific activities it should not be able to consider complaints for?

12.17 Of 27 respondents, most (81%) were supportive of our proposal while 15% were unsupportive and the remainder were neutral. Those who were supportive said the proposal would provide regulatory clarity for cryptoasset activities and felt it was consistent with the aim of aligning cryptoasset activities with the established financial services regulatory framework in the UK.

12.18 Several industry stakeholders said that Financial Ombudsman access should be limited to UK-facing activities, where there is a direct consumer relationship with the UK authorised firm (or its UK branch) and the complaint relates to regulated activity carried on in or into the UK. They felt that the FCA should not extend the compulsory jurisdiction to services provided to non-UK customers.

12.19 Some respondents emphasised that purely wholesale or eligible-counterparty style activities should be excluded when the Financial Ombudsman considers complaints.

12.20 Some respondents expressed concern about whether the Financial Ombudsman holds the technical expertise to assess complaints relating to cryptoassets. Some called for dedicated training, specialist teams within the Financial Ombudsman, specialist advisory panels, and closer FCA–Financial Ombudsman coordination, particularly on novel cases.

Our response

We agree that a 'carve-out' for complaints by non-UK customers of overseas-incorporated QCATPs authorised via a UK branch is appropriate, to reflect the reality that such complaints are unlikely to arise from regulated activities (or activities ancillary to these) with a sufficient connection to the United Kingdom. We will identify non-UK customers as those not established or habitually resident in the United Kingdom.

The Financial Ombudsman's compulsory jurisdiction is already limited to complaints arising from activities carried on from an establishment in the United Kingdom (DISP 2.6.1R). Clearly setting out that this will not include complaints from non-UK customers about activities of overseas-incorporated QCATPs essentially amounts to clarifying this existing scope. Absent such a clarification and given the global and digital nature of the services offered by QCATPs, high volumes of complaints from non-UK customers could still reach the Financial Ombudsman, requiring it to triage and investigate them, with associated case fees for firms, even if ultimately generally found to fall outside of its jurisdiction, leading to unnecessary expenditures and false expectations for non-UK customers of overseas QCATPs.

We do not consider, at this stage, that the same clarification is required for complaints by non-UK customers of UK-incorporated QCATPs, as we expect that they will find it easier to establish, when dealing with a UK incorporated QCATP directly, that their complaint relates to activities carried on from the United Kingdom. We therefore do not propose to implement a carve out in respect of non-UK customers of UK-incorporated QCATPs. We will however monitor the evolution of crypto markets and may consider further the overall position of all QCATP operators in practice, once the new regime has bedded in, to the extent required by the rule review requirements.

In response to the feedback on eligibility, existing rules in DISP 2.7 that will apply to cryptoasset firms set out that the compulsory jurisdiction of the Financial Ombudsman only extends to complaints made by eligible complainants with exceptions.

Eligible complainants include consumers or small businesses, charities, trustees of a trust or micro-enterprises (DISP 2.7.3R), subject to also having a relevant relationship with the respondent firm (as customers of authorised cryptoasset firms or holders of UK issued qualifying stablecoins, as set out in DISP 2.7.6R).

Exceptions apply so some customers cannot be eligible complainants. This includes authorised firms where their complaint relates to regulated activities that they themselves are permitted or entitled to carry on (DISP 2.7.9R(1)), as well as those who act as professional clients or eligible counterparties in relation to the firm and activity which is the subject of the complaint (DISP 2.7.9R(2)), unless the complainant is a consumer (DISP 2.7.9AR).

While we note the comments received, firms may find it helpful to note that this means complaints from professional clients are unlikely to be eligible.

We continue to work closely with the Financial Ombudsman on their capabilities and training needs ahead of the cryptoasset regime going live, as emphasised in their published response to [CP25/25](#). We will also consider the examples of possible complaints which may arise which have been provided by respondents and work with the Financial Ombudsman to explore options for communicating its approach to specific crypto-related complaints, ensuring this is clearly understood by firms and consumers.

Financial Ombudsman: voluntary jurisdiction

12.21 In CP 26/4, the Financial Ombudsman proposed not to extend its voluntary jurisdiction to regulated cryptoasset activities for firms based in the European Economic Area or Gibraltar.

12.22 The Financial Ombudsman asked:

Question 12: Do you agree that the Financial Ombudsman should not extend the voluntary jurisdiction to cover complaints about the proposed new cryptoasset activities?

12.23 Of the 19 respondents, most (75%) were supportive of the proposal. 15% were unsupportive and the remaining 10% expressed neutral views. Respondents noted that this proposal:

- Maintained a clear distinction between regulated and unregulated activities.
- Avoided overburdening the Financial Ombudsman.
- Prevented fragmented and inconsistent redress arrangements.
- Enhanced regulatory certainty.

12.24 The small number of respondents who disagreed stated that not extending the Financial Ombudsman's voluntary jurisdiction would create a competitive disadvantage for UK firms and could incentivise cryptoasset firms to establish operations outside the UK.

The Financial Ombudsman's response

After considering stakeholder feedback, the Financial Ombudsman has decided to proceed with the proposed approach outlined in CP26/4 and will not extend its voluntary jurisdiction to cover complaints about the proposed new cryptoasset activities. The Financial Ombudsman has made the relevant rule changes consulted on in order to ensure that the voluntary jurisdiction does not extend to the proposed new cryptoasset activities. In addition to this, the Financial Ombudsman has made a further and minor technical change to disapply FCA's amendments to DISP 2.7.6R from the voluntary jurisdiction.

The Financial Ombudsman does not consider that not offering the voluntary jurisdiction to firms based in the European Economic Area or Gibraltar for these activities would create an unfair playing field for UK cryptoasset firms. If the voluntary jurisdiction was to be extended it would only apply to European Economic Area or Gibraltar based firms who chose to join as a voluntary jurisdiction participant. Any firm engaging in UK regulated activities would still need to be authorised by the FCA which would bring it within the Financial Ombudsman's compulsory jurisdiction (subject to the carve out outlined above for non-UK based customers of overseas-incorporated QCATPs authorise via a UK branch).

Financial Ombudsman general levy and case fee

- 12.25** In CP26/4, we explained that we would consult in 2026 on the periodic fee structure and Financial Ombudsman industry block for firms with cryptoasset activity permissions. These proposals are now set out in [CP26/17](#) Chapter 3, which is open until 13 July.
- 12.26** We have proposed that:
- Case fees will apply from the outset of the regime, but firms will not be required to pay the annual compulsory jurisdiction levy until the Financial Ombudsman has confirmed its budget for 2028/29. This is likely to be consulted on in December 2027, after which the FCA will consult on the allocation of the levy in the Spring FEES and Levy consultation paper in March.
 - For Financial Ombudsman funding, most primarily retail-facing activities will be subject to a levy based on annual income from the firm's relevant business, subject to a minimum levy.
 - The levy for firms authorised to deal in qualifying cryptoassets as principal or issue qualifying stablecoins will attract a flat fee. This fee has provisionally been set at £75, reflecting expected low complaint volumes and the practical difficulty of identifying a meaningful income measure that reflects exposure to complaints. As the cryptoasset regime beds in and evidence on firms' risk profiles, business models and complaint volumes develops, we will keep the proposed £75 fee under review.
- 12.27** These proposals are currently subject to consultation, and we will set out our final position in due course, ahead of the FCA authorisation gateway opening.
- 12.28** Respondents are also required to pay case fees to the Financial Ombudsman in relation to complaints which are referred to it. The amount of the case fee and the billing arrangements which apply to a particular respondent will depend on a number of factors. The current case fee model is described in the Financial Ombudsman's [plan and budget for 2026/27](#) and the rules set out in FEES 5. The Financial Ombudsman consults each year on changes to case fees, and respondents who will become liable to case fees can respond to any future consultations on this directly.

Consumer compensation when firms are unable to meet liabilities

12.29 In CP 26/4, we proposed to not extend Financial Services Compensation Scheme (FSCS) coverage to new regulated cryptoasset activities.

12.30 We asked:

Question 13: Do you agree with our approach to not extend FSCS coverage to new regulated cryptoasset activities and all types of qualifying cryptoassets?

12.31 We received broad support for this proposal with 86% of the 21 respondents being supportive, 10% being unsupportive, and the remainder expressing neutral views.

12.32 Supporters acknowledged that cryptoasset activities remain high risk and cautioned that extending FSCS coverage to these activities could send inappropriate signals about the risk profile of these assets. They felt our proposal was consistent with the treatment of e-money and payments activities which bear similarities to cryptoasset activities.

12.33 Several respondents warned that consumers could be confused by extending the Financial Ombudsman's compulsory jurisdiction without FSCS cover and overestimate the level of protection afforded to cryptoasset activities. One respondent also noted that consumers who invest in cryptoassets through consumer investment firms that use automated or 'agentic' artificial intelligence (AI) tools may be unaware of the level of protection attached to their assets. Some called for prescriptive rules requiring firms to provide clear and standardised disclosures explaining that cryptoassets are not covered by the FSCS.

12.34 Several respondents said that the absence of FSCS protection could deter consumers from participating in cryptoasset markets. One felt this would be inconsistent with the second principle we set out in the feedback statement of the compensation framework review ([FS22/5](#)).

Our response

We do not plan to extend FSCS cover to new regulated cryptoasset activities.

We have considered the risk of consumer confusion surrounding the lack of FSCS coverage. We believe that the risk of this is mitigated by the requirement in COBS 4 Annex 1R for firms to use standardised wording in the risk summary accompanying financial promotions which states that cryptoasset activities are not covered by the FSCS. These risk summaries do not apply to UK-issued qualifying stablecoins, however firms that safeguard cryptoassets must provide an explanation of the protections and associated risks, including how any shortfall in trust property would affect clients in the event of firm failure (COBS 6.1.7BR(3)(a)(ii)). In all cases, PRIN 2A.5 of the Consumer Duty requires firms to meet the information needs of retail customers in a way that is clear fair and not misleading.

We have carefully considered comments regarding inconsistency with the principles we set out in the feedback statement of the compensation framework review in 2022. The second principle outlines that FSCS protection for a particular regulated activity and the benefits it brings to consumers should be commensurate with the benefits to financial services markets. In the case of newly regulated cryptoasset activities, we maintain that it is too early to identify clear benefits and to assess fully the wider risks of extending FSCS protection to such activities. Therefore, we cannot currently conclude on a reasonable basis that the benefits of FSCS protection would outweigh the associated risks to the financial services market.

Safeguarding of specified investment cryptoassets

- 12.35** The Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2026 were made by Parliament on 4 February 2026, confirming that safeguarding of relevant specified investment cryptoassets (RSICs) was no longer regulated under Article 40 of the Regulated Activities Order (RAO) (Safeguarding and administering investments) but instead regulated under Article 9N of the RAO (Safeguarding of qualifying cryptoassets and SICs). As set out in the Explanatory Memorandum to these Regulations, RSICs were brought into this new activity by the government to ensure the FCA could make rules to address the safeguarding risks specific to these assets. This change was made noting safeguarding of such assets was not considered to incur the same risks as traditional finance safeguarding activities, and means that safeguarding of RSICs will not be covered by the FSCS unless we decide to create an exception for this activity.
- 12.36** We asked:
- Question 14:** **Given that the move of Specified Investment Cryptoasset safeguarding from Article 40 to Article 9N may remove it from the scope of FSCS protection, do you agree with our approach to SIC safeguarding even though it may give rise to potential inconsistent outcomes, for example, safeguarding a traditional share would fall within FSCS scope, while safeguarding its tokenised equivalent would not?**
- 12.37** We received mixed responses to this proposal. Of 19 responses, 47% of respondents were unsupportive, 37% were supportive, and 16% were neutral.
- 12.38** Many of those that disagreed said that RSICs should receive similar treatment to their non-tokenised equivalents as they believe these are identical in economic substance.

12.39 As noted above for question 13, several respondents highlighted the risk that extending the Financial Ombudsman’s jurisdiction but not FSCS coverage could create consumer confusion over the level of protection afforded to cryptoassets. Respondents felt this risk could be even greater for RSICs where the non-tokenised forms of assets are covered by FSCS but their tokenised versions are not.

Our response

After considering the feedback outlined above, we have decided not to extend FSCS coverage at this time to claims arising from safeguarding of specified RSICs.

While we recognise that there are similarities between RSICs and their non-tokenised formats, we believe that these asset types can be distinguished in several ways:

- RSICs are a relatively new asset class, making it difficult to estimate potential FSCS compensation liabilities; this would make it difficult to properly set levies RSIC custodians would have to pay within the relevant funding class, creating a risk of shortfalls that would ultimately have to be met through cross-subsidiarisation across the wider industry.
- RSICs are exposed to unique operational risks such as blockchain outages and lost keys.
- RSICs do not always provide the same rights as their non-tokenised equivalents as they often only represent a beneficial or contractual right to whole or part of the traditional asset.
- RSICs do not usually carry voting rights for tokenised shares and trading in secondary markets may not always be possible.
- FSCS protection for RSICs could give rise to a halo effect that may lead consumers to believe that riskier forms of cryptoassets are also covered by FSCS.

For these reasons, currently, we believe it is not appropriate to extend FSCS coverage to claims arising from safeguarding of RSICs. Separately, we are also considering which CASS rules should apply to safeguarding RSICs in the long term, and we published a [Call for Input](#) in May, to engage with industry further and set out our approach and gather further evidence to inform our next steps. For the time being and at the authorisations gateway, firms safeguarding RSICs will be subject to CASS 6 but not be subject to FSCS protection for RSICs. Firms will continue to be subject to FSCS (depending on the circumstances) for other custody assets that they safeguard.

As stated above for Q13, issues about consumer understanding are addressed through PRIN 2A.5 of the Consumer Duty. For some RSIC activities, new and existing COBS rules will also apply that address these issues.

Chapter 13

Regulatory reporting

- 13.1** This chapter sets out our proposed requirements in the SUP 16 chapter for cryptoasset regulatory reporting. The question numbers used here correspond to the numbers used in the relevant CP.

Existing returns

- 13.2** We proposed that all qualifying cryptoasset firms comply with the relevant requirements in SUP 16. These are well-established tools used across the financial services sector and provide essential data for supervision:

Application (SUP 16.1)
Purpose (SUP 16.2)
General provisions on reporting (SUP 16.3)
Annual Controllers Report (SUP 16.4)
Annual Close Links Report (SUP 16.5)
Annual Reports and Accounts (SUP 16.7A)
Verification of firm details (SUP 16.10)
Annual Financial Crime Report (SUP 16.23)
Baseline Financial Resilience Report (SUP 16.23)
Operational incident and third party reporting (SUP 16.33)
Economic Crime Levy

- 13.3** In [CP26/4](#) we asked:

Question 20: Do you agree with our proposed application of the existing regulatory returns to qualifying cryptoasset firms?

Feedback

- 13.4** We received 21 responses to this question, and all respondents supported our proposed approach to apply existing returns in SUP 16.

Our response

We will continue with our proposed approach.

This means that all qualifying cryptoasset firms will be required to submit the applicable returns in SUP 16, as set out in the table above. Unless otherwise stated in the handbook chapter, firms are required to submit

returns to the FCA via RegData within a specified time period, as set out in the relevant Handbook Chapter, and based upon its accounting reference date.

We are consulting on annual fees and levies for cryptoasset firms in CP26/17 Chapter 3, which sets out our proposals for charging annual FCA fees and Financial Ombudsman Service levies from firms undertaking authorised cryptoasset activities. The fees for 2028/29 will be based on the data reported in firms' applications. Further, we have proposed that going forwards, firms will be required to report to the FCA annually the total amount of 'relevant business', as set out in FEES 5.4.1.

New returns

- 13.5** We proposed to introduce new, crypto-specific returns to support the FCA's supervision of qualifying cryptoasset firms and to help identify existing and emerging areas of risk. We said we would take an iterative and flexible approach because the cryptoasset market is evolving rapidly, and we expect business models and risk drivers to continue to develop following commencement of the regime. We also set out our intention to test new returns and any material amendments. This will ensure the questions are clear, proportionate and operationally deliverable, and that the information collected provides supervisory value.
- 13.6** Our proposed approach consists of three elements: baseline returns, supplementary data collections, both of which will apply from the commencement of the regime, and ongoing post-implementation refinement of these returns as we review the sector and monitor the quality and consistency of reporting.
- 13.7** In CP26/4 we asked:

Question 21: Do you agree with our phased approach to introducing regulatory returns for qualifying cryptoasset firms?

Feedback

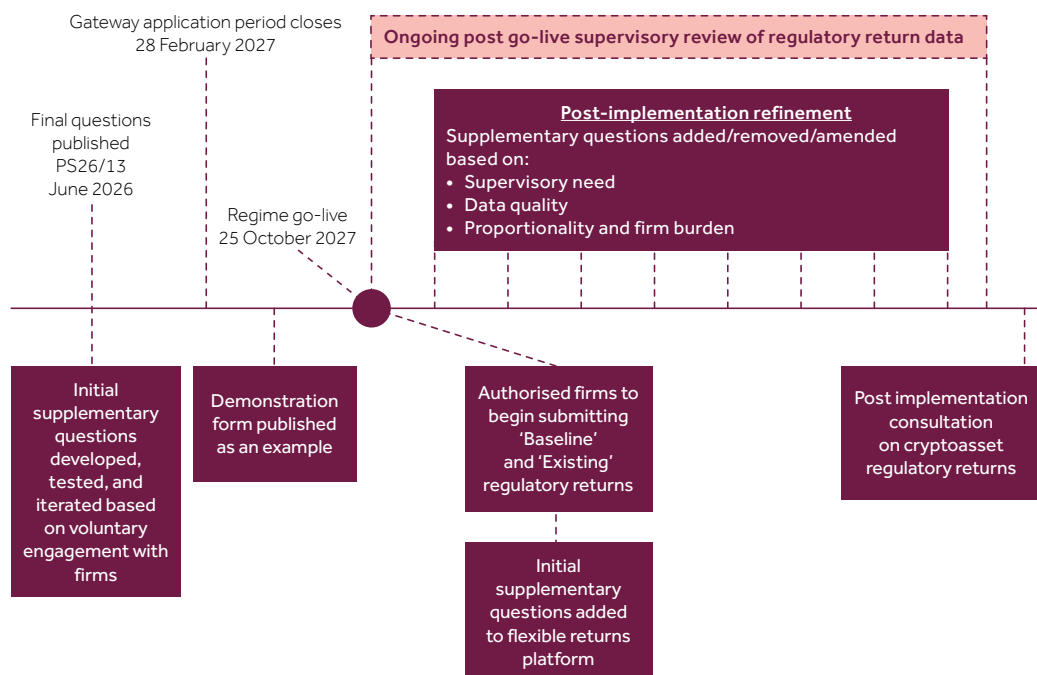
- 13.8** We received 26 responses to this question. 96% of respondents were supportive of our proposals for new returns and the phased implementation. One respondent's answer (4%) was unclear. Generally, respondents were supportive of the proposed iterative approach. Some asked us to clarify the timeline for the post-implementation refinements and supplementary collections, so that industry participants have enough time to design and incorporate the required processes. Some respondents also asked for early sight of the returns.

Our response

We welcome the feedback on our phased approach to introducing new cryptoasset regulatory returns. We remain of the view that an iterative approach is the best way to develop reporting requirements in a market that is evolving rapidly, and where business models and risk drivers are likely to continue to develop after commencement of the regime. This approach supports our aim to be a smarter regulator by focusing the baseline returns on the information we need from commencement to support effective supervision, while avoiding unnecessary complexity and reducing burden for firms.

From commencement of the regime, firms will be required to submit the baseline returns, the supplementary data collection returns developed ahead of commencement in conjunction with firms, and the applicable prudential reporting set out elsewhere in this Policy Statement. This staged approach also informs our development of the wider prudential reporting framework, beyond the FIN073 prudential reporting that will apply from commencement.

We recognise respondents' requests for greater clarity on the timeline for post implementation refinement and for early sight of the returns. We agree that firms will need time to design and embed the processes and controls needed to support high quality data collection and reporting. We have therefore published an indicative timeline in this Policy Statement, including our intended approach to engagement during the post implementation period.



As part of our commitment to deliver the returns through flexible software, we will support the implementation and refinement of reportable metrics over time. During the post implementation period, we will review the information firms submit and engage with firms where questions or definitions are producing inconsistent reporting outcomes or where amendments would improve clarity, consistency or usefulness. We will then consider whether changes to the baseline returns are needed, whether additional supplementary data should be collected, and how the wider reporting framework should develop over time. Once the reports have been refined and the approach has settled, we will consult on the final form of the cryptoasset regulatory reporting requirements.

The information that qualifying cryptoasset firms are required to report is set out in detail in this Policy Statement together with accompanying reporting guidance. Firms should familiarise themselves with these requirements and ensure that they can produce the required information accurately, completely and within the relevant reporting timelines. Before commencement of the regime, we will make available a version of the reporting interface so that firms can familiarise themselves with the reporting metrics and layout before submission is required.

Baseline returns

13.9 We set out in CP26/4 our proposals for the information that must be submitted in the baseline returns, which are the core returns set out in the final Handbook text published with this Policy Statement.

13.10 In CP26/4 we asked:

Question 22: Do you agree with the proposed approach for:

- a. Stablecoin issuance
- b. Operating a qualifying cryptoasset trading platform
- c. Dealing and arranging (intermediation)
- d. Cryptoasset staking
- e. Cryptoasset lending and borrowing

Feedback: stablecoin issuance

13.11 On UK-issued qualifying stablecoin issuance returns, we received 19 responses, 79% of which were supportive of the proposals. 16% of responses were neutral and 4% were unsupportive of the proposals. Two respondents stated that the proposed report did not request sufficient detail on the composition of UK-issued qualifying stablecoin backing assets. Other responses suggested minor amendments or requested additional guidance.

Our response

We are amending the questions in the UK-issued qualifying stablecoin issuance return to reflect the feedback we received. This includes requiring UK Authorised Stablecoin Issuers to report information on the composition of the core backing assets.

Following feedback from respondents to [CP25/14](#), we have amended the CASS rules to allow firms to make use of an excess in the backing pool. To support our supervisory oversight of this provision, firms will also be required to report whether they have made use of such an excess in line with CASS 16.4.16R during the reporting period.

We are also removing the requirement to report the total number of redemption suspension events, as firms will be required to notify the FCA immediately of any such events under CRYPTO 2.4.24R, and the FCA will therefore already hold this information. We have also made minor amendments to the guidance to make sure it more accurately describes the data required to be reported.

Feedback: operating a qualifying cryptoasset trading platform and dealing and arranging (intermediation)

- 13.12** We received 17 responses to Q22(b) on QCATP, and 14 responses on Q22(c) on intermediaries. The vast majority (88%) of responses to the QCATP return question were supportive. 1 response was unsupportive, and 1 response was neutral. All responses on the baseline return for regulated cryptoasset firms engaging in intermediation were supportive. Amongst several respondents, there was a consistent theme of uncertainty regarding the territorial scope of the reporting requirements. These respondents felt the reporting information submitted should cover only activity carried on in or from the UK, as opposed to reporting on global activity.

Our response

The guidance provided in Annex 6 of CP26/4 for the QCATP and Intermediaries return deliberately focused on UK activity. As such, the proposed return for QCATPs is designed to only capture information relating to activity carried on in or from the UK or as otherwise impacts a UK retail customer. We have clarified in the guidance to note that, where a firm is an overseas person operating through a UK establishment, references to relevant client categories apply only to those clients who deal with the firm via that UK establishment, ensuring that the return captures activity carried on in or from the UK rather than at a global entity level.

Feedback: cryptoasset staking

- 13.13** We received 14 responses to our question on cryptoasset staking reporting. 86% of respondents supported our proposed reporting approach for cryptoasset staking. 14% of responses were neutral, and these generally expressed support for more detailed reporting.

Our response

We are retaining the proposals as originally consulted on. We have made a minor addition to guidance on how firms should measure the value of total cryptoassets staked in the case of liquid staking services.

Feedback: cryptoasset lending and borrowing

- 13.14** We received 13 responses to our cryptoasset lending and borrowing reporting proposals. 69% of respondents were supportive of our proposals with regard to the cryptoasset lending and borrowing baseline return. 23% of responses were neutral, and 8% were unsupportive, however many respondents used this question to discuss wider aspects of the regulatory reporting proposals.
- 13.15** One area raised by respondents was how diverse lending and borrowing models would respond to one type of return, noting that reporting should be tailored to specific business models, and that some types of services should be out of scope of these reporting requirements. Other respondents proposed more detailed reporting to monitor risk.

Our response

We welcome the feedback to these proposals, including suggestions that some models should be treated differently or scoped out. The scope of which firms are required to comply with the regulatory reporting rules is set by the definitions of cryptoasset lending and cryptoasset borrowing. We do not propose to amend our approach at this time and consider that it would be inappropriate to exclude any business models that are currently in scope.

As both the market and our supervision of the market evolve, we may look at ways to distinguish reporting requirements based on underlying business models.

Safeguarding

13.16 Our regulatory reporting proposals for cryptoasset safeguarding firms are designed to mirror those of the client money and assets return (CMAR), used in traditional finance to give us an overview of a firm's client money and safe custody asset positions and holdings. We proposed that cryptoasset safeguarding firms should provide a monthly return to the FCA.

13.17 In CP26/4 we asked:

Question 23: Do you agree with our approach to qualifying cryptoasset safeguarding reporting?

Feedback

13.18 We received 17 responses to our qualifying safeguarding reporting question. 76% of respondents were supportive of our proposals for safeguarding reporting. 24% of respondents were unsupportive of our proposals, and these generally expressed concern with the frequency of reporting, saying the approach for cryptoasset safeguarding was inconsistent with that for firms safeguarding client money or safe custody assets, where tiering based on firm size is used. Those respondents argued that the proposed approach for cryptoasset safeguarding reporting would disproportionately burden smaller firms. We also received feedback that the ISO 24165 Digital Token Identifier (DTI) standard could be used as a more efficient way for firms to identify what we described as the "classes" of qualifying cryptoassets being safeguarded.

Our response

We have considered the feedback on reporting frequency carefully and acknowledge that our approach diverges from the tiering approach used in other safeguarding returns. However, we continue to consider monthly reporting necessary and proportionate. This reflects the nature of cryptoasset safeguarding, where holdings can be highly volatile, can change rapidly in scale and composition, and may be subject to operational or technological risks that can crystallise quickly. More frequent reporting therefore allows us to identify emerging issues at an earlier stage and to act more quickly where risks to consumers or market integrity arise. This also aligns with the new monthly safeguarding return for payments firms, which does not take a different approach for firms of different sizes, reflecting similar considerations around the speed at which risks can evolve. We have also amended the guidance to allow firms, where it is possible to do so, to provide the ISO 24165 Digital Token Identifier.

Complaints and active clients reporting

13.19 In CP26/4, we proposed that all regulated cryptoasset firms provide a baseline level of complaint data which consists of two questions and is submitted quarterly, in line with the other new cryptoasset activity specific reporting information. This approach avoids extending the existing complaints reporting return, which is a detailed complaints data return used for other regulated firms in traditional financial services and submitted every six months. Instead, we have adopted a lighter touch approach for qualifying cryptoasset firms at commencement, to reduce burden while still collecting the core information needed for supervision.

13.20 In CP26/4 we asked:

Question 24: Do you agree with our approach to cryptoasset complaint and active client reporting?

Feedback

13.21 We received 19 responses to this question. 53% of respondents were supportive of our proposals. 37% of responses were unsupportive. Some questioned the frequency of the complaints reporting requirement being increased relative to traditional finance (quarterly compared to every 6 months), feeling there was no reasonable justification for this change, instead calling for alignment. We also received a number of comments from firms around the challenges of identifying vulnerable clients.

Our response

We are maintaining our proposal to submit complaints reporting quarterly. We acknowledge that this approach diverges from the traditional finance complaints reporting frequency but as we are initially adopting a much lighter-touch set of questions, we do not believe the analogy is appropriate. The increase in the reporting frequency is used to offset the risk of asking cryptoasset firms for less detailed complaints data. Maintaining comprehensive consumer complaints data is vital for the FCA to identify redress issues and monitor areas of potential consumer harm. With regard to challenges in identifying vulnerable clients, we would encourage firms to review [FG21/1 Guidance for firms on the fair treatment of vulnerable customers](#) and remind them of their obligation to comply with the Consumer Duty.

Supplementary data collections

13.22 In CP26/4, we outlined that, alongside the baseline and existing returns data, we will also make periodic supplementary data requests to firms. We believe this is fundamental to ensuring the data we request from them is relevant, supports our supervisory approach and reflects developments in the cryptoasset market. This approach gives us flexibility to respond to changing dynamics and will help improve our baseline returns.

13.23 In CP26/4 we asked:

Question 25: Do you agree with our proposed approach to supplementary data collections?

Feedback

13.24 We received 20 responses to this question. 80% of respondents were supportive of our proposals regarding supplementary data requests. 10% of respondents were neutral, and 10% were unsupportive. One theme of concern raised by many was that the supplementary requests may become overly burdensome. They wanted confirmation that the requests will not be routinely required and they will not lead to excessive operational cost and burden. Other respondents also requested detailed guidance, plans, and frameworks for these requests.

Our response

We intend to develop a programme of supplementary data collections from the outset of the regime. These supplementary collections will sit alongside the baseline returns set out in the final Handbook text published with this Policy Statement. Some respondents to the activity specific questions suggested that more detailed reporting metrics should be introduced at this stage. We consider that supplementary data collections provide the most appropriate mechanism for developing these more targeted and detailed questions. We have therefore kept the baseline returns focused at commencement, so that firms provide the core information we need to assess risk and support effective supervision, while avoiding unnecessary complexity and supporting clearer interpretation and more consistent reporting. Our iterative approach will then allow us to build our evidence base from early returns and refine and extend reporting over time as the market evolves and our understanding of the risks it presents develops.

We consider that this approach provides a more proportionate and practical framework for firms. It allows us to introduce additional or more detailed questions where this is justified by supervisory need, rather than requiring firms to build for a more expansive reporting framework from the outset. This should help ensure that any future enhancements are proportionate, operationally deliverable and focused on areas of greatest supervisory value.

In developing supplementary data collections, we will take account of the operational burden on firms. We will seek additional information only where it is necessary for supervisory purposes.

Prudential regulatory reporting

13.25 In CP26/4, we outlined that prudential regulatory reporting requirements for regulated cryptoasset firms will be consulted on at a later date. The prudential reporting framework will be developed through an iterative process with firms, to ensure a proportionate and balanced approach.

13.26 In CP26/4 we asked:

Question 26: Do you agree with our approach to prudential reporting?

Feedback

13.27 We received 18 responses to this question. Most respondents (72%) were supportive of our proposed approach. 11% of respondents were unsupportive, and 17% were neutral or unclear. A number of these emphasised the importance of providing clarity on prudential reporting requirements for regulated cryptoasset firms as early as possible.

Our response

We welcome the feedback to this question and note the broad support for a staged and iterative approach to developing prudential reporting requirements.

We acknowledge respondents' calls for greater clarity on the prudential reporting requirements that will apply to regulated cryptoasset firms. All firms are expected to submit the Baseline Financial Resilience Report (FIN073) from commencement of the regime on a quarterly basis, in line with existing requirements in SUP 16. Before we consult on a full prudential reporting framework, we will align with the wider cryptoasset reporting process to operate a staged and iterative process. This will include seeking feedback on proposed reporting templates, live testing with near-finalised templates, and engaging with firms. This will help define the framework.

The outcome of the staged and iterative work will inform the design and implementation of future prudential regulatory reporting requirements. In the interim, we may request targeted information from firms on an ad hoc basis, if we need it for supervisory purposes.

Chapter 14

Cost Benefit Analysis

- 14.1** In [CP25/25](#) and [CP26/4](#) we set out our cost benefit analysis (CBA) of the expected impact of our proposal for introducing the FCA Handbook on regulated cryptoasset activities.
- 14.2** In the CBAs, our causal frameworks set out the expectation that introducing the FCA Handbook on regulated cryptoasset activities would reduce uncertainty for market participants, thereby enabling entry by firms that were previously unwilling to operating within this market. In addition, our proposed rules were designed to reduce potential harms associated with cryptoasset services. Our analysis assessed the marginal benefits that could arise from increased market entry and the potential efficiencies that FCA Handbook could deliver.
- 14.3** Table 1 below summarises the quantified and unquantified costs and benefits of our proposals for both consumers and firms, as set out in the CPs' CBAs. The quantified costs relate primarily to compliance, including investment in IT systems, training, and the implementation of new governance structures. The total estimated cost of adopting the FCA Handbook is £160m.
- 14.4** Reduced fraud and scams represent the quantified benefits. These are estimated at a present value (PV) of £130m, equivalent to an average annual undiscounted benefit of £16m (assuming that our rules reduce most, but not all cryptoasset scams).
- 14.5** Unquantified benefits primarily relate to increased trust, stronger consumer protection, and more appropriate consumer transactions. Firms are also expected to benefit from enhanced regulatory clarity, reduced risk aversion within the financial sector, greater consumer trust, and improved operational resilience. Due to measurement challenges, we have not been able to quantify these benefits and, as a result, our quantified net costs exceed our quantified net benefits.

Table 1: Table summarising the costs and benefits on CP25/25 and CP26/4

		Benefits	Costs
Consumers	Reduced losses from scams	£130m	
		Increased trust from regulatory certainty	
		More appropriate consumer transactions	
		Improved consumer protections	

		Benefits	Costs
Firms		Improved regulatory clarity	
	SM&CR		£9.8m
	Financial Crime Rules		£2.6m
	Operational Resilience		£39.1m
	High Level Standards		£1.1m
	Additional Custodian Requirements		£40.1m
	Consumer Duty		£24.7m
	Redress and Dispute Resolution		£6.5m
	COBs		£1.4m
	Regulatory Reporting		£7.4m
	Training and Competence		£14.8m
Total Impacts		£130m	-£147.3m
Net Present Value		-£17.3m	

Our response to feedback on the CBA

14.6 In CP25/25 and CP26/4, we requested feedback on:

Question 28/39: 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 29/40: Do you have any views on the cost benefit analysis, including our analysis of costs and benefits to consumers, firms and the market?

14.7 We received 13 responses to question 28 and 9 responses to question 29 in CP25/25. Respondents include:

- 1 Private Individual in a personal capacity
- 5 Crypto native firms and FinTechs
- 5 Industry Groups
- 1 Traditional Financial Services firm
- 1 Legal and consulting firms
- 3 Other

14.8 We received 11 responses to question 39 and 5 responses to question 40 in CP 26/4. Respondents include:

- 3 Crypto native firms and FinTechs
- 4 industry groups
- 1 Asset Management
- 1 Investment Company
- 1 Law and Compliance firm
- 1 Wholesale bank
- 1 Other

Drivers of Harm and Rationale for Intervention

14.9 We received some feedback from firms on the drivers of harm. This included:

- One respondent argued that meaningful reductions in cryptoasset-related scams are unlikely to be achieved through regulation of cryptoasset firms alone, without corresponding action in other areas and greater consumer awareness and education.
- Another respondent questioned whether the proposals would lead to a material reduction in harm, noting that they do not target what they view as the primary vectors of fraud, such as unregulated authorised push payment (APP) scams, and suggesting that FCA authorisation could lead some consumers to underestimate the risks associated with volatile cryptoassets.
- One firm also suggested that consumer harm arising from high-risk or unsuitable cryptoasset products was insufficiently reflected in the analysis.

Our Response

We recognise that regulation of cryptoasset firms alone will not address all sources of consumer harm and that wider action, including consumer awareness and education, also plays an important role. We consider that our interventions are an important part of improving consumer outcomes within our regulatory remit, including through stronger conduct standards and clearer risk disclosures.

We do not consider that FCA authorisation will lead consumers to underestimate the risks associated with cryptoassets, as firms will be required to communicate those risks clearly and prominently. We also consider that our analysis appropriately reflects the risks of harm arising from high-risk or unsuitable cryptoasset products, which have informed both our assessment of drivers of harm and the aggregate cost-benefit analysis.

Our Analytical Approach

14.10 Several respondents commented on our analytical approach and the assumptions underpinning the cost–benefit analysis. Feedback included:

- Some respondents suggested that the number of firms in scope may be underestimated and called for greater clarity on how firm population estimates were derived, including the treatment of MLR-registered firms, section 21 arrangements, variations of permission, activity-specific estimates, and overseas firms seeking to establish a UK presence or obtain direct authorisation.
- A small number of respondents noted that the modelling does not appear to reflect potential market entry effects under a comprehensive regime, including overseas firms currently serving UK customers cross-border and firms newly attracted to the UK market.
- Many of the responses argued that assumptions drawn from earlier FSMA-based analyses may not be transferable to international branches and could systematically understate costs. They suggested that a proportionate analysis should better reflect the marginal costs of establishing a UK legal entity, duplication of governance, systems and controls, competitive disadvantages for branch-only firms, and the risk of unintended market distortions.
- Relatedly, some respondents questioned whether baseline assumptions—particularly in relation to Consumer Duty compliance costs and the diversity of business models—adequately capture the real-world implementation effort required, and called for greater transparency on the methodology where these assumptions affect the proportionality of the final rules.
- One respondent criticised the reliance on high-level projections, including assumptions around increases in consumer ownership and avoided fraud, arguing that these lack sector-specific evidence and risk over-penalising decentralised or innovative business models.
- One respondent also highlighted broader uncertainty associated with an untested UK framework, noting that experience under other regimes has not necessarily driven market entry and that firms may delay entry or exit markets due to commercial pressures, supervisory uncertainty and evolving technical standards.

Our response

Following feedback on our consultation papers, we have updated our firm population estimates using additional engagement with firms over the past 12 months and evidence from our previous cost–benefit analysis. We refined the modelling to better reflect different firm types and regulatory pathways, including updating firm categories, removing payments firms, and distinguishing between UK-registered, overseas-registered and non-registered cryptoasset firms.

We consider that these changes improve consistency with the feedback received and better align population assumptions with the costs modelled across our consultations. While respondents expressed differing views on the potential direction and scale of any estimation error, they did not provide alternative population estimates or supporting evidence. We therefore consider that our overall analytical approach remains appropriate.

Benefits

14.11 Several respondents commented on the benefits set out in our cost–benefit analysis. Feedback included:

- Some respondents questioned the evidential basis for the estimated consumer and market benefits, including the £130m in reduced scam losses. They argued that these figures rely on high-level or proxy assumptions—such as a 4% increase in consumer ownership and assumed pass-through costs—without sufficient sector-specific data on fraud baselines, behavioural effects or the potential for regulatory arbitrage.
- Relatedly, some respondents encouraged the FCA to make greater use of available data sources to quantify potential reductions in consumer losses from cryptoasset-related fraud and scams, including national fraud reporting services.
- A small number of firms argued that assumptions of a significant reduction in financial crime are unrealistic and risk setting both the regulator and firms up for failure if the anticipated outcomes are not realised.
- Two firms also suggested that the analysis should place greater weight on longer-term benefits, including potential gains from international alignment.
- One respondent suggested that the analysis should also treat improvements in governance integrity, ESG alignment and whistleblowing culture as quantifiable benefits, noting that such reforms may act as preventive investments that reduce enforcement and litigation costs over time.

Our response

Our benefit estimates draw on FCA Consumer Series data, which we consider a robust source for estimating changes in consumer engagement and ownership. We have also used evidence from traditional financial services to inform assumptions on reductions in cryptoasset-related fraud and scams, which we consider a cautious approach given the higher prevalence of such risks in cryptoasset markets.

We have used the available data sources to quantify benefits where possible. We recognise that improvements in governance, ESG alignment and whistleblowing culture are likely benefits of the regime, but these are inherently difficult to quantify and are therefore reflected as wider, non-monetised impacts in the aggregate cost–benefit analysis.

Costs

14.12 We received multiple comments from firms on our costs estimates. These included:

- Many respondents considered that compliance costs are understated, particularly for smaller firms, start-ups and less established business models. They argued that baseline assumptions rely too heavily on central estimates, do not sufficiently reflect business model diversity, and risk favouring larger or more sophisticated firms with existing compliance infrastructure. Several also noted that the absence of mechanisms such as an Appointed Representatives regime, alongside extensive safeguards, reporting and governance requirements, could create disproportionate burdens for firms with limited resources.
- Respondents highlighted that front-loaded and one-off costs are not fully captured. These included technology build and change (for example custody and reporting systems), staff training, audit and assurance, legal and compliance advice, and the recruitment of UK-based Senior Management Function holders, particularly for Enhanced firms. Some questioned whether the assumed 6–12 month implementation period is realistic, suggesting that certain requirements could take 12–18 months to implement.
- Several respondents raised concerns about additional costs associated with requiring firms to establish a UK legal entity, particularly for international groups operating branch models. They cited potential duplication of governance, systems and controls, competitive disadvantages for branch-only firms, and questioned whether such costs are justified in all cases.
- Some respondents considered that cumulative costs across the wider cryptoasset regulatory roadmap are not adequately captured, noting that individual cost–benefit analyses are presented largely in isolation. They argued that, taken together, the overall regime-wide burden on firms offering multiple activities is likely to be materially higher than suggested.
- By contrast, a small number of respondents noted that many cross-cutting requirements are already in place for more sophisticated firms and that incremental costs for these firms may therefore be limited. They suggested that differences in firms' existing compliance capabilities should be more clearly reflected in cost estimates and competition impacts, including clearer presentation of training costs. Some respondents criticised reliance on central estimates, arguing that these may understate impacts on start-ups, token issuers and non-commercial or decentralised business models, and risk favouring established firms with existing compliance capabilities.

- Several respondents called for greater proportionality and transparency in the modelling, including the use of alternative or tiered scenarios, clearer treatment of firm size and activity, and more consistent assumptions on staff time, hourly rates and key cost drivers (such as client numbers, transaction volumes and employee numbers). Some suggested that improved and more systematic data collection over time could support more accurate and less resource-intensive cost–benefit analysis.

Our response

Our cost estimates are informed by survey responses submitted by cryptoasset firms of different sizes and business models, supplemented where necessary by the Standard Cost Model (which has consistent assumptions on costs). These inputs capture both one-off and ongoing costs, including governance, systems and controls, and implementation requirements.

We acknowledge that costs may vary across firms depending on size, complexity and existing compliance capabilities. Where respondents raised concerns about potential underestimation (particularly for start-ups and smaller firms) they did not provide alternative data to support revised estimates. We therefore consider that the central estimates used remain appropriate.

In the aggregate cost–benefit analysis, we have updated firm population assumptions and reflected that already-registered firms are less likely to incur certain costs. Presenting costs in aggregate is intended to capture cumulative impacts across the regime and avoid considering individual requirements in isolation.

Monitoring and evaluation

14.13 Several respondents commented on our proposed approach to monitoring and evaluation. Feedback included:

- Several respondents emphasised the importance of robust, ongoing monitoring to ensure that consumer protections are maintained over time and that consumers continue to receive value for money. They encouraged the FCA to remain alert to the potential consumer and market impacts of firm exits, increased market concentration and changes in business model sustainability arising from heightened regulatory scrutiny and compliance costs.
- Respondents stressed that effective monitoring would require the FCA to incur sufficient upfront and ongoing resourcing. This included enhanced use of firm reporting, FOS data, ad hoc data requests, and analysis of both good and poor practices, as well as budgeting for increased supervisory and enforcement activity, particularly in the short to medium term.

- Some respondents highlighted the need to assess whether the intended reductions in financial crime and consumer harm materialise in practice, given uncertainty around behavioural responses and the scope for regulatory arbitrage.

Our response:

We have designed an approach to ongoing monitoring of authorised cryptoasset firms to support consumer protection and to identify emerging risks to consumers and markets. This includes the use of firm reporting, supervisory intelligence and other data sources to assess how the regime operates in practice. Firm reporting will be developed later to make sure it is efficient and proportionate.

We have also considered the resourcing required to supervise and monitor the regime effectively, including in the short to medium term. In addition, we plan to evaluate the effectiveness of the policy against its objectives, including whether it contributes to reductions in consumer harm, as set out across the consultation papers underpinning this Policy Statement and also outlined in the aggregate Cost-Benefit analysis accompanying the Policy Statement.

Competition Assessment

14.14 Several respondents commented on the potential competition impacts of the proposals. Feedback included:

- Several respondents raised concerns that higher onboarding frictions and compliance costs are more easily absorbed by larger or more established firms, potentially raising barriers to entry for smaller firms and start-ups. They argued this could lead to greater market concentration, reduced product choice, weaker innovation incentives and a higher overall cost base for consumers in the UK cryptoasset market.
- A small number of respondents warned that, if costs are passed on to consumers and smaller firms exit the market, the resulting market structure could become increasingly oligopolistic. They suggested that this could reduce competitive pressure on prices, undermine innovation and weaken the UK's international competitiveness, particularly where cost assumptions reflect traditional finance models that may not be well suited to cryptoasset business models.
- Several respondents highlighted potential competitive distortions arising from regulatory requirements that disadvantage branch-only and cross-border firms. They argued that differences in treatment between UK-established firms and overseas firms operating cross-border could create an uneven playing field, entrench large global incumbents already serving UK consumers, and constrain innovation by smaller or domestically based firms.

- Some respondents considered that the cost–benefit analysis would benefit from a more explicit and systematic assessment of competition and regulatory neutrality. In particular, they encouraged clearer consideration of regulatory asymmetries between cryptoasset and traditional markets where products are economically equivalent, and how such differences could distort competition, influence liquidity and investment decisions, and incentivise regulatory arbitrage based on technology rather than underlying risk.

Our response:

We recognise respondents' concerns about potential competition impacts, including the risk that compliance costs may be more easily absorbed by larger or more established firms. We have considered these risks carefully as part of our competition assessment.

Based on our cost estimates and the evidence received, we do not consider that the proposals are likely to result in market outcomes that materially reduce competition or innovation. While we expect some costs to be passed on to consumers, as set out in our consultation papers, we do not consider these increases are likely to be of a scale that would unduly disadvantage smaller firms.

Our approach is guided by the principle of "same risk, same regulation", and is intended to support a level playing field between cryptoasset firms and firms in traditional financial markets, while remaining proportionate to the risks posed.

An updated assessment of competition impacts are carefully assessed in the aggregate CBA published alongside this Policy Statement.

Wider economic impacts, including on secondary objective.

14.15 Several respondents commented on the wider economic and market impacts of the proposals. Feedback included:

- Several respondents argued that cryptoasset activity could represent a net drain on capital from growth-enhancing sectors of the economy. They encouraged the FCA to better consider potential macroeconomic impacts, including the offshoring of activity, effects on UK-based innovation and the implications for the UK's competitiveness relative to other jurisdictions.
- Some respondents considered that the analysis does not sufficiently account for international regulatory dynamics and their impact on rule coverage and compliance costs. In particular, they questioned whether FSMA-based assumptions are transferable to international branch models and called for clearer assessment of the marginal costs of requiring branch-only firms to establish UK legal entities.

- A small number of respondents emphasised the potential long-term efficiency gains from greater international regulatory alignment, for example with the EU's MiCA framework and emerging regimes in other major jurisdictions. They argued that more harmonised rules could reduce duplication in reporting, auditing and legal compliance for internationally active firms.
- Several respondents warned that excessive regulatory burdens, particularly on decentralised or early-stage innovation, could divert resources away from UK-based research and development, discourage market entry and undermine the UK's longer-term competitiveness in digital asset technologies.
- One respondent also noted that the analysis does not fully consider systemic risks arising from venture-capital funding dynamics, including incentives that may encourage market concentration, tolerance of failure and weaker governance, potentially increasing the risk of contagion.

Our response

We have considered the wider economic and market impacts of the proposals as part of the aggregate cost-benefit analysis included in this Policy Statement. This includes potential macroeconomic effects, international considerations and impacts on investment, innovation and competitiveness across relevant sectors.

We recognise the importance of international regulatory developments and alignment, as well as the potential longer-term effects on market structure and innovation. These considerations have informed our overall assessment, alongside the consumer protection and market integrity objectives underpinning the regime.

Updated Cost Estimates.

14.16 In Table 2 below, we provide an update of Cost estimates based on the changes made between our CP and Policy Statement (primarily an increased Firm population and familiarisation costs). We have also updated estimates to account for reduce familiarisation costs for FSMA-authorized firms (as outlined in our updated CBA).

Regulatory Requirement	Transition Costs (per firm)	Transition Costs (population)	Ongoing Costs (per firm)	Ongoing Costs (population)	Total population cost (10 year PV)
<i>SM&CR</i>	£19k	£3.1m	£7k	£2.3m	£14.5m
<i>Financial Crime rules</i>	£16k	£2.6m	£0	£0m	£2.6m
<i>Operational Resilience</i>	£92k	£14.9m	£24k	£7.8m	£54m
<i>Consumer Duty</i>	£126k	£19.6m	£3k	£1.0m	£28m
<i>Redress and Dispute Resolution</i>	£30k	£4.9m	£3k	£1.0m	£10m
<i>COBs and PRIN</i>	£15k	£3m			£3m
<i>Regulatory Reporting</i>	£13k	£2.1m	£28k	£4.5m	£25m
<i>Training and Competence</i>	£1k	£0.2m	£10k	£3.2m	£17m
Total Costs	£0.3m	£50.6m	£0.1m	£18.8m	£148m

14.17 As seen above, total costs have increased, resulting in a reduced net benefit. This is driven by an increased number of firms which we expect to be within scope of the regime, increasing the opportunity cost associated with our prudential requirements. We expect non-quantified benefits, in payments and financial markets to be significant, and exceed costs to firms.

Annex 1

List of non-confidential respondents

We are obliged to include a list of the names of respondents to our consultations who have consented to the publication of their name.

The list is as follows:

Clifford Chance LLP

Dr Zi Yang

Dynamic Comity Law LLP

European Crypto Initiative

Financial Services Consumer Panel

Fireblocks

General Catalyst Institute

Global Blockchain Business Council

Gresham International

gunnercooke llp / WAGMI Advisers

Impera Strategy

Innovate Finance

LoanOnYourCrypto.com

Lysis Group

Open Zeppelin

PSP Lab LLP

Stylianos Kampakis

UK Finance

Upbit

Zeyro

Annex 2

Abbreviations used in this paper

Abbreviation	Description
A&D	Admissions & Disclosure
AIF/AIFM	Alternative Investment Fund / Manager
AML	Anti-Money Laundering
AUM	Assets Under Management
CASS	Client Assets
CATP	Cryptoasset Trading Platform
CBA	Cost Benefit Analysis
CD	Consumer Duty
CDA	Crypto and Digital Assets
CJ	Compulsory Jurisdiction
CMAR	Client Money and Assets Return
COBS	Conduct of Business Sourcebook
COCON	Code of Conduct Sourcebook
COMP	Compensation Sourcebook
COND	Threshold Conditions
CP	Consultation Paper
CPF	Counter-Proliferation Financing
CTF	Counter-Terrorist Financing
CRYPTO	Cryptoasset Sourcebook
DIB	Designated Investment Business

Abbreviation	Description
DISP	The Dispute Resolution: Complaints Sourcebook
DLT	Distributed Ledger Technology
DP	Discussion Paper
ECP	Eligible Counterparties
EMI	Electronic Money Institution
ESG	Environmental, Social and Governance
FATF	Financial Action Task Force
FCA	Financial Conduct Authority
FCG	Financial Crime Guide
FCTR	Financial Crime Thematic Reviews
FIT	Fit and Proper Test
FOS	Financial Ombudsman Services
FSB	Financial Stability Board
FSCS	Financial Services Compensation Scheme
FSMA	Financial Services and Markets Act 2000
GEN	General Provisions
HMT	His Majesty's Treasury
HSM	Hardware Security Modules
IOSCO	International Organisation Of Securities Commissions
L&B	Lending and Borrowing
KYC	Know Your Customer
MARC	Market Abuse Regime for Cryptoassets
MiFiD	Markets in Financial Instruments Directive
MLRs	Money Laundering, Terrorist Financing And Transfer Of Funds (Information on the Payer) Regulations 2017

Abbreviation	Description
MPC	Multi-Party Computation
MTF	Multilateral Trading Facilities
NCA	National Crime Agency
NRA	National Risk Assessment
PDCOB	Pensions Dashboard Conduct of Business
PERG	Perimeter Guidance
PoS	Proof-of-Stake
PoW	Proof-of-Work
PR	Prescribed Responsibility
PRA	Prudential Regulation Authority
PRIN	Principles for Businesses
PROA	Private Right of Action
PROD	Product Intervention and Product Governance Sourcebook
PRU	Prudential Requirements
PS	Policy Statement
RAO	Financial Services and Markets Act 2000 (Regulated Activities) Order 2001
QCATP	Qualifying Cryptoasset Trading Platform
QCDD	Qualifying Cryptoasset Disclosure Documents
RAG	Regulated Activity Group
RAO	Regulated Activities Order
RMMI	Restricted Mass Market Investments
SI	Statutory Instrument
SIC	Specified Investment Cryptoasset
SICGO	Secondary International Competitiveness and Growth

Abbreviation	Description
SMCR	Senior Managers and Certification Regime
SMF	Senior Management Function
SM&CR	Senior Managers & Certification Regime
SUP	Supervision Manual
SYSC	Senior Management Arrangements, Systems and Controls
TC	Training and Competence Sourcebook
TTCA	Title Transfer Collateral Arrangement
UK UCITS	UK Undertakings for Collective Investment in Transferable Securities
VJ	Voluntary Jurisdiction

Appendix 1

Made rules (legal instrument)

GLOSSARY (CRYPTOASSETS) INSTRUMENT 2026**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 article 98 (Application of section 137B of the Act to backing assets for qualifying stablecoin) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) (as amended by the Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2026 (SI 2026/102)) as applied by paragraph 3 (FCA rules) of Part 1 (Application and modification of the 2000 Act) of Schedule 6 (Application and modification of legislation) to the Payment Services Regulations 2017 (SI 2017/752) and paragraph 2A (Authority rules) of Part 1 (Application and modification of legislation) of Schedule 3 (Application and modification of legislation) 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);
 - (f) section 213 (The compensation scheme);
 - (g) section 214 (General);
 - (h) section 226 (Compulsory jurisdiction); and
 - (i) paragraph 13 (FCA’s rules) of Part III (The Compulsory Jurisdiction) of Schedule 17 (The Ombudsman Scheme);
 - (2) the following provisions of the Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2026 (SI 2026/102):
 - (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); and
- (3) 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 is one of a series of instruments which introduce or amend provisions of the Handbook relating to cryptoassets. These instruments all come into force on 25 October 2027, immediately after one another, in the following order:

- (1) Glossary (Cryptoassets) Instrument 2026;
- (2) Cryptoassets (Stablecoins) Instrument 2026;
- (3) Cryptoassets (Admission of Qualifying Cryptoassets to Trading and Offers of Qualifying Cryptoassets to the Public) Instrument 2026;
- (4) Cryptoassets (Market Abuse) Instrument 2026;
- (5) Cryptoassets (Intermediaries) Instrument 2026;
- (6) Cryptoassets (Trading Platforms, Transparency and Records) Instrument 2026;
- (7) Cryptoassets (Lending, Borrowing and Staking) Instrument 2026;
- (8) Cryptoassets (Safeguarding) Instrument 2026;
- (9) Cryptoassets (Client Assets Consequential) Instrument 2026;
- (10) Cryptoassets (Conduct and Firm Standards) Instrument 2026; and
- (11) Cryptoassets (COREPRU and CRYPTOPRU) Instrument 2026.

Amendments to the Handbook

D. The Glossary of definitions 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 Glossary (Cryptoassets) Instrument 2026.

By order of the Board
25 June 2026

Annex

Amendments to the Glossary of definitions

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.

<i>admission criteria</i>	(in <i>CRYPTO</i> 3) the criteria a <i>retail UK QCATP operator</i> is required to establish by <i>CRYPTO</i> 3.2.5R.
<i>arranging (bringing about) deals in qualifying cryptoassets</i>	the <i>regulated activity</i> specified in article 9Y(1) of the <i>Regulated Activities Order</i> (Arranging deals in qualifying cryptoassets), which is, in summary, making arrangements for another <i>person</i> (whether as <i>principal</i> or agent) to <i>buy, sell, subscribe for or underwrite a qualifying cryptoasset</i> .
<i>arranging cryptoasset safeguarding</i>	the <i>regulated activity</i> specified in article 9N(1)(b) of the <i>Regulated Activities Order</i> (Safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets).
<i>arranging deals in qualifying cryptoassets</i>	the <i>regulated activity</i> specified in article 9Y of the <i>Regulated Activities Order</i> (Arranging deals in qualifying cryptoassets), which is, in summary, making arrangements for either or both of the following: <ul style="list-style-type: none"> (a) for another <i>person</i> (whether as <i>principal</i> or agent) to <i>buy, sell, subscribe for or underwrite a qualifying cryptoasset</i>; and (b) with a view to a <i>person</i> who participates in the arrangements for the <i>buying, selling, subscribing for or underwriting of a qualifying cryptoasset</i>, whether as <i>principal</i> or agent.
<i>arranging qualifying cryptoasset safeguarding</i>	the <i>regulated activity</i> specified in article 9N(1)(b) (Safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets) of the <i>Regulated Activities Order</i> , but only in relation to <i>qualifying cryptoassets</i> .
<i>arranging qualifying cryptoasset staking</i>	the <i>regulated activity</i> specified in article 9Z6 (Qualifying cryptoasset staking) of the <i>Regulated Activities Order</i> , which is, in summary, making arrangements on behalf of another (whether as <i>principal</i> or agent) for <i>qualifying cryptoasset staking</i> .

<i>authorised cryptoasset firm</i>	an <i>authorised person</i> who has a <i>Part 4A permission</i> to carry on a <i>regulated cryptoasset activity</i> .
<i>backing asset composition requirement</i>	the requirement in <i>CASS 16.2.25R</i> .
<i>backing asset pool</i>	<p>(a) a pool of <i>money</i> and/or <i>assets</i> held by a <i>firm</i> in connection with a <i>qualifying stablecoin</i> with a view to maintaining the stability or value of that <i>qualifying stablecoin</i>; and</p> <p>(b) any additional sum held in excess of the requirement in <i>CASS 16.2.1R(3)</i> in accordance with <i>CASS 16.4.16R</i>.</p>
<i>backing asset pool acknowledgement letter</i>	a letter in the form set out in <i>CASS 16 Annex 1</i> .
<i>backing assets account</i>	an account in which a <i>qualifying stablecoin issuer</i> holds <i>assets</i> in the <i>backing asset pool</i> .
<i>backing funds account</i>	an account in which a <i>qualifying stablecoin issuer</i> holds <i>money</i> in the <i>backing asset pool</i> .
<i>blockchain validation</i>	<p>(in accordance with article 9Z6 (Qualifying cryptoasset staking) of the <i>Regulated Activities Order</i>) the validation of transactions on:</p> <p>(a) a blockchain; or</p> <p>(b) a network that uses distributed ledger technology or other similar technology,</p> <p>and includes proof of stake consensus mechanisms.</p>
<i>burning</i>	the process by which a <i>cryptoasset</i> is permanently removed from circulation on a blockchain or other network that uses distributed ledger technology or other similar technology.
<i>client cryptoasset</i>	<p>a <i>qualifying cryptoasset</i> which is either:</p> <p>(a) required to be held in trust under <i>CASS 17.3.3R</i> by a <i>firm</i> to which that <i>rule</i> applies; or</p> <p>(b) part of an <i>operational surplus</i>.</p>
<i>client cryptoasset discrepancy record</i>	a <i>firm's</i> record setting out details of each discrepancy relating to its safeguarding of <i>client cryptoassets</i> that it identifies under <i>CASS 17.5.11R</i> , as required under <i>CASS 17.5.11R(2)</i> .

<i>client cryptoasset reconciliation</i>	the process set out at CASS 17.5.10R.
<i>client cryptoasset reconciliation record</i>	a <i>firm's</i> record setting out details of each <i>client cryptoasset reconciliation</i> which it performs under CASS 17.5.10R, as required under CASS 17.5.10R(4).
<i>client cryptoasset third party due diligence record</i>	a <i>firm's</i> record of the grounds upon which an appointment of a third party under CASS 17.6.3R or CASS 17.6.8R met the requirements of CASS 17.6.3R(1) or CASS 17.6.8R(2), as required by CASS 17.6.11R(1).
<i>client cryptoasset third party governance record</i>	a <i>firm's</i> record of its <i>governing body's</i> , or its <i>governing body's</i> delegate's, approval under CASS 17.6.9R(1) or (3), as required under CASS 17.6.11R(5).
<i>client cryptoasset third party review record</i>	a <i>firm's</i> record of the conclusions of any periodic review performed under CASS 17.6.5R or CASS 17.6.8R(4), as required under CASS 17.6.11R(3).
<i>client cryptoasset trust exemption consent record</i>	a record of a <i>firm's client's</i> written consent under CASS 17.3.5R(4) or CASS 17.3.6R(1)(c) for the <i>firm</i> to use the exemption at CASS 17.3.5R(1) or CASS 17.3.6R(1) respectively, as required under CASS 17.3.11R(4).
<i>client cryptoasset trust exemption record</i>	a record of a <i>firm's</i> reasons for concluding that it is necessary for the exemption at CASS 17.3.6R(1) to be used, as required under CASS 17.3.6R(3).
<i>client cryptoasset trust record</i>	a <i>firm's</i> record of a trust that it has created under CASS 17.3.3R, as required under CASS 17.3.19R.
<i>core backing asset requirement</i>	the requirement in CASS 16.2.27R.
<i>core backing assets</i>	(a) <i>on-demand deposits</i> ; and (b) <i>short-term government debt instruments</i> .
CRYPTO	the Cryptoassets sourcebook.
<i>cryptoasset</i>	as defined in section 417 (Definitions) of the <i>Act</i> , 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).

<i>cryptoasset inside information</i>	‘inside information’ as defined in regulation 18 (Inside information) of the <i>Cryptoassets Regulations</i> .
<i>cryptoasset insider</i>	a <i>person</i> who possesses inside information, as described in regulation 22(4) and (5) (Prohibited use of inside information (insider dealing)) of the <i>Cryptoassets Regulations</i> .
<i>cryptoasset insider dealing</i>	using inside information as prohibited by regulation 22 (Prohibited use of inside information (insider dealing)) of the <i>Cryptoassets Regulations</i> .
<i>cryptoasset insider list</i>	<p>a list, as required by regulation 31(1)(a) (Insider lists for relevant qualifying cryptoassets and related instruments) of the <i>Cryptoassets Regulations</i>, of all <i>persons</i> specified in <i>CRYPTO</i> 4.12.2R, who:</p> <ul style="list-style-type: none"> (a) have access to <i>cryptoasset inside information</i>; and (b) are working for those <i>persons</i> under a contract of employment, or otherwise performing tasks through which they have access to <i>cryptoasset inside information</i>, such as advisers, accountants or credit rating agencies.
<i>cryptoasset intermediary</i>	<p>an <i>authorised person</i>, other than a <i>UK QCATP operator</i>, that carries out any of the following activities:</p> <ul style="list-style-type: none"> (a) in relation to <i>qualifying cryptoassets</i>: <ul style="list-style-type: none"> (i) <i>dealing in qualifying cryptoassets as principal</i>; (ii) <i>dealing in qualifying cryptoassets as agent</i>; and (iii) <i>arranging deals in qualifying cryptoassets</i>; and (b) in relation to <i>related instruments</i>: <ul style="list-style-type: none"> (i) <i>dealing in investments as principal</i>; (ii) <i>dealing in investments as agent</i>; (iii) <i>arranging (bringing about) deals in investments</i>; and (iv) <i>making arrangements with a view to transactions in investments</i>.
<i>cryptoasset market abuse</i>	any activity prohibited by the following provisions in the <i>Cryptoassets Regulations</i> :

	<ul style="list-style-type: none"> (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).
<i>cryptoasset market manipulation</i>	‘market manipulation’ as defined in regulation 19 (Market manipulation) of the <i>Cryptoassets Regulations</i> .
<i>cryptoasset means of access record</i>	a firm’s record setting out details of each <i>means of access</i> it controls at any particular point in time, as required under CASS 17.4.8R.
<i>cryptoasset safeguarding arrangement record</i>	a firm’s record of <i>arranging qualifying cryptoasset safeguarding</i> , as required under CASS 17.7.3R(1).
<i>cryptoasset safeguarding class</i>	<p>a class of <i>cryptoasset</i> in which all the <i>cryptoassets</i>:</p> <ul style="list-style-type: none"> (a) are fungible with each other; (b) are instances of the same single product; (c) share the same name or identifier code; and (d) exist on: <ul style="list-style-type: none"> (i) the same blockchain; or (ii) the same network that uses distributed ledger technology or other similar technology.
<i>cryptoasset safeguarding rules</i>	CASS 17.
<i>cryptoasset unlawful disclosure</i>	the behaviour described in regulation 24 (Prohibition on the disclosure of inside information) of the <i>Cryptoassets Regulations</i> .
<i>Cryptoassets Regulations</i>	The Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2026 (SI 2026/102).
<i>dealing in qualifying cryptoassets (as principal or agent)</i>	<p>one or both of the following activities:</p> <ul style="list-style-type: none"> (a) <i>dealing in qualifying cryptoassets as principal</i>; and (b) <i>dealing in qualifying cryptoassets as agent</i>.

<i>dealing in qualifying cryptoassets as agent</i>	the <i>regulated activity</i> , specified in article 9W (Dealing in qualifying cryptoassets as agent) of the <i>Regulated Activities Order</i> , which is, in summary, <i>buying, selling</i> , subscribing for or underwriting <i>qualifying cryptoassets</i> as agent.
<i>dealing in qualifying cryptoassets as principal</i>	the <i>regulated activity</i> , specified in article 9T (Dealing in qualifying cryptoassets as principle) of the <i>Regulated Activities Order</i> , which is, in summary, <i>buying, selling</i> , subscribing for or underwriting <i>qualifying cryptoassets</i> as principal.
<i>digital token identifier</i>	<p>an identifier:</p> <ul style="list-style-type: none"> (a) which is a digital token identifier available on the Digital Token Identifier Foundation Registry; or (b) if there is no digital token identifier available for the purposes of (a), which clearly describes the <i>qualifying cryptoasset</i> and is each of the following: <ul style="list-style-type: none"> (i) unique; (ii) neutral; (iii) reliable; (iv) open source; (v) accessible; and (vi) subject to a governance framework.
<i>expanded backing assets</i>	<p>in relation to a <i>backing asset pool</i>, the following <i>assets</i>:</p> <ul style="list-style-type: none"> (a) <i>long-term government debt instruments</i>; (b) units in a <i>fund</i> which is authorised as a <i>public debt CNAV MMF</i> under the <i>Money Market Funds Regulation</i> or the <i>EU MMF Regulation</i> and which meets the following conditions: <ul style="list-style-type: none"> (i) all <i>assets</i> held within the <i>fund</i> are denominated in the <i>reference currency</i> of the <i>qualifying stablecoin</i>; and (ii) <i>assets</i> which are a debt security represent a claim on the <i>UK</i> government or the central government of a <i>Zone A country</i>; and

- (c) *assets, rights or money held as a counterparty to a repurchase transaction (whether as a repurchase agreement or reverse repurchase agreement):*
 - (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 one 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 2 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).

EU MMF Regulation

the *EU* version of Regulation (EU) No. 2017/1131 of the European Parliament and the Council of 14 June 2017 on money market funds.

FCA-owned centralised repository

(in *CRYPTO*) the system identified by the *FCA* on its website as the centralised repository for information relating to *qualifying cryptoassets*.

issuing a qualifying stablecoin

the activity defined in article 9M (Issuing qualifying stablecoin) of the *Regulated Activities Order*.

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 £10m a year, for the 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.

<i>legal entity identifier</i>	(in <i>CRYPTO</i>) a 20-character alphanumeric code that uniquely identifies legally distinct entities which engage in financial transactions.
<i>legitimate cryptoasset market practice</i>	a market practice that is specified in <i>CRYPTO</i> 4.11.
<i>LEI</i>	a <i>legal entity identifier</i> .
<i>long-term government debt instrument</i>	a debt security representing a claim on the <i>UK</i> government or the central government of a <i>Zone A country</i> with a residual maturity of more than 365 <i>days</i> .
<i>making arrangements with a view to transactions in qualifying cryptoassets</i>	the <i>regulated activity</i> specified in article 9Y(2) of the <i>Regulated Activities Order</i> (Arranging deals in qualifying cryptoassets), which is, in summary, making arrangements with a view to a <i>person</i> who participates in the arrangements for the <i>buying, selling, subscribing for, or underwriting of a qualifying cryptoasset</i> , whether as <i>principal</i> or agent.
<i>means of access</i>	a private cryptographic key, part or parts of a private cryptographic key or some other means of which, in either case, a <i>person</i> would need possession or knowledge to bring about a transfer of the benefit of a <i>cryptoasset</i> to another <i>person</i> .
<i>minting</i>	the process of putting a <i>cryptoasset</i> on a blockchain or other network using distributed ledger technology or similar technology in a transferrable form.
<i>offer of a qualifying cryptoasset to the public</i>	has the same meaning as in regulation 5 (“Offer of a qualifying cryptoasset to the public”) of the <i>Cryptoassets Regulations</i> .
<i>on-demand deposit</i>	a <i>deposit</i> the terms of which require that the sum of <i>money</i> paid will be repaid, with or without interest or a premium, on demand.
<i>on-demand deposit requirement</i>	the requirement in <i>CASS</i> 16.2.1R(4).
<i>operational surplus</i>	one or more <i>qualifying cryptoassets</i> or <i>relevant specified investment cryptoassets</i> which a <i>firm</i> is using in accordance with <i>CASS</i> 17.3.20R.

<i>operating a qualifying CATP</i>	the <i>regulated activity</i> in article 9S (Operating a qualifying cryptoasset trading platform) of the <i>Regulated Activities Order</i> which is, in summary, the operation of a <i>qualifying cryptoasset trading platform</i> .
<i>person responsible for the offer</i>	<p>(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 <i>Cryptoassets Regulations</i>):</p> <p>(a) in relation to the <i>offer of a qualifying cryptoasset</i> to the public:</p> <p style="margin-left: 40px;">(i) the <i>person</i> making the offer; or</p> <p style="margin-left: 40px;">(ii) where the offer is being made on behalf of another, the <i>person</i> on whose behalf the offer is being made;</p> <p>(b) in relation to the <i>admission to trading</i> of a <i>qualifying cryptoasset</i> on a <i>UK QCATP</i>:</p> <p style="margin-left: 40px;">(i) the <i>person</i> requesting or obtaining <i>admission to trading</i>; or</p> <p style="margin-left: 40px;">(ii) where, of its own motion, a <i>UK QCATP operator</i> admits a <i>qualifying cryptoasset</i> to trading on a <i>UK QCATP</i> operated by it, that <i>UK QCATP operator</i>; or</p> <p>(c) in relation to a <i>related instrument</i>, the <i>person</i> who is, for the purposes of the <i>Market Abuse Regulation</i>, the offeror of that instrument.</p>
<i>per-trust operational surplus record</i>	a <i>firm</i> 's record, in relation to a trust created by it under <i>CASS 17.3.3R</i> , of the reasons for it being necessary for the <i>firm</i> to use an <i>operational surplus</i> for that trust, as required under <i>CASS 17.3.20R(4)</i> .
<i>per-trust/class cryptoasset resource</i>	the amount of a particular class of <i>client cryptoasset</i> that a <i>firm</i> is required to confirm under <i>CASS 17.5.7R</i> that it is safeguarding for <i>clients</i> under a particular trust in accordance with <i>CASS 17.3.3R</i> .
<i>per-trust/client/class cryptoasset requirement</i>	the amount of a particular class of <i>client cryptoasset</i> that a <i>firm</i> is required to hold for a particular <i>client</i> under a particular trust in accordance with <i>CASS 17.3.3R</i> , as calculated at <i>CASS 17.5.6R</i> .

<i>pre-issued stablecoin</i>	a <i>qualifying stablecoin</i> that first entered circulation prior to 25 October 2027.
<i>proprietary token</i>	a <i>qualifying cryptoasset</i> that is not a <i>UK qualifying stablecoin</i> and that is either: <ul style="list-style-type: none"> (a) a <i>qualifying cryptoasset</i> issued by a <i>qualifying cryptoasset firm</i> or a member of its <i>group</i>; or (b) a <i>qualifying cryptoasset</i> over which a <i>qualifying cryptoasset firm</i> or a member of its <i>group</i> has material control or holdings of its supply.
<i>public debt CNAV MMF</i>	(a) in relation to a <i>regulated money market fund</i> , has the meaning given in article 2(11) (Definitions) of the <i>Money Market Funds Regulation</i> ; or <ul style="list-style-type: none"> (b) in relation to a money market fund authorised under the <i>EU MMF Regulation</i>, has the meaning given in article 2(11) (Definitions) of the <i>EU MMF Regulation</i>.
<i>QCATP</i>	a <i>qualifying cryptoasset trading platform</i> .
<i>QCATP operator</i>	a <i>qualifying CATP operator</i> .
<i>QCDD</i>	a document which is a <i>qualifying cryptoasset disclosure document</i> for the purposes of Chapter 1 (Qualifying cryptoasset public offers and admissions to trading) of Part 2 (Markets in cryptoassets: designated activities) of the <i>Cryptoassets Regulations</i> .
<i>qualifying CATP</i>	a <i>qualifying cryptoasset trading platform</i> .
<i>qualifying CATP operator</i>	a <i>firm</i> authorised to carry on the activity of <i>operating a qualifying CATP</i> .
<i>qualifying cryptoasset activity</i>	any of the following activities, specified in Part II of the <i>Regulated Activities Order</i> (Specified Activities): <ul style="list-style-type: none"> (a) <i>issuing a qualifying stablecoin</i> (article 9M (Issuing qualifying stablecoin)); (b) <i>safeguarding cryptoassets</i> (article 9N(1)(a) (Safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets)); (c) <i>arranging cryptoasset safeguarding</i> (article 9N(1)(b)); (d) <i>operating a qualifying CATP</i> (article 9S (Operating a qualifying cryptoasset trading platform));

- (e) *dealing in qualifying cryptoassets as principal* ((article 9T (Dealing in qualifying cryptoasset trading platform) (but disregarding the exclusion in article 9U (Article 9T exclusion: absence of holding out etc.)));
 - (f) *dealing in qualifying cryptoassets as agent* (article 9W (Dealing in qualifying cryptoassets as agent));
 - (g) *arranging deals in qualifying cryptoassets* (article 9Y (Arranging deals in qualifying cryptoassets)); or
 - (h) *arranging qualifying cryptoasset staking* (article 9Z6 (Qualifying cryptoasset staking)).
- qualifying cryptoasset best execution obligation* (in *CRYPTO* 5) the obligation of a *firm* under *CRYPTO* 5.4.1R, *CRYPTO* 5.4.10R, *CRYPTO* 5.4.13R and *CRYPTO* 5.4.16R.
- qualifying cryptoasset borrowing* the disposal of a *qualifying cryptoasset* from or via an *authorised 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 *authorised 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 them 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 custodian* an *authorised person* with *permission* to carry on the *regulated activity* of *safeguarding cryptoassets*.
- 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, in a *third country*, performs a similar function to the functions performed by any of the entities in (a) to (c).

<i>qualifying cryptoasset firm</i>	a <i>firm</i> with a <i>Part 4A permission</i> which includes a <i>qualifying cryptoasset activity</i> .
<i>qualifying cryptoasset lending</i>	the disposal of a <i>qualifying cryptoasset</i> from a <i>person</i> to or via an <i>authorised cryptoasset firm</i> subject to an obligation or right to reacquire the same or equivalent <i>qualifying cryptoasset</i> from the <i>authorised cryptoasset firm</i> , typically with compensation paid to that <i>person</i> by the <i>qualifying cryptoasset firm</i> in the form of yield.
<i>qualifying cryptoasset lending or borrowing</i>	one or both of the following services: <ul style="list-style-type: none"> (a) <i>qualifying cryptoasset lending</i>; and (b) <i>qualifying cryptoasset borrowing</i>.
<i>qualifying cryptoasset staking</i>	the use of a <i>qualifying cryptoasset</i> in <i>blockchain validation</i> .
<i>qualifying cryptoasset trading platform</i>	(in accordance with article 3(1) (Interpretation) of the <i>Regulated Activities Order</i>) a system which brings together, or facilitates the bringing together of, multiple third-party <i>buying</i> and <i>selling</i> interests in <i>qualifying cryptoassets</i> in a way that results in a contract for the exchange of <i>qualifying cryptoassets</i> for: <ul style="list-style-type: none"> (a) <i>money</i> (including <i>electronic money</i>); or (b) other <i>qualifying cryptoassets</i>.
<i>qualifying stablecoin</i>	the specified <i>investment</i> defined in article 88G (Qualifying stablecoin) of the <i>Regulated Activities Order</i> .
<i>qualifying stablecoin funds</i>	(a) <i>money</i> received by a <i>qualifying stablecoin issuer</i> in payment for a <i>qualifying stablecoin</i> in the course of carrying out the activity of <i>issuing a qualifying stablecoin</i> ; and <ul style="list-style-type: none"> (b) <i>money</i> that is equivalent in value to the consideration accepted by a <i>qualifying stablecoin issuer</i> when it accepts something other than <i>money</i> in payment for a <i>qualifying stablecoin</i> in the course of carrying out the activity of <i>issuing a qualifying stablecoin</i>.
<i>qualifying stablecoin issuer</i>	an <i>authorised person</i> with <i>permission</i> to carry on the <i>regulated activity</i> defined in article 9M (Issuing qualifying stablecoin) of the <i>Regulated Activities Order</i> .
<i>qualifying stablecoin product</i>	a category of <i>qualifying stablecoins</i> identifiable on the basis that:

	<ul style="list-style-type: none"> (a) each <i>qualifying stablecoin</i> within that category is fungible with each other <i>qualifying stablecoin</i> within that category; and (b) together all the <i>qualifying stablecoins</i> in that category represent a single product.
<i>qualifying stablecoin product identifier</i>	<p>the following identifiers in respect of a <i>qualifying stablecoin product</i> and the <i>qualifying stablecoins</i> within it:</p> <ul style="list-style-type: none"> (a) the name of the <i>qualifying stablecoin product</i> and, if different, that part of the name used by all <i>qualifying stablecoins</i> in the <i>qualifying stablecoin product</i>; and (b) any <i>digital token identifiers</i> relating to the <i>qualifying stablecoin product</i> (including those for equivalent groups on the Digital Token Identifier Foundation Registry).
<i>redemption day</i>	<ul style="list-style-type: none"> (a) a <i>business day</i>; or (b) any other <i>day</i> on which a <i>qualifying stablecoin issuer</i> is operating so as to be able to complete <i>redemptions</i>.
<i>redemption fee</i>	the fee a <i>qualifying stablecoin issuer</i> charges for carrying out <i>redemption</i> .
<i>redemption sum</i>	<p>the <i>reference value</i> of the sum total of <i>qualifying stablecoins</i> in respect of which a <i>redemption</i> request is received, less:</p> <ul style="list-style-type: none"> (a) any <i>redemption fee</i>; and (b) any currency exchange fees which may be incurred by the <i>qualifying stablecoin issuer</i> in meeting the <i>redemption</i> request in a currency chosen by the <i>holder</i> where that currency is different to the <i>reference currency</i>.
<i>reference currency</i>	the fiat currency to which a <i>qualifying stablecoin</i> is referenced.
<i>reference value</i>	the face value of a <i>qualifying stablecoin</i> , with reference to a unit of the fiat currency to which that <i>qualifying stablecoin</i> is referenced.
<i>regulated cryptoasset activity</i>	<p>the <i>regulated activities</i> in Chapter 2B (Cryptoassets) of Part II (Specified activities) of the <i>Regulated Activities Order</i>:</p> <ul style="list-style-type: none"> (a) <i>issuing a qualifying stablecoin</i>; (b) <i>safeguarding cryptoassets</i>;

- (c) *arranging cryptoasset safeguarding;*
- (d) *operating a qualifying CATP;*
- (e) *dealing in qualifying cryptoassets as principal;*
- (f) *dealing in qualifying cryptoassets as agent;*
- (g) *arranging (bringing about) deals in qualifying cryptoassets;*
- (h) *making arrangements with a view to transactions in qualifying cryptoassets; and*
- (i) *arranging qualifying cryptoasset staking.*

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*):

- (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 <i>qualifying cryptoasset</i> is created by, or on behalf of, A for sale or subscription; or
	(b) in relation to a <i>related instrument</i> , the issuer of that instrument.
<i>relevant qualifying cryptoasset</i>	(in accordance with regulation 17(1) (Interpretation: market abuse in qualifying cryptoassets and related instruments) of the <i>Cryptoassets Regulations</i>) a <i>qualifying cryptoasset</i> that has been <i>admitted to trading</i> , or is subject to an application seeking <i>admission to trading</i> , on a <i>UK QCATP</i> .
<i>relevant specified investment cryptoasset</i>	a <i>specified investment cryptoasset</i> which meets the definition at article 9N(5)(b) (Safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets) of the <i>Regulated Activities Order</i> .
<i>reportable post-trade transparency information</i>	information which a <i>transparency reporting firm</i> is required to report, as set out in <i>CRYPTO 7.3</i> .
<i>reportable pre-trade transparency information</i>	information which a <i>transparency reporting firm</i> is required to report, as set out in <i>CRYPTO 7.2</i> .
<i>retail UK QCATP</i>	a <i>UK QCATP</i> whose rules do not preclude <i>retail investors</i> from trading on the <i>UK QCATP</i> directly or through intermediaries.
<i>retail UK QCATP operator</i>	the operator of a <i>retail UK QCATP</i> .
<i>safeguarding cryptoassets</i>	the <i>regulated activity</i> specified in article 9N(1)(a) (Safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets) of the <i>Regulated Activities Order</i> .
<i>safeguarding qualifying cryptoassets</i>	the <i>regulated activity</i> specified in article 9N(1)(a) (Safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets) of the <i>Regulated Activities Order</i> , but only in relation to <i>qualifying cryptoassets</i> .
<i>safeguarding qualifying cryptoassets and relevant specified investment cryptoassets</i>	<i>safeguarding cryptoassets</i> .
<i>short-term government debt instrument</i>	a debt security representing a claim on the <i>UK</i> government or the central government of a <i>Zone A country</i> with a residual maturity of 365 <i>days</i> or fewer.

<i>specified investment cryptoasset</i>	<p>a <i>cryptoasset</i> that:</p> <p>(a) is a <i>specified investment</i> as a result of Part III (Specified investments) of the <i>Regulated Activities Order</i>:</p> <p style="margin-left: 40px;">(i) excluding article 88F (Qualifying cryptoassets); and</p> <p style="margin-left: 40px;">(ii) including where the <i>cryptoasset</i> is a right to, or an interest in, such a <i>specified investment</i> by operation of article 89 (Rights to or interests in investments); and</p> <p>(b) would be a <i>qualifying cryptoasset</i> if article 88F(4)(a) to (c) of the <i>Regulated Activities Order</i> were disregarded.</p>
<i>specified investment cryptoasset firm</i>	<p>an <i>authorised person</i> who:</p> <p>(a) has a <i>Part 4A permission</i> to carry on a <i>regulated activity</i> other than a <i>regulated cryptoasset activity</i>; and</p> <p>(b) carries on an activity under that <i>permission</i> in relation to <i>specified investment cryptoassets</i>.</p>
<i>stablecoin backing assets</i>	<p><i>assets</i> received or held by <i>firm</i> in its capacity as trustee under CASS 16.5.2R for the benefit of the <i>holders</i> of a <i>qualifying stablecoin</i> in respect of which that <i>firm</i> is the <i>qualifying stablecoin issuer</i>.</p>
<i>stablecoin backing funds</i>	<p><i>money</i> received or held by a <i>firm</i> in its capacity as trustee under CASS 16.5.2R for the benefit of the <i>holders</i> of a <i>qualifying stablecoin</i> in respect of which that <i>firm</i> is the <i>qualifying stablecoin issuer</i>.</p>
<i>stablecoin pool</i>	<p>a number ('X') of <i>qualifying stablecoins</i> calculated in accordance with CASS 16.2.8R.</p>
<i>stablecoin QCDD</i>	<p>a <i>QCDD</i> produced in relation to a <i>UK qualifying stablecoin</i>.</p>
<i>supplementary disclosure document</i>	<p>a document which is a supplementary disclosure document for the purposes of Chapter 1 (Qualifying cryptoasset public offers and admissions to trading) of Part 2 (Markets in cryptoassets: designated activities) of the <i>Cryptoassets Regulations</i>.</p>
<i>third-party custodian</i>	<p>(a) a <i>person</i> who is authorised and supervised in the <i>UK</i> or in a <i>third country</i> for the activity of safeguarding for</p>

	the account of another <i>person</i> of <i>assets</i> including <i>core backing assets</i> (excluding <i>on-demand deposits</i>) and <i>expanded backing assets</i> ; or
	(b) any <i>person</i> appointed to safeguard <i>core backing assets</i> (excluding <i>on-demand deposits</i>) or <i>expanded backing assets</i> in circumstances described in CASS 16.6.7R(2).
<i>transparency crypto intermediary</i>	a <i>firm</i> dealing in <i>qualifying cryptoassets</i> as <i>principal</i> when trading in <i>qualifying cryptoassets</i> otherwise than on a matched principal basis.
<i>transparency reporting firm</i>	a <i>firm</i> that is either: <ul style="list-style-type: none"> (a) a <i>UK QCATP operator</i>; or (b) a <i>transparency crypto intermediary</i>, to which <i>CRYPTO 7</i> applies.
<i>UK QCATP</i>	a <i>qualifying cryptoasset trading platform</i> , the operation of which requires <i>authorisation</i> .
<i>UK QCATP operator</i>	the operator of a <i>UK QCATP</i> .
<i>UK qualifying cryptoasset execution venue</i>	a <i>qualifying cryptoasset execution venue</i> , the operation of which requires <i>authorisation</i> .
<i>UK qualifying stablecoin</i>	a <i>qualifying stablecoin</i> issued by a <i>firm</i> (F): <ul style="list-style-type: none"> (a) in respect of which F is <i>issuing a qualifying stablecoin</i>; and (b) where F has a <i>Part 4A permission</i> to carry on the activity in (a).
<i>wrapped token</i>	a <i>qualifying cryptoasset</i> ('A') which: <ul style="list-style-type: none"> (a) relates to an underlying <i>qualifying cryptoasset</i> ('B'), where B is <i>minted</i> 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.

acknowledgement letter ...

	(2)	...
	(3)	<u>(in CASS 16) a backing asset pool acknowledgement letter (a letter in the form of the template in CASS 16 Annex 1).</u>
<i>acknowledgement letter fixed text</i>	...	
	(4)	...
	(5)	<u>(in CASS 16) the text in the template acknowledgement letter in CASS 16 Annex 1 that is not in square brackets.</u>
<i>acknowledgement letter variable text</i>	...	
	(4)	...
	(5)	<u>(in CASS 16) the text in the template acknowledgement letter in CASS 16 Annex 1 that is in square brackets.</u>
<i>admission to trading</i>	...	
	(2A)	...
	(2B)	<u>(in CRYPTO) admission of a qualifying cryptoasset to trading on a UK QCATP.</u>
	...	
<i>advertisement</i>	(1)	<u>(except in CRYPTO) has the meaning in regulation 3 of the Public Offers and Admissions to Trading Regulations – in summary, a communication which:</u>
	...	
	(2)	<u>(in CRYPTO) has the meaning in regulation 3 (Interpretation: qualifying cryptoasset public offers and admissions to trading) of the Cryptoasset Regulations – in summary, a communication which:</u>
	(a)	<u>relates to:</u>
	(i)	<u>a specific offer of a qualifying cryptoasset to the public; or</u>
	(ii)	<u>an admission, or proposed admission, of a qualifying cryptoasset to trading on a qualifying cryptoasset trading platform;</u>

- (b) aims specifically to promote the potential buying of, or subscribing for, a qualifying cryptoasset; and
- (c) is not a QCDD or supplementary disclosure document.

agreeing to carry on a regulated activity

the *regulated activity*, specified in article 64 of the *Regulated Activities Order* (Agreeing to carry on specified kinds of activity), of agreeing to carry on an activity specified in Part II, Part 3A, or Part 3B of that Order other than:

...

(aa) ...

(ab) issuing a qualifying stablecoin;

(ac) operating a qualifying CATP;

...

algorithmic trading

(1) (except in CRYPTO 4.7 and CRYPTO 4.8) trading in financial instruments which meets the following conditions:

...

(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 venues (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.

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 *backing funds 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.

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* ~~and~~, in relation to *insurance risk transformation* and activities directly arising from *insurance risk transformation*, and in relation to issuing a 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*:

...

...

- (12) ...

- (13) (in *PRIN* and *SYSC 15A* in relation to *issuing a 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*.

client money

...

- (2A) (in *MIFIDPRU*, *FEES*, *CASS 6*, *CASS 7*, *CASS 7A* and *CASS 10* and, in so far as it relates to matters covered by *CASS 6*, *CASS 7*; and *COBS* and ~~*IPRU(INV) 11*~~) subject to the *client money rules*, *money* of any currency:

...

- (b) that, in the course of carrying on *designated investment business* that is not *MiFID business* or issuing a *qualifying stablecoin*, a *firm* holds for a *client*; or

	...
	...
<i>complaint</i>	...
	(2) (in <i>DISP</i> , except <i>DISP</i> 1.1 and (in relation to <i>collective portfolio management</i>) in the <i>consumer awareness rules</i> , the <i>complaints handling rules</i> , the <i>complaints record rule</i> , and in <i>CONRED</i> 5, <i>CONRED</i> 6, <i>CREDS</i> 9, in <i>SUP</i> 12 and , in <i>SUP</i> 15 <u>and in <i>SUP</i> 16</u>) any oral or written expression of dissatisfaction, whether justified or not, from, or on behalf of, a <i>person</i> about the provision of, or failure to provide, a financial service, <i>claims management service</i> or a <i>redress determination</i> , which:
	...
	...
<i>controlled activity</i>	(in accordance with section 21(9) of the <i>Act</i> (The classes of activity and investment)) any of the following activities specified in Part 1 of Schedule 1 to the Financial Promotions Order (Controlled Activities):
	...
	(ia) ...
	(ib) <u>safeguarding cryptoassets (paragraph 7A);</u>
	(ic) <u>operating a qualifying cryptoasset trading platform (paragraph 7B);</u>
	(id) <u>arranging qualifying cryptoasset staking (paragraph 7C);</u>
<i>CRD credit institution</i>	(1) (except in <i>COLL</i> and , <i>FUND</i> <u>and <i>CASS</i> 16</u>) a <i>credit institution</i> that has its registered office (or, if it has no registered office, its head office) in the <i>UK</i> , excluding an <i>institution</i> to which the <i>CRD</i> does not apply under the <i>UK</i> provisions which implemented article 2 of the <i>CRD</i> (see also <i>full CRD credit institution</i>).
	(2) (in <i>COLL</i> and , <i>FUND</i> <u>and <i>CASS</i> 16</u>) a <i>credit institution</i> that:
	...
<i>customer</i>	...

- (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 a 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 a qualifying stablecoin*) a *client* who is not an *eligible counterparty* for the relevant purposes.
- 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 (Terms relating to the processing of personal data) of the Data Protection Act 2018.
- designated investment* ...
- (4) ...
- (5) (in *COBS*) in addition and to the extent it does not fall within (1):
- (a) a *qualifying cryptoasset*; and
- (b) a *relevant specified investment cryptoasset*.
- designated investment business* (1) (except in *COMP*) any of the following activities, specified in Part II of the *Regulated Activities Order* (Specified Activities), which is carried on by way of business:
- ...

- (t) ...
 - (u) issuing a qualifying stablecoin (article 9M (Issuing qualifying stablecoin));
 - (v) safeguarding cryptoassets (article 9N(1)(a) (Safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets));
 - (w) arranging cryptoasset safeguarding (article 9N(1)(b));
 - (x) operating a qualifying CATP (article 9S (Operating a qualifying cryptoasset trading platform));
 - (y) dealing in qualifying cryptoassets as principal (article 9T (Dealing in qualifying cryptoassets as principal)), but disregarding the exclusion in article 9U (Article 9T exclusion: absence of holding out etc.);
 - (z) dealing in qualifying cryptoassets as agent (article 9W (Dealing in qualifying cryptoassets as agent));
 - (za) arranging deals in qualifying cryptoassets (article 9Y (Arranging deals in qualifying cryptoassets)); and
 - (zb) arranging qualifying cryptoasset staking (article 9Z6 (Qualifying cryptoasset staking)).
- (2) (in COMP) any of the activities falling within (1) except:
- (a) issuing a qualifying stablecoin (article 9M);
 - (b) safeguarding cryptoassets (article 9N(1)(a));
 - (c) arranging cryptoasset safeguarding (article 9N(1)(b));
 - (d) operating a qualifying CATP (article 9S);
 - (e) dealing in qualifying cryptoassets as principal (article 9T), but disregarding the exclusion in article 9U;

- (f) dealing in qualifying cryptoassets as agent (article 9W);
- (g) arranging deals in qualifying cryptoassets (article 9Y); and
- (h) arranging qualifying cryptoasset staking (article 9Z6).

eligible counterparty
business

the following services and activities carried on by a firm:

- (a) *dealing on own account, execution of orders on behalf of clients* or reception and transmission of orders; ~~or~~
- (b) any *ancillary service* directly related to a service or activity referred to in (a); ~~or~~
- (c) ...
- (d) dealing in qualifying cryptoassets as principal;
- (e) dealing in qualifying cryptoassets as agent;
- (f) arranging deals in qualifying cryptoassets;
- (g) arranging qualifying cryptoasset staking;
- (h) issuing a qualifying stablecoin;
- (i) safeguarding cryptoassets; or
- (j) arranging cryptoasset safeguarding.

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.
- ...
- (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.

<i>forward-looking statement</i>	(1)	<u>(in PRM) has the same meaning as in paragraph 10(2) of Schedule 2 to the <i>Public Offers and Admissions to Trading Regulations</i>.</u>
	(2)	<u>(in CRYPTO 3) has the same meaning as in paragraph 8(2) (“Protected forward-looking statement”) of Part 2 (Further exemption relating to forward-looking statement) of Schedule 2 (Compensation: exemptions) to the <i>Cryptoassets Regulations</i>.</u>
<i>holder</i>	...	
	(b)	...
	(c)	<u>(in relation to a <i>qualifying stablecoin</i>):</u>
	(i)	<u>the person who has the right to <i>redeem</i> that <i>qualifying stablecoin</i>; or</u>
	(ii)	<u>a person who is exercising the right in (i) until <i>redemption</i> is completed in respect of that <i>qualifying stablecoin</i>.</u>

[*Editor’s note:* The definition of ‘market maker’ takes into account the changes introduced by the Short Selling Rules Sourcebook Instrument 2026, which comes into force on 13 July 2026, and the Commodity Derivatives (Ancillary Activity Exemption) Instrument 2025 (FCA 2025/61), which comes into force on 1 January 2027.]

<i>market maker</i>	...	
	(5)	...
	(6)	<u>(in CRYPTO) a person who holds themselves out on a <i>qualifying CATP</i> on a continuous basis as being willing to <i>deal in qualifying cryptoassets as principal</i> by buying and selling <i>qualifying cryptoassets</i> against that <i>person’s</i> proprietary capital at prices defined by that <i>person</i>.</u>
<i>material change</i>		(in COBS 11 and 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.
<i>over the counter</i>	(1)	<u>(except in CRYPTO) (in relation to a transaction in an <i>investment</i>) not <i>on-exchange</i>.</u>
	(2)	<u>(in CRYPTO) in relation to a transaction in <i>qualifying cryptoassets</i> not on a <i>UK QCATP</i>.</u>

- periodic statement* (1) (except in CRYPTO) a report which a *firm* is required to provide to a *client* pursuant to:
- ...
- (2) (in CRYPTO) a report which a *firm* is required to provide to a *client* pursuant to CRYPTO 9.
- 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 etc.), 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*; and
- (c) any activities that would be included in (b) but for the exclusion in article 9U (Article 9T exclusion: absence of holding out etc.) of the *Regulated Activities Order*.
- 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 3.7.3R.
- qualifying cryptoasset* (1) (as defined in ~~paragraph 26F (Qualifying cryptoasset) of Schedule 1 to the *Financial Promotion Order*~~ article 88F (Qualifying cryptoasset) of *Regulated Activities Order*):
- ~~(1) Any cryptoasset (other than a cryptoasset fall in (2))~~
- (a) A *cryptoasset* 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 (c).
- (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~~ *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 (as defined in regulation 2(1) (Interpretation) of the *Electronic Money Regulations*)~~ electronic money;
 - (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~~ *cryptoasset* that:
 - (i) (A) cannot be transferred or sold in exchange for ~~money~~ money or other ~~cryptoassets~~ *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.

redemption

...

(2) ...

(3) (in relation to a *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*:

- (1) (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 a qualifying stablecoin (article 9M (Issuing qualifying stablecoin));
- (ac) safeguarding cryptoassets (article 9N(1)(a) (Safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets));
- (ad) arranging cryptoasset safeguarding (article 9N(1)(b));
- (ae) operating a qualifying CATP (article 9S (Operating a qualifying cryptoasset trading platform));
- (af) dealing in qualifying cryptoassets as principal (article 9T (Dealing in qualifying cryptoassets as principal));
- (ag) dealing in qualifying cryptoassets as agent (article 9W (Dealing in qualifying cryptoassets as agent));
- (ah) arranging deals in qualifying cryptoassets (article 9Y (Arranging deals in qualifying cryptoassets));
- (ai) arranging qualifying cryptoasset staking (article 9Z6 (Qualifying cryptoasset staking));

...

- (2) in *DISP*, except *DISP* 1.1, *DISP* 1.2, *DISP* 1.3 and *DISP* 1.9: (in accordance with the *FCA*'s power under section 226 of the *Act*) all of the activities included in (B)(1) as at ~~6 April 2026~~ 25 October 2027, unless expressly excluded in *DISP* 2.3.1R.

relevant person

...

(1) ...

(1A) (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, who is:

(a) a relevant issuer of that relevant qualifying cryptoasset or related instrument;

(b) a person responsible for the offer of that relevant qualifying cryptoasset or related instrument;

(c) a UK QCATP operator in relation to a relevant qualifying cryptoasset; or

(d) a relevant dealer in principal.

...

restricted mass market investment any of the following:

...

(e) a qualifying cryptoasset other than one which is part of a qualifying stablecoin product that includes a UK qualifying stablecoin;

...

retail customer

...

(2) (in PRIN and COCON):

...

(g) ...

(h) where a firm is a qualifying stablecoin issuer, a customer who is not a professional client.

...

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 (Supplementary provisions relating to Part 1) of Schedule 1 (Exceptions

from prohibition of offers to the public) 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) *insurance distribution activities* carried on by a *firm* in respect of a *group policy* that:
- ...
- (c) do not involve any direct contact between the *firm* and that *person*; and
- (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 those 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*.
- 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) a *qualifying cryptoasset* (article 88F); and
- (s) a *qualifying stablecoin* (article 88G).
- ...
- third country firm* (1) (in *SYSC*) either:
- ...

- (2) (in COBS and DISP) a firm which operates from an establishment in the United Kingdom and which:
- (a) if it is a body corporate or a partnership, is formed or incorporated under the law of a third country; or
 - (b) if not a body corporate or partnership, operates from a principal place of business in a third country.

[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, the Short Selling Rules Sourcebook Instrument 2026 (FCA 2026/16), which comes into force on 13 July 2026, and the Notification of Third Party Arrangements and Operational Incident Reporting Instrument 2026 (FCA 2026/6), which comes into force on 18 March 2027.]

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*.

...

CRYPTOASSETS (CLIENT ASSETS CONSEQUENTIALS) INSTRUMENT 2026**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 in the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 137A (The FCA’s general rules);
 - (b) section 137B (FCA general rules: clients’ money, right to rescind etc.);
 - (c) section 137T (General supplementary powers); and
 - (d) section 139A (Power of the FCA to give guidance); and
 - (2) 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 is one of a series of instruments which introduce or amend provisions of the Handbook relating to cryptoassets. These instruments all come into force on 25 October 2027, immediately after one another, in the following order:
- (1) Glossary (Cryptoassets) Instrument 2026;
 - (2) Cryptoassets (Stablecoins) Instrument 2026;
 - (3) Cryptoassets (Admission of Qualifying Cryptoassets to Trading and Offers of Qualifying Cryptoassets to the Public) Instrument 2026;
 - (4) Cryptoassets (Market Abuse) Instrument 2026;
 - (5) Cryptoassets (Intermediaries) Instrument 2026;
 - (6) Cryptoassets (Trading Platforms, Transparency and Records) Instrument 2026;
 - (7) Cryptoassets (Lending, Borrowing and Staking) Instrument 2026;
 - (8) Cryptoassets (Safeguarding) Instrument 2026;
 - (9) Cryptoassets (Client Assets Consequential) Instrument 2026;
 - (10) Cryptoassets (Conduct and Firm Standards) Instrument 2026; and
 - (11) Cryptoassets (COREPRU and CRYPTOPRU) Instrument 2026.

Amendments to the Handbook

- D. The Client Assets sourcebook (CASS) is amended in accordance with the Annex to this instrument.

Citation

- E. This instrument may be cited as the Cryptoassets (Client Assets Consequential) Instrument 2026.

By order of the Board
25 June 2026

Annex

Amendments to the Client Assets sourcebook (CASS)

In this Annex, underlining indicates new text and striking through indicates deleted text.

1 Application and general provisions

...

1.2 General application: who? what?

...

Investments and money held under different regimes

1.2.11 R (1) A *firm* must not keep *money* in respect of which any one of the following chapters applies in the same *client bank account* ~~or~~ *client transaction account* or backing funds account as *money* in respect of which another of the following chapters applies:

...

(c) the *debt management client money chapter*;

(d) CASS 16 (Stablecoin backing assets).

...

(4) A *firm* must not keep *funds* in respect of which CASS 15 applies in a *client bank account*, *client transaction account* or *backing funds account* held for the purpose of any other chapter of CASS.

...

7 Client money rules

...

7.10 Application and purpose

7.10.1 R This chapter applies to a *firm* that receives *money* from or holds *money* for, or on behalf of, a *client* in the course of, or in connection with, its:

...

(2) *designated investment business* except issuing a qualifying stablecoin; and/or

...

...

Money that is not client money: ‘opt outs’ for any business other than insurance distribution activity

7.10.8 R ...

7.10.8A R CASS 7.10.9G to CASS 7.10.15G do not apply to a firm in relation to money within the scope of CASS 7.10.1R(2) where the relevant designated investment business is qualifying cryptoasset activity.

...

7.11 Treatment of client money

...

Delivery versus payment transaction exemption

7.11.14 R (1) Subject to (2) and CASS 7.11.16R and with the agreement of the relevant *client*, *money* need not be treated as *client money* in respect of a delivery versus payment transaction through a *commercial settlement system* if:

...

(b) in respect of a *client's* sale, the *firm* intends for the *money* in question to be due to the *client* within one *business day* following the *client's* fulfilment of its delivery obligation to the *firm*; and

(c) in either case (a) or (b) the delivery obligation is in relation to a security that is not a cryptoasset.

...

...

7.13 Segregation of client money

...

The alternative approach to client money segregation

...

7.13.54 G (1) In certain circumstances, use of the normal approach for a particular business line of a *firm* could lead to significant operational risks to *client money* protection. These may include a business line under which *clients'* transactions are complex, numerous, closely related to the *firm's* proprietary business and/or involve a number of currencies or classes of cryptoasset and time zones. In such circumstances, subject to meeting the relevant criteria and fulfilling the relevant

notification and audit requirements, a *firm* may use the alternative approach to segregating *client money* for that business line.

...

...

7.14 Client money held by a third party

...

Client money arising from, or in connection with, safe custody assets

7.14.5 G (1) *Money arising from, or in connection with, the ~~holding of a safe custody assets~~ carrying on of any of the activities at (a), (b) or (c) by a firm which is due to clients should, unless treated otherwise under the client money rules, be treated as client money by the firm:*

(a) holding of safe custody assets;

(b) safeguarding cryptoassets which are client cryptoassets; or

(c) safeguarding cryptoassets which are relevant specified investment cryptoassets under CASS 6.

...

7.14.6 R ...

7.14.6A R If a firm has, under CASS 17.6, appointed a third party to safeguard cryptoassets that are client cryptoassets and client money arises from, or in connection with, those client cryptoassets, the firm must ensure that the third party deposits the money in a client bank account of the firm.

...

7.16 The standard methods of internal client money reconciliation

...

Non-margined transactions (eg, securities): individual client balance

...

7.16.22 E (1) ...

(2) Each *individual client balance* for a *client* should be calculated in accordance with this table (and, where appropriate, references to designated investments should be read as including qualifying cryptoassets):

...

...

...

8 Mandates

8.1 Application

...

8.1.2A R The *mandate rules* do not apply to a *firm*:

...

(2A) ...

(2B) in relation to *cryptoassets* in respect of which the *firm* is *safeguarding cryptoassets*; or

...

8.1.2B G ...

(2) ...

(2A) Similarly, in respect of CASS 8.1.2AR(2B), a *firm* that is *safeguarding cryptoassets* does not also need to comply with the *mandate rules* in relation to those *cryptoassets*, but the *mandate rules* would apply if the *firm* has a *mandate* under which it can receive a *transfer of a client's cryptoassets* from another *person* in the course of or in connection with *designated investment business*.

...

...

8.2 Definition of mandate

8.2.1 R A *mandate* is any means that give a *firm* the ability to control a *client's* assets or liabilities, which meet the conditions in (1) to (5):

...

(4) they put the *firm* in a position where it is able to give any or all of the types of instructions described in (a) to (d):

...

(c) instructions to another *person* in relation to an asset of the *client*, where that other *person* is responsible to the *client* for holding that asset (including where that other *person* is *safeguarding and administering investments, acting as trustee*

or depositary of an AIF ~~or~~, acting as trustee or depositary of a UK UCITS or safeguarding cryptoassets);

...

...

...

Ability to give instructions to another person

- 8.2.4 G The instructions referred to at CASS 8.2.1R(4) are all instructions given by a *firm* to another *person* who also has a relationship with the *firm's client*. For example, the other *person* may be the *client's bank*, intermediary, *custodian*, cryptoasset wallet provider or credit card provider. This means, for example, that any means by which a *firm* can control a *client's money* or assets for which it is itself responsible to the *client* (rather than any other *person*) would not amount to a *mandate*. This includes where the *firm* is holding a *client's money* or assets other than in accordance with CASS 5, CASS 6 ~~or~~, CASS 7 or CASS 17 (for example, because of an exemption in those *rules*).

...

CRYPTOASSETS (CONDUCT AND FIRM STANDARDS) INSTRUMENT 2026

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 paragraph 3 (FCA rules) of Part 1 (Application and modification of the 2000 Act) of Schedule 6 (Application and modification of legislation) to the Payment Services Regulations 2017 (SI 2017/752) (“the PSRs”) and paragraph 2A (Authority rules) of Part 1 (Application and modification of legislation) of Schedule 3 (Application and modification of legislation) to the Electronic Money Regulations 2011 (SI 2011/99) (“the EMRs”):
 - (a) section 59 (Approval for particular arrangements);
 - (b) section 60 (Applications for approval);
 - (c) section 60A (Vetting of candidates by authorised persons);
 - (d) section 61 (Determination of applications);
 - (e) section 62A (Changes in responsibilities of senior managers);
 - (f) section 63ZA (Variation of senior manager’s approval at request of authorised person);
 - (g) section 63ZD (Statement of policy relating to conditional approval and variation);
 - (h) section 63C (Statement of policy);
 - (i) section 63E (Certification of employees by authorised persons);
 - (j) section 63F (Issuing of certificates);
 - (k) section 64A (Rules of conduct);
 - (l) section 64C (Requirement for authorised persons to notify regulator of disciplinary action);
 - (m) section 69 (Statement of policy).
 - (n) section 137A (The FCA’s general rules);
 - (o) section 137B (FCA general rules: clients’ money, right to rescind etc.);
 - (p) section 137T (General supplementary powers);
 - (q) section 139A (Power of the FCA to give guidance);
 - (r) section 226 (Compulsory jurisdiction);
 - (s) section 347 (The record of authorised persons etc.);
 - (t) section 395 (The FCA’s and PRA’s procedures); and
 - (u) paragraph 13 (FCA’s rules) of Part III (The Compulsory Jurisdiction) of Schedule 17 (The Ombudsman Scheme);
 - (2) regulation 120 (Guidance) of the PSRs;
 - (3) regulation 60 (Guidance) of the EMRs; and
 - (4) 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.
- C. The FCA consents and approves the Voluntary Jurisdiction rules and guidance made and amended, the standard terms fixed and varied and the scheme rules made and amended by the Financial Ombudsman Service Limited, as set out in paragraph D below.

Powers exercised by the Financial Ombudsman Service Limited

- D. The Financial Ombudsman Service Limited makes and amends the rules and guidance for the Voluntary Jurisdiction, and fixes and varies the standard terms for Voluntary Jurisdiction participants, as set out in Annex G to this instrument and incorporates the changes to the Glossary as proposed in the Glossary (Cryptoassets) Instrument 2026 in the exercise of the following powers and related provisions in the Act:
 - (1) section 227 (Voluntary jurisdiction); and
 - (2) paragraph 8 (Information, advice and guidance) of Schedule 17;
 - (3) paragraph 14 (The scheme operator's rules) of Schedule 17;
 - (4) paragraph 18 (Terms of reference to the scheme) of Schedule 17; and
 - (5) paragraph 20 (Voluntary Jurisdiction rules: procedure) of Schedule 17.
- E. The making and amendment of the Voluntary Jurisdiction rules and guidance, the fixing and varying of standard terms for Voluntary Jurisdiction participants and the incorporation of the changes to the Glossary as proposed in the Glossary (Cryptoassets) Instrument 2026 by the Financial Ombudsman Service Limited, as set out at paragraph D, is subject to the consent and approval of the FCA.

Commencement

- F. This instrument is one of a series of instruments which introduce or amend provisions of the Handbook relating to cryptoassets. These instruments all come into force on 25 October 2027, immediately after one another, in the following order:
 - (1) Glossary (Cryptoassets) Instrument 2026;
 - (2) Cryptoassets (Stablecoins) Instrument 2026;
 - (3) Cryptoassets (Admission of Qualifying Cryptoassets to Trading and Offers of Qualifying Cryptoassets to the Public) Instrument 2026;
 - (4) Cryptoassets (Market Abuse) Instrument 2026;
 - (5) Cryptoassets (Intermediaries) Instrument 2026;
 - (6) Cryptoassets (Trading Platforms, Transparency and Records) Instrument 2026;
 - (7) Cryptoassets (Lending, Borrowing and Staking) Instrument 2026;
 - (8) Cryptoassets (Safeguarding) Instrument 2026;
 - (9) Cryptoassets (Client Assets Consequentials) Instrument 2026;
 - (10) Cryptoassets (Conduct and Firm Standards) Instrument 2026; and
 - (11) Cryptoassets (COREPRU and CRYPTOPRU) Instrument 2026.

Amendments to the Handbook

- G. The modules of the FCA’s Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2).

(1)	(2)
Principles for Businesses (PRIN)	Annex A
Senior Management Arrangements, Systems and Controls sourcebook (SYSC)	Annex B
Training and Competence (TC)	Annex C
General Provisions (GEN)	Annex D
Conduct of Business (COBS)	Annex E
Supervision manual (SUP)	Annex F
Dispute Resolution: Complaints sourcebook (DISP)	Annex G

Notes

- H. 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

- I. This instrument may be cited as the Cryptoassets (Conduct and Firm Standards) Instrument 2026.

By order of the Board of the Financial Conduct Authority
25 June 2026

By order of the Board of the Financial Ombudsman Service Limited
26 June 2026

Annex A

Amendments to the Principles for Businesses (PRIN)

In this Annex, underlining indicates new text.

3 Rules about application

3.1 Who?

...

3.1.13 R ...

3.1.14 R (1) Principles 6 and 9 and the Consumer Duty do not apply when a firm provides the service of operating a qualifying CATP for professional clients.

(2) Principles 1, 2, 6 and 9 and the Consumer Duty do not apply to transactions concluded:

(a) between the members or participants of; and

(b) under the rules governing,

a qualifying cryptoasset trading platform.

...

3.2 What?

3.2.1A R PRIN (other than Principle 12 and PRIN 2A) applies with respect to the carrying on of:

...

(2)

(2A) activities that constitute dealing in cryptoassets as principal, disregarding the exclusion in article 9U of the Regulated Activities Order (Absence of holding out etc);

...

...

Annex B

Amendments to the Senior Management Arrangements, Systems and Controls sourcebook (SYSC)

In this Annex, underlining indicates new text and striking through indicates deleted text.

[*Editor's note:* This Annex takes into account the changes introduced by the Individual Accountability (SMCR Review) Instrument 2026, which come into force on 10 July 2026].

1 Application and purpose

...

1 Annex 1 Detailed application of SYSC

...

1 Annex 1
Part 3

Part 3	Tables summarising the application of the common platform requirements to different types of firm	
...		
3.3A	R	...
<u>3.4</u>	<u>G</u>	<u>For a qualifying cryptoasset firm that:</u>
	(1)	<u>is a common platform firm, SYSC 4 to SYSC 10 apply as set out in SYSC 1 Annex 1 3.2G; or</u>
	(2)	<u>is not a common platform firm and is not subject to MiFID, SYSC 4 to SYSC 10 apply as set out in SYSC 1 Annex 1 3.3R.</u>

...

15A Operational resilience

15A.1 Application

Application

15A.1.1 R This chapter applies to:

(1) a firm that is:

...

(e) a *Solvency II firm*;

(f) a *qualifying cryptoasset firm*;

...

...

15A.1.7 R The requirements in this chapter apply with respect to:

...

(7) any other *unregulated activities*, but only in a *prudential context*;
~~and~~

(8) *data reporting services* provided by a *consolidated tape provider*;
and

(9) activities that constitute *dealing in qualifying cryptoassets as principal* (article 9T of the *Regulated Activities Order*), disregarding the exclusion in article 9U (Absence of holding out etc).

...

23 Senior managers and certification regime: Introduction and classification

...

23 Annex 1 Definition of SMCR firm and different types of SMCR firms

1

...		
Part Eight: Financial qualification condition for being an enhanced scope SMCR firm		
The financial qualification tests		
...		
8.2	R	Table: Financial qualification conditions

(1)	(2)	(3) Comments
-----	-----	-----------------

Qualification condition	How to do the calculation and corresponding reporting requirement	
Part One: Point in time measurements		
...		
(2) ...	...	...
<p><u>(3) The total value of the firm’s stablecoin issuance backing asset pool (calculated as a three-year rolling average) for any single UK qualifying stablecoin product for which it is the qualifying stablecoin issuer is £20 billion or more</u></p>	<p><u>The total value of the firm’s stablecoin issuance backing asset pool for a UK qualifying stablecoin product for which it is the qualifying stablecoin issuer is calculated in accordance with the method that must be used to calculate the amount to be recorded in the data element specified in SUP 16.35.8R(3) (the balance of stablecoin backing assets) in the firm’s cryptoasset regulatory report.</u></p>	<p><u>SYSC 23 Annex 1 8.8R(2) and SYSC 23 Annex 1 8.11R apply to this calculation.</u></p>
<p><u>(4) Either the amount in (a) or (b) is more than £100 billion.</u></p> <p><u>(a) The amount in this sub-paragraph (a) is the highest amount of the sum of the following amounts in any single month of the previous calendar year:</u></p> <p><u>(i) the total value of the firm’s</u></p>		<p><u>(1) This row only applies to a firm that has permission for safeguarding cryptoassets. However, it does not apply if that permission is limited solely to safeguarding cryptoassets in the way described in article 9N(2)(b)(iii) (right for the return of the cryptoasset) of the Regulated Activities Order.</u></p>

<p><u>client cryptoassets;</u></p> <p><u>(ii) the total value of the firm's relevant specified investment cryptoassets being safeguarded; and</u></p> <p><u>(iii) the total value of safe custody assets held by the firm.</u></p> <p><u>(b) The amount in this sub-paragraph (b) is the sum of:</u></p> <p><u>(i) the total forecast value of the firm's client cryptoassets that it will hold during the current calendar year;</u></p> <p><u>(ii) the total forecast value of the firm's relevant specified investment cryptoassets that it will safeguard during the current calendar year;</u></p> <p><u>and</u></p> <p><u>(iii) the total forecast value of the firm's safe custody assets that it will hold</u></p>		<p><u>(2) SYSC 23 Annex 1 8A.7R (Special requirements for calculating custody assets for crypto firms) explains how to make the calculations in column (1) of this row.</u></p>
--	--	---

<u>during the current calendar year.</u>		
Part Two: Revenue measurements		
(3) (1) The average amount of the <i>firm's</i> total intermediary regulated business revenue (calculated as a three-year rolling average) is £45 million per annum or more	...	...
(4) (2) The average amount of the <i>firm's</i> annual revenue generated by regulated consumer credit lending (calculated as a three-year rolling average) is £130 million or more	...	...
...		

8.3	G	...	
		(2)	The boxes referred to in row (2) of Part One (outstanding regulated mortgages) correspond to the online version of the <i>MLAR</i> as follows:
			...
...			
	General calculation principles		
...			
8.7	R	...	

		(4)	Where row (2) of column (1) of <u>Part One</u> of the table in SYSC 23 Annex 1 8.2R refers to a <i>firm's</i> current financial figures it refers to the figures as at the calculation date for its most recent reporting period in column (2).
		...	
...			
Automatic adjustment of financial thresholds: Purpose and general rule			
8.23	R	(1)	SYSC 23 Annex 1 8.24R to SYSC 23 Annex 1 8.32G provide for the automatic adjustment of the financial figures in the table in SYSC 23 Annex 1 8.2R (Table: Financial qualification conditions) listed in this <i>rule</i> once every 5 years in line with inflation over that period.
		(2)	The financial figures to be adjusted are the ones in the following rows of column (1) of the table:
		(a)	row (1) <u>of Part One of the table</u> (assets under management);
		(b)	row (3) (1) <u>of Part Two of the table</u> (total intermediary regulated business revenue); and
		(c)	row (4) (2) <u>of Part Two of the table</u> (revenue generated by regulated consumer credit lending); ;
		(d)	<u>row (3) of Part One of the table (stablecoin issuance backing asset pool); and</u>
		(e)	<u>row (4) of Part One of the table (cryptoassets and safe custody assets pool).</u>
...			
Automatic adjustment of financial thresholds: Rounding			
8.30	R	...	
		(3)	The amounts referred to in (1) and (2) are:
		(a)	(in the case of the threshold <u>thresholds</u> referred to in SYSC 23 Annex 1 8.23R(2)(a), <u>SYSC 23 Annex 1</u>

			8.23R(2)(d) and SYSC 23 Annex 1 8.23R(2)(e) £1 billion; and
		(b)	...
...			
Part Eight A: Special requirements for calculating financial qualification conditions			
Special requirements for calculating intermediary regulated business revenue			
8A.1	R		The qualification condition in row (3) (1) of <u>Part Two</u> of the table in SYSC 23 Annex 1 8.2R may also apply to a <i>firm</i> that meets the following conditions, even though the financial reporting requirement referred to in that row does not apply to it:
		...	
...			
8A.4	R	(1)	This <i>rule</i> deals with how the qualification condition in row (3) (1) of <u>Part Two</u> of the table in SYSC 23 Annex 1 8.2R applies to a <i>firm</i> in SYSC 23 Annex 1 8A.1R.
		(2)	The calculation is made in accordance with the requirements for Section B (Profit and Loss account) of the <i>RMAR</i> and otherwise as described in column (2) of row (3) (1) of <u>Part Two</u> of the table in SYSC 23 Annex 1 8.2R.
		...	
8A.5	G	(1)	There is only one qualification condition in row (3) (1) of <u>Part Two</u> the table in SYSC 23 Annex 1 8.2R.
		...	
8A.6	G	...	
<u>Special requirements for calculating custody assets for crypto firms</u>			
<u>8A.7</u>	<u>R</u>	<u>(1)</u>	<u>This rule describes how to make the calculations in row (4) of Part One of the table in SYSC 23 Annex 1 8.2R (crypto and safe custody assets).</u>

		(2)	<u>The amount in sub-paragraph (a)(i) in column (1) is calculated as the amount to be recorded in the <i>data element</i> specified in SUP 16.35.7R(5) (the total value of all <i>qualifying cryptoassets</i> being safeguarded) in the <i>firm's</i> cryptoasset regulatory report.</u>
		(3)	<u>The amount in sub-paragraph (a)(ii) in column (1) is calculated as the amount to be recorded in the <i>data element</i> specified in SUP 16.35.7R(11) (the total value of all <i>relevant specified investment cryptoassets</i> being safeguarded) in the <i>firm's</i> cryptoasset regulatory report.</u>
		(4)	<u>The amount in sub-paragraph (a)(iii) in column (1) of row (4) is to be calculated in accordance with the method that must be used to calculate the amount to be recorded in <i>data element</i> 8D (Value of safe custody assets as at reporting period end date) in the <i>firm's</i> CMAR.</u>
		(5)	<u>The amounts in sub-paragraphs (b)(i) and (b)(ii) in column (1) of row (4) are to be calculated in the same way as the calculation in (6), but as if the <i>rules</i> in CASS referred to in (6) referred to <i>client cryptoassets</i> or, as the case may be, <i>relevant specified investment cryptoassets</i> and not <i>safe custody assets</i>.</u>
		(6)	<u>The amount in sub-paragraph (b)(iii) in column (1) of row (4) is to be calculated by applying CASS 1A.2.3R, CASS 1A.2.9R(2) and CASS 1A.2.9R(3) (CASS firm classification).</u>
		(7)	<u>The <i>rules</i> in CASS referred to in (5) and (6) apply on the basis that:</u>
		(a)	<u>references to <i>client money</i> and notification to the <i>FCA</i> do not apply; and</u>
		(b)	<u>a <i>firm</i> must make and apply the projections referred to in those <i>rules</i> whether or not it held <i>safe custody assets</i>, <i>client cryptoassets</i> or <i>relevant specified investment cryptoassets</i>, as the case may be, in the previous calendar year.</u>

		(8)	<p><u>The calculations in row (4) of Part One of the table in SYSC 23 Annex 1 8.2R must be carried out without double-counting. Therefore, if an item would otherwise be included both in <i>relevant specified investment cryptoassets</i> and in <i>safe custody assets</i> (actual or projected), it must only be included in <i>relevant specified investment cryptoassets</i>.</u></p>	
8A.8	R	(1)	<p><u>This rule contains notification requirements about meeting or ceasing to meet the qualification condition in row (4) of Part One of the table in SYSC 23 Annex 1 8.2R, referred to in this rule as ‘the crypto custody qualification condition’.</u></p>	
		(2)	<p><u>A firm must notify the FCA if it:</u></p>	
		(a)	<p><u>meets the crypto custody qualification condition after it has previously not met it; or</u></p>	
		(b)	<p><u>ceases to meet the crypto custody qualification condition after it has previously met it.</u></p>	
		(3)	<p><u>A firm must make the notification in (2) no later than 30 business days after meeting or ceasing to meet the crypto custody qualification condition, as the case may be (see SYSC 23 Annex 1 10.2AR and SYSC 23 Annex 1 11.2R(2A) for when a firm first meets or ceases to meet that condition).</u></p>	
		(4)	<p><u>A firm does not have to use the form in SUP 15 Ann 4R (Notification form) to make a notification under this rule but must include the details required by that form about the firm and the person submitting it on behalf of the firm.</u></p>	
8A.9	G	(1)	<p><u>A firm should:</u></p>	
		(a)	<p><u>make the notification that it meets the crypto custody qualification condition whether or not it is already an <i>enhanced scope SMCR firm</i>; and</u></p>	
		(b)	<p><u>make the notification that it has ceased to meet the crypto custody qualification condition whether or not it will cease to be an <i>enhanced scope SMCR firm</i>.</u></p>	

		(2)	<u>A firm need not include in its notification the calculations or figures that show it to meet or to have ceased to meet the crypto custody qualification condition but should include the date it met or ceased to meet the crypto custody qualification condition.</u>
		(3)	<u>The notification obligation applies whether this is the first time the event in question has occurred or whether it has happened before.</u>
		(4)	<u>Subject to SYSC 23 Annex 1 8A.8R(4), SUP 15.7 (Form and method of notification) applies to notifications under this rule.</u>
		(5)	<u>The crypto custody qualification condition has the same meaning as it does in SYSC 23 Annex 1 8A.8R.</u>
8A.10	G	(1)	<u>A firm should have the systems and procedures, should collect the information, should make the calculations and should apply the rules in CASS 1A referred to in SYSC 23 Annex 1 8A.7R to ensure that it is able to make the notifications required by SYSC 23 Annex 1 8A.8R within the specified time.</u>
		(2)	<u>However, (1) does not apply to a firm that can never be an enhanced scope SMCR firm or meet the crypto custody qualification condition whatever the amount (or the projected amount) of its client cryptoassets, relevant specified investment cryptoassets or safe custody assets.</u>
		(3)	<u>Therefore, a firm is not required to do the things in (1) if the firm:</u>
		(a)	<u>does not have permission for safeguarding cryptoassets;</u>
		(b)	<u>is an SMCR banking firm or an SMCR insurance firm;</u>
		(c)	<u>is exempt under Part Three of this Annex (Part Three: Definition of exempt firm); or</u>

			(d)	<u>is excluded from the enhanced regime under Part Seven of this Annex (Part Seven: Exclusion from enhanced regime).</u>
		(4)		<u>However, a <i>firm</i> is required to do the things in (1) notwithstanding that:</u>
			(a)	<u>CASS 1A (CASS firm classification and operational oversight) does not apply to the <i>firm</i>; or</u>
			(b)	<u>the <i>firm</i> does not have to submit some or all of the <i>data elements</i> or <i>data items</i> referred to in row (4) of Part One of the table in SYSC 23 Annex 1 8.2R or SYSC 23 Annex 1 8A.7R.</u>
		(5)		<u>Paragraph (4)(b) applies despite SYSC 23 Annex 1 8.4R because:</u>
			(a)	<u>the calculation can still be made without those <i>data elements</i> because of sub-paragraph (b) of the calculation in row (4) of Part One of the table in SYSC 23 Annex 1 8.2R (projected values); and</u>
			(b)	<u>even if the <i>firm</i> does not have to complete a <i>CMAR</i>, sub-paragraph (a) of the calculation in row (4) of Part One of the table in SYSC 23 Annex 1 8.2R (actual values) still applies if the <i>firm</i> has to submit a <i>cryptoasset regulatory report</i>.</u>
		(6)		<u>The <i>crypto custody qualification condition</i> has the same meaning as it does in SYSC 23 Annex 1 8A.8R.</u>
		...		
Part Ten: When a firm becomes an enhanced scope SMCR firm				
		...		
Meeting the financial thresholds in Part 8				
10.2	R	(1)		Subject to (4) <u>and SYSC 23 Annex 1 10.2AR</u> , a <i>firm</i> first meets one of the qualification conditions in Part 8 of this Annex (financial qualification conditions) on the due date

			for submission of the relevant <i>data item</i> (see (2) and (3) for the meaning of relevant <i>data item</i>).
		...	
		(3)	Where the qualification condition is the one in row (2) of <u>Part One</u> of the table in SYSC 23 Annex 1 8.2R, the relevant <i>data item</i> is the one for the reporting period for which the <i>firm</i> first meets the condition in column (1) of that row.
		(4)	In the case of a <i>firm</i> in SYSC 23 Annex 1 8A.1R, the <i>firm</i> meets the qualification condition in row (3) (1) of <u>Part Two</u> of the table in SYSC 23 Annex 1 8.2R on the reporting date for the final reporting period applicable to the averaging period for which the <i>firm</i> first meets the condition in column (1) of that row.
10.2A	R	(1)	The purpose of this <i>rule</i> is to specify the date on which a <i>firm</i> first meets the qualification condition in row (4) of <u>Part One</u> of the table in SYSC 23 Annex 1 8.2R (crypto and safe custody assets).
		(2)	<u>A <i>firm</i> first meets the qualification condition on the potential reporting date for the financial figure whose inclusion in the calculation in column (1) of row (4) of Part One of the table in SYSC 23 Annex 1 8.2R results in the <i>firm</i> first meeting the qualification condition.</u>
		(3)	The potential reporting dates for the purposes of this <i>rule</i> are as follows:
		(a)	<u>the potential reporting date for each of the financial figures in paragraph (a) of the calculation in column (1) (highest total value of the <i>firm's client cryptoassets, relevant specified investment cryptoassets</i> and <i>safe custody assets</i>) is the due date for submission of the applicable <i>data item</i> for the last reporting period in the previous calendar year;</u>
		(b)	<u>the potential reporting date for the financial figure in paragraph (b) of the calculation in column (1) (forecast crypto and safe custody assets) so far as it is based on CASS 1A.2.9R(2) as applied by SYSC</u>

				<u>23 Annex 1 8A.7R(5) and SYSC 23 Annex 1 8A.7R(6), is the 15th <i>business day</i> of January of the current calendar year;</u>
			(c)	<u>the potential reporting date for the financial figure in paragraph (b)(i) or paragraph (b)(ii) of the calculation in column (1) so far as it is based on CASS 1A.2.9R(3) as applied by SYSC 23 Annex 1 8A.7R(5) is the <i>business day</i> before the <i>firm</i> begins to hold <i>client cryptoassets</i> or, as the case may be, <i>relevant specified investment cryptoassets</i>; and</u>
			(d)	<u>the potential reporting date for the financial figure in paragraph (b)(iii) of the calculation in column (1) so far as it is based on CASS 1A.2.9R(3) as applied by SYSC 23 Annex 1 8A.7R(6) is the <i>business day</i> before the <i>firm</i> begins to hold <i>safe custody assets</i>.</u>
<u>10.2B</u>	<u>G</u>	(1)		<u>This paragraph, SYSC 23 Annex 1 10.2BG, gives 2 examples to illustrate how SYSC 23 Annex 1 10.2AR works.</u>
		(2)		<u>In SYSC 23 Annex 1 10.2BG:</u>
			(a)	<u>year 2 means the current calendar year;</u>
			(b)	<u>year 1 means the previous calendar year as referred to in column (1) of row (4) of Part One of the table in SYSC 23 Annex 1 8.2R; and</u>
			(c)	<u>the crypto custody qualification condition has the same meaning as it does in SYSC 23 Annex 1 8A.8R.</u>
		(3)		<u>In the first example, the figure calculated by adding together the total value of the <i>firm's client cryptoassets</i>, <i>relevant specified investment cryptoassets</i> and <i>safe custody assets</i> during any single <i>month</i> during year 1 ranged from £70bn to £110bn. The highest corresponding amount for the previous year was £80bn.</u>
		(4)		<u>In the first example, the 15th <i>business day</i> of January in year 2 is the potential reporting date for the financial figures in sub-paragraph (a) of the calculation in column</u>

			<u>(1) of row (4) of Part One of the table in SYSC 23 Annex 1 8.2R. This is the date the <i>firm</i> first meets the crypto custody qualification condition.</u>
		(5)	<u>In the second example, the <i>firm</i> held no <i>client cryptoassets</i>, <i>relevant specified investment cryptoassets</i> or <i>safe custody assets</i> in year 1. The 15th <i>business day</i> of January in year 2 is the reporting date for the financial figures in sub-paragraph (a) of the calculation in column (1) of row (4) of Part One of the table in SYSC 23 Annex 1 8.2R. That financial figure is zero. The <i>firm</i> does not at this stage meet the crypto custody qualification condition.</u>
		(6)	<u>On the 15th <i>business day</i> of January in year 2, the <i>firm</i> in the second example projects that the largest amount of <i>client cryptoassets</i> it will hold in year 2 is £70bn but that it will hold no <i>safe custody assets</i> or <i>relevant specified investment cryptoassets</i> in year 2.</u>
		(7)	<u>The 15th <i>business day</i> of January in year 2 is the potential reporting date for the financial figure in sub-paragraph (b)(i) of the calculation in column (1) of row (4) of Part One of the table in SYSC 23 Annex 1 8.2R. The <i>firm</i> does not at this stage meet the crypto custody qualification condition. It makes no difference if later in year 2 the <i>firm</i> increases its projection for <i>client cryptoassets</i>.</u>
		(8)	<u>Later on in year 2, the <i>firm</i> in the second example decides that it will after all hold <i>relevant specified investment cryptoassets</i> in year 2. As at the <i>business day</i> before the <i>firm</i> begins to hold <i>relevant specified investment cryptoassets</i>, the <i>firm</i> projects that the largest amount of <i>safe custody assets</i> it will hold in year 2 is £10bn.</u>
		(9)	<u>The <i>business day</i> before the <i>firm</i> begins to hold <i>relevant specified investment cryptoassets</i> is the potential reporting date for the financial figure in sub-paragraph (b)(ii) of the calculation in column (1) of row (4) of Part One of the table in SYSC 23 Annex 1 8.2R. The <i>firm</i> does not at this stage meet the crypto custody qualification condition. It makes no difference if later in year 2 the <i>firm</i> increases its projection for <i>relevant specified investment cryptoassets</i>.</u>

		(10)	<u>Later still in year 2, the firm in the second example decides that it will after all hold safe custody assets in year 2. As at the business day before the firm begins to hold safe custody assets, the firm projects that the largest amount of safe custody assets it will hold in year 2 is £40bn.</u>
		(11)	<u>The business day before the firm begins to hold safe custody assets is the potential reporting date for the financial figure in sub-paragraph (b)(iii) of the calculation in column (1) of row (4) of Part One of the table in SYSC 23 Annex 1 8.2R. That is also the date that the firm meets the crypto custody qualification condition in the second example. It makes no difference if later in year 2 the firm decreases its projection for safe custody assets.</u>
		...	
Part Eleven: When a firm stops being an enhanced scope SMCR firm			
		...	
Ceasing to meet the financial thresholds in Part 8			
11.2	R		A firm ceases to meet one of the qualification conditions in Part 8 of this Annex (financial qualification conditions) on whichever of the following is applicable:
		...	
		(2)	(where the qualification condition is the one in row (2) of Part One of the table in SYSC 23 Annex 1 8.2R) the due date for submission of the data item for the reporting period for which the firm first ceases to meet the condition in column (1) of that row; or
		(2A)	<u>(where the qualification condition is the one in row (4) of Part One of the table in SYSC 23 Annex 1 8.2R) the potential reporting date (as defined in SYSC 23 Annex 1 10.2AR) for the financial figure whose inclusion in the calculation in column (1) of row (4) of Part One of the table in SYSC 23 Annex 1 8.2R results in the firm first ceasing to meet that qualification condition; or</u>

		...	
...			

...

27 **Senior managers and certification regime: Certification regime**

...

27.8 **Definitions of the FCA certification functions**

...

Client-dealing function

...

27.8.19 R Table: Activities covered by the client-dealing FCA certification function

Activity	Comments
...	
(5) Acting as a ‘bidder’s representative’ in relation to <i>bidding in emissions auctions</i>
<p>Note:</p> <p>(1) The reference in row (3) of this table to <i>dealing</i> includes <i>issuing qualifying stablecoin</i>.</p> <p>(2) The reference in row (3) of this table to <i>arranging (bringing about) deals in investments</i> includes:</p> <p>(a) <i>arranging deals in qualifying cryptoassets</i> within article 9Y of the <i>Regulated Activities Order</i>;</p> <p>(b) <i>issuing a qualifying stablecoin in the United Kingdom</i> where that activity would fall into (a) but for article 9Z5(2)(a) of the <i>Regulated Activities Order</i>;</p> <p>(c) <i>operating a qualifying CATP</i> where that activity would fall into (a) but for article 9Z(5)(2)(b) of the <i>Regulated Activities Order</i>; and</p> <p>(d) <i>arranging qualifying cryptoasset staking</i>.</p>	

...

TP 14 Miscellaneous transitional provisions relating to the Senior Managers and Certification Regime

Insert the following new transitional provision, TP 14.2, after TP 14.1 Part 1. All the text is new and is not underlined.

TP 14.2 Part 2

- TP 14.2.1 G *SYSC* TP 14.2 deals with how the calculations in row (4) of Part One of the table in *SYSC* 23 Annex 1 8.2R (crypto and safe custody assets) should be made in the initial period after the coming into force of the Cryptoassets: Conduct and Firm Standards Instrument 2026.
- TP 14.2.2 R The requirement in *SYSC* 23 Annex 1 (as introduced by the instrument referred to in *SYSC* TP 14.2.1G) that a *relevant specified investment cryptoasset* must not be treated as a *safe custody asset* for the purpose of the calculations in row (4) of Part One of the table in *SYSC* 23 Annex 1 8.2R applies for the purpose of those calculations to periods before that requirement came into force.
- TP 14.2.3 G The effect of *SYSC* TP 14.2 is that initially:
- (1) the calculation of the amount of a *firm's relevant specified investment cryptoassets* for the purpose of deciding whether it meets the conditions for being an *enhanced scope SMCR firm* under row (4) of Part One of the table in *SYSC* 23 Annex 1 8.2R is based on projections for *relevant specified investment cryptoassets* held for the current year; and
 - (2) *relevant specified investment cryptoassets* should not be treated as *safe custody assets* under the calculation under sub-paragraph (a) in row (4) of Part One of the table in *SYSC* 23 Annex 1 8.2R.

Annex C

Amendments to the Training and Competence Sourcebook (TC)

In this Annex, underlining indicates new text.

App 1 TC Appendix 1

App 1.1 Activities and Products/Sectors to which TC applies subject to TC Appendices 2 and 3

App 1.1.1 R

Activity	Products/Sectors	Is there an appropriate qualification requirement?	
<i>Designated investment business carried on for a retail client</i>			
...			
...	19.	...	
<u>Qualifying cryptoasset activities</u>	<u>19A.</u>	<u><i>Dealing in qualifying cryptoassets as principal</i></u>	<u>No</u>
	<u>19B.</u>	<u><i>Dealing in qualifying cryptoassets as agent</i></u>	<u>No</u>
	<u>19C.</u>	<u><i>Arranging qualifying cryptoasset staking</i></u>	<u>No</u>
	<u>19D.</u>	<u><i>Safeguarding cryptoassets</i></u>	<u>No</u>
	<u>19E.</u>	<u><i>Arranging cryptoasset safeguarding</i></u>	<u>No</u>
...			

...

Annex D

Amendments to the General Provisions (GEN)

In this Annex, underlining indicates new text.

2 Interpreting the Handbook

...

2.2 Interpreting the Handbook

...

Registered persons

2.2.20A G (3) ...

(4) The exemption in article 73ZA of the *Financial Promotion Order* will only be available to a *registered person* within scope of article 53 of the *Cryptoasset Regulations*.

...

Annex E

Amendments to the Conduct of Business sourcebook (COBS)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless stated otherwise.

1 Application

...

1 Annex Application (see COBS 1.1.2R)

1

Part 1: What?

Modifications to the general application of COBS according to activities

1.	Eligible counterparty business	
...		
		[Note: paragraphs 1 and 2 of article 30(1) of <i>MiFID</i>]
<u>1A.</u>	<u>CATPs</u>	
<u>1A.1</u>	<u>R</u>	<u>This sourcebook applies to a <i>firm</i> when operating a <i>qualifying CATP</i> only when it is operating a <i>UK QCATP</i>.</u>
<u>1A.2</u>	<u>R</u>	<u>This sourcebook applies to a <i>third country firm</i> when operating a <i>UK QCATP</i> only when it is providing this service:</u>
	(1)	<u>from an establishment maintained by it in the <i>United Kingdom</i>; and</u>
	(2)	<u>to a <i>client</i> established or habitually resident in the <i>United Kingdom</i>.</u>
<u>1B.</u>	<u>CATPs and professional clients</u>	
<u>1B.1</u>	<u>R</u>	<u>The <i>COBS</i> provisions shown below do not apply between a <i>UK QCATP operator</i> and its <i>professional clients</i> in relation to the operation of a <i>UK QCATP</i>.</u>
		<u>COBS provision</u> <u>Description</u>
		<u><i>COBS 2</i> (other than <i>COBS 2.4</i>)</u> <u>Conduct of business obligations</u>

		<u>COBS 4</u>	<u>Communicating with clients including financial promotions</u>
		<u>COBS 6.1</u>	<u>Information about the firm, its services and remuneration</u>
		<u>COBS 8</u>	<u>Client agreements</u>
		<u>COBS 10</u>	<u>Appropriateness</u>
		<u>COBS 11</u>	<u>Dealing and managing</u>
		<u>COBS 16.1 to COBS 16.3</u>	<u>Reporting information to clients</u>
...			
3A.	Operators of OTFs		
3A.1	G	...	
<u>3B.</u>	<u>Transactions concluded on a CATP</u>		
<u>3B.1</u>	<u>R</u>	<u>The COBS provisions in COBS 1 Annex 1 1B.1R do not apply to transactions concluded under the rules governing a QCATP between users of the QCATP. However, the user must comply with those provisions where relevant in respect of its clients if, acting on its clients' behalf, it is executing their orders on a QCATP.</u>	
...			

Part 2: Where?

Modifications to the general application according to location

...			
3.	Public offer platforms		
3.1	R	...	
<u>4.</u>	<u>Overseas cryptoasset business</u>		
<u>4.1</u>	<u>R</u>	<u>This sourcebook applies to a firm which carries out qualifying cryptoasset activities with a client in the United Kingdom from an establishment overseas.</u>	

4.2	R	<u>This sourcebook does not apply to a <i>firm</i> carrying on <i>qualifying cryptoasset activities</i> for or on behalf of a <i>client</i>, wherever located, where that <i>client</i> is a <i>professional client</i> or <i>eligible counterparty</i> and where those activities are carried on from an <i>establishment overseas</i>.</u>
-----	---	--

...

1 Annex 2 Application to TP firms and Gibraltar-based firms (see COBS 1.1.1CR)

...

Part 2: Gibraltar-based firms

...			
2.	Application of COBS		
2.1	R	In addition to those <i>rules</i> applying by virtue of <i>GEN 2.3.1R</i> , a <i>Gibraltar-based firm</i> must also comply with:	
		...	
		(2)	...
		(3)	<u>(in relation to <i>qualifying cryptoasset activities</i>), those <i>rules</i>, as in force from time to time, as apply to a <i>firm</i> carrying on a <i>qualifying cryptoasset activity</i>.</u>

2 Conduct of business obligations

...

2.2 Information disclosure before providing services (other than MiFID and insurance distribution)

...

Information disclosure before providing services

...

2.2.2 G (1) A *firm* to which the rule on providing appropriate information (*COBS 2.2.1R*) applies should also consider the *rules* on disclosing information about a *firm*, its services, costs and associated charges and *designated investments* in *COBS 6.1* and *COBS 14*.

- (2) In addition, firms undertaking a qualifying cryptoasset activity:
- (a) should be aware of the disclosure requirements in CRYPTO which may apply when offering and providing services to clients and which may be separate and complementary to the requirements in COBS; and
 - (b) have flexibility in how their systems and operations discharge the requirements in COBS and CRYPTO.

...

3 Client categorisation

...

3.6 Eligible counterparties

...

Per se eligible counterparties

- 3.6.2 R Each of the following is a *per se eligible counterparty* (including an entity that is not from the UK that is equivalent to any of the following) unless and to the extent it is given a different categorisation under this chapter:

...

- (9) a central bank; ~~and~~
- (10) a supranational organisation; and
- (11) a qualifying cryptoasset firm.

...

...

4 Communicating with clients, including financial promotions

4.1 Application

...

Who? What? Application to registered persons promoting qualifying cryptoassets

- 4.1.7C R ...

- 4.1.7CA G The exemption in article 73ZA of the Financial Promotion Order will only be available to a registered person within scope of article 53 of the Cryptoasset Regulations.

...

Where? General position

- 4.1.8 R (1) In relation to communications by a *firm* to a *client* in relation to its *designated investment business* this chapter applies in accordance with the *general application rule* and the *rule* on business with *UK clients* from an overseas establishment (*COBS* 1 Annex 1 Part 2 ~~paragraph~~ paragraphs 2.1R or 4.1R, as applicable).

...

...

4.6 Past, simulated past and future performance (non-MiFID provisions)

Application

- 4.6.1 R ...

- 4.6.1A G *Firms* should be aware of the disclosure requirements in *CRYPTO* which may apply when offering and providing services to *clients*. *CRYPTO* places requirements on *firms* which may be separate and complementary to the requirements in *COBS*. *Firms* should refer to the *guidance* in *COBS* 2.2.2G(2) when complying with the requirements in *COBS* and *CRYPTO*.

...

4.7 Direct offer financial promotions

...

Other direct offer financial promotions

- 4.7.1 R (1) Subject to (3), a *firm* must ensure that a *direct offer financial promotion* that is addressed to, or disseminated in such a way that it is likely to be received by, a *retail client* contains:
- (a) the information referred to in the rules on information disclosure (*COBS* 6.1.4R, *COBS* 6.1.6R, *COBS* 6.1.7R, *COBS* 6.1.7BR, *COBS* 6.1.9R, *COBS* 14.3.2R, *COBS* 14.3.3R, *COBS* 14.3.4R and *COBS* 14.3.5R) as is relevant to that offer or invitation; and

...

...

Guidance

...

4.7.2A G ...

4.7.2B G Firms should be aware of the disclosure requirements in CRYPTO which may apply when offering and providing services to clients. CRYPTO places requirements on firms which may be separate and complementary to the requirements in COBS. Firms should refer to the guidance in COBS 2.2.2G(2) when complying with the requirements in COBS and CRYPTO.

...

4.9 Financial promotions with an overseas element

Application

4.9.1 R ...

4.9.1A R In this section, a reference to an overseas person includes a person who undertakes a qualifying cryptoasset activity but does not carry on any such activity, or offer to do so, from a permanent place of business maintained by them in the United Kingdom.

...

4.12A Promotion of restricted mass market investments

...

Risk warning

...

4.12A.11 R (1) For the purposes of COBS 4.12A.10R, the financial promotion must contain:

...

(d) the following risk warning if the financial promotion relates to:

(i) one or more qualifying cryptoassets other than a qualifying stablecoin; or

(ii) ~~UK RIE cryptoasset exchange traded notes~~ a UK RIE cryptoasset exchange traded note:

...

(e) the following risk warning if the financial promotion relates to one or more qualifying stablecoins:

This stablecoin is not issued by a person with permission in the UK for issuing stablecoins. Don't invest unless you're prepared to lose all the money you invest. This is a high-risk investment and you should not expect to be protected if something goes wrong.

...

...

4 Annex 1R Risk summaries

...

...	
8	Risk summary for <i>qualifying cryptoassets</i>
	<p>...</p> <p>What are the key risks?</p> <p>...</p> <p>2. You should not expect to be protected if something goes wrong</p> <ul style="list-style-type: none"> • The Financial Services Compensation Scheme (FSCS) doesn't protect this type of investment because it's not a 'specified investment' under the UK regulatory regime — in other words, this type of investment isn't recognised as the sort of investment that the FSCS can protect. Learn more by using the FSCS investment protection checker here. [https://www.fscs.org.uk/check/investment-protection-checker/] <p>...</p>
...	

...

4 Annex 5R Restricted investor statement

This Annex belongs to *COBS 4.12A.22R*.

RESTRICTED INVESTOR STATEMENT

...
For the purposes of this statement high-risk investments are: peer-to-peer (P2P) loans; investment based crowdfunding; units in a long-term asset fund; cryptoassets (such as bitcoin <u>but excluding UK qualifying stablecoin</u>); cryptoasset exchange traded notes; and unlisted debt and equity (such as in companies not listed on an exchange like the London Stock Exchange).
...

5 Distance communications

5.1 The distance marketing disclosure rules

Application

- 5.1.-1 R ...
- (2) ...
- (3) COBS 5 does not apply to *qualifying cryptoasset activities*.

...

6 Information about the firm, its services and remuneration

6.1 Information about the firm and compensation information (non-MiFID and non-insurance distribution provisions)

Application

- 6.1.1 R ...
- 6.1.1A R In this section, in relation to *issuing a qualifying stablecoin*, a reference to a *client* does not include a *holder* of a *qualifying stablecoin* until that *holder* is identifiable to the *firm*.

...

- 6.1.3 G ...
- 6.1.3A G (1) *Firms undertaking a qualifying cryptoasset activity* should be aware of the requirements in *CRYPTO* which may apply when offering and providing services to *clients*. *CRYPTO* places requirements on *firms* that are separate and complementary to the requirements in *COBS*.
- (2) *Firms* have flexibility in how their systems and operations discharge the requirements in *COBS 6* and *CRYPTO*.

...

Information concerning safeguarding of designated investments belonging to clients and client money

...

6.1.7A G ...

Information concerning safeguarding of cryptoassets

- 6.1.7B R (1) This rule applies to a firm that safeguards cryptoassets for a client which are client cryptoassets.
- (2) All of the information that is required to be provided under this rule must be given in plain language. To the extent that that information needs to include any legal or technical terms, these must be explained and should not assume any prior knowledge or particular expertise of the client.
- (3) The firm must provide the client with the following information which relates to the firm's approach to compliance with CASS 17.3 (Cryptoasset safeguarding trusts) in relation to any trust within which the client's client cryptoassets will, or may be, safeguarded by the firm:
- (a) an explanation of the protections which the client will have, and any potential risks that may affect them, as a result of the firm's approach to setting up the trust in accordance with CASS 17.3.17R, including:
- (i) whether or not that trust will, or may, include client cryptoassets belonging to other clients, and any associated risks of that which may affect the client;
- (ii) a description of how, in the event of the firm's failure, the existence of a shortfall in the trust would affect the client, taking account of any provision for the allocation of shortfalls between beneficiaries in that trust that has been set out in the trust terms; and
- (iii) an explanation of whether the client's client cryptoassets within that trust would be applied towards funding the distribution costs of the trust on the failure of the firm and, if so, the basis on which those costs would be deducted from the client's entitlement; and
- (b) an explanation of whether, in the course of the firm's dealings with the client, the firm will or might not safeguard cryptoassets in trust for the client as a result of any of the exceptions at CASS 17.3.4R to CASS 17.3.6R and, if so, any

potential risks resulting from that which could impact the *client*, including on the *failure* of the *firm* (such explanation must also be given to the *client* in the course of seeking any informed consent that is required under CASS 17.3.5R(4) or CASS 17.3.6R(1)(c)).

(4) The *firm* must provide the *client* with the following information which relates to the *firm*'s policies and procedures relating to *means of access* under CASS 17.4 (Means of access) in relation to any *means of access* which relate, or may relate, to the *cryptoassets* in respect of which the *firm* is carrying on *safeguarding cryptoassets*:

- (a) an explanation of the *firm*'s security and organisational arrangements in relation to the *means of access*;
- (b) whether or not the *firm* relies on third parties to hold part of the *means of access*; and
- (c) any responsibilities which the *client* themselves has in relation to those security and organisational arrangements.

(5) The *firm* must provide the *client* with the following information which relates to the *firm*'s use of third parties appointed under CASS 17.6 where the *client*'s *client cryptoassets* will be, or may be, held by such a third party. This information must be given in relation to each arrangement that the *firm* has with such a third party that involves, or may involve, the *client*'s *client cryptoassets*:

- (a) the fact that a third party will be, or may be, appointed to carry on the activity of *safeguarding cryptoassets* in relation to the *client*'s *client cryptoassets*, the name of the third party and the country in which it is headquartered;
- (b) whether or not that third party's appointment by the *firm* is limited to the services described at CASS 17.3.12R;
- (c) whether a further *person* will be, or may be, appointed by the third party with the *firm*'s consent to carry on the activity of *safeguarding cryptoassets* in relation to the *client*'s *client cryptoassets* and, if so, that *person*'s name and the country in which they are headquartered;
- (d) the responsibility of the *firm*, taking into account its agreement with the *client* and applicable law, for any acts or omissions of the third party (or of any *person* appointed by that third party with the *firm*'s consent) that may affect the *client*; and
- (e) the consequences for the *client* of the insolvency of the third party, taking into account:

- (i) applicable law applying to the third party; and
 - (ii) the technical arrangements which the third party may be authorised by the *firm* to use (for example, where the *client's cryptoassets* may be controlled by that third party in the same virtual address or device as *cryptoassets* in respect of which it is carrying on *safeguarding cryptoassets* relating to other *clients* of the *firm*).
- (6) The *firm* must provide the *client* with information as to whether, and on what basis, the *client* may terminate the *firm's* services of *safeguarding cryptoassets* or give instructions to request the return or transfer of *cryptoassets* in relation to which such services are being provided.
- 6.1.7C R (1) This rule applies where a *firm* safeguards *cryptoassets* for a *client* but does not treat them as *client cryptoassets* in reliance upon *CASS 17.3.12R*.
- (2) The following provisions in *COBS 6.1.7BR* apply to *firm* to which this rule applies:
 - (a) *COBS 6.1.7BR(2)*;
 - (b) *COBS 6.1.7BR(4)*; and
 - (c) *COBS 6.1.7BR(6)*.
- 6.1.7D G (1) *Firms* may consider it helpful to include a glossary of technical terms alongside any information given to *clients* under *COBS 6.1.7BR* or *COBS 6.1.7CR*.
- (2) Particular concepts that may need to be explained to meet *COBS 6.1.7BR(2)* (and therefore *COBS 6.1.7CR(2)(a)*) are likely to include 'blockchains', 'wallets' and 'private cryptographic keys'.

...

8 Client agreements (non-MiFID provisions)

8.1 Client agreements: non-MiFID designated investment business

Application

- 8.1.1 R (1)
- ...
- (3A) ...

(4) In this chapter, in relation to *issuing a qualifying stablecoin*, a reference to a *client* does not include a *holder* of a *qualifying stablecoin* until that *holder* is identifiable to the *firm*.

8.1.1A G (1) Firms undertaking a *qualifying cryptoasset activity* should be aware of the requirements in *CRYPTO* which may apply when offering and providing services to *clients*. *CRYPTO* places requirements on *firms* that are separate and complementary to the requirements in *COBS*.

(2) Firms have flexibility in how their systems and operations discharge the requirements in *COBS 8* and *CRYPTO*.

...

10 Appropriateness (for non-advised services) (non-MiFID and non-insurance-based investment products provisions)

10.1 Application

...

10.1.2 R ...

(4) ...

(5) This chapter also applies to a *firm* offering *qualifying cryptoasset lending or borrowing services* to a *retail client*.

...

10.2 Assessing appropriateness: the obligations

...

Restricted mass market investments

10.2.9 G (1) When determining whether a *client* has the necessary knowledge to understand the risks involved in relation to a *restricted mass market investment*, a *firm* should consider asking the *client* questions that cover, at least, the matters in:

...

(m) *COBS 10 Annex 3G* in relation to *units* in a *long-term asset fund*; or

(n) ~~*COBS 10 Annex 4G* in relation to *qualifying cryptoassets*; or~~
[deleted]

(o) ...

- 10.2.10 R In addition to the rule in COBS 10.2.1R, when determining whether a retail client has the necessary knowledge to understand the risks involved in relation to a restricted mass market investment, a firm must ask the client questions that cover at least the matters in COBS 10 Annex 4 in relation to qualifying cryptoassets.

Insert the following new section, COBS 10.2A, after COBS 10.2 (Assessing appropriateness: the obligations). All the text is new and is not underlined.

10.2A Assessing appropriateness: qualifying cryptoasset lending and borrowing

- 10.2A.1 R (1) A firm must not provide *qualifying cryptoasset lending or borrowing* services to a *retail client* unless it has assessed that the *client* has the necessary experience or knowledge to understand the risks involved in *qualifying cryptoasset lending or borrowing*.
- (2) The *rule* in (1) does not need to be satisfied if the *qualifying cryptoasset lending or borrowing* service has previously been assessed as appropriate for the *retail client* by the same *person* as would otherwise need to undertake the assessment.
- 10.2A.2 G When determining whether a *client* has the necessary knowledge to understand the risks involved in relation to a *qualifying cryptoasset lending or borrowing* service, a *firm* should consider asking the *client* questions that cover at least the matters in COBS 10 Annex 6.
- 10.2A.3 R In addition to the *rules* and the *guidance* in this section, the following sections of COBS 10 apply to assessing a *retail client* for *qualifying cryptoasset lending and borrowing*:
- (1) COBS 10.2 (Assessing appropriateness: the obligations);
- (2) COBS 10.3 (Warning the client);
- (3) COBS 10.5 (Assessing appropriateness: guidance); and
- (4) COBS 10.7 (Record keeping and retention periods for appropriateness records).
- 10.2A.4 G (1) *Firms* that undertake *qualifying cryptoasset lending or borrowing* services for a *retail client* may choose to assess appropriateness for *qualifying cryptoasset lending and borrowing* services as part of the appropriateness assessment required under COBS 4.12A.28R. *Firms* may also assess appropriateness for *qualifying cryptoasset lending or borrowing* separately and at a later stage.
- (2) An appropriateness assessment is only required on the first occasion that a *firm* provides a *qualifying cryptoasset lending or borrowing* service to a particular *retail client*.

- (3) A *firm* should consider whether it is in the *retail client's* best interest for a further assessment to be undertaken even where this is not required – for example, due to lapse of time.
- (4) An assessment solely in respect of a *qualifying cryptoasset lending* service will not discharge the requirement on the *firm* to assess appropriateness for a particular *retail client* should the *firm* subsequently seek to provide a *qualifying cryptoasset borrowing* service and vice versa.
- 10.2A.5 G Where a *firm* chooses to satisfy the requirement in *COBS 4.12A.28R* (appropriateness) and *COBS 10.2A.1R* at the same time, it may combine the matters in *COBS 10 Annex 6* with the matters required in *COBS 10 Annex 4* in order to undertake a single assessment of the *client's* knowledge and experience.
- 10.2A.6 R (1) This *rule* applies if:
- (a) a *qualifying cryptoasset lending or borrowing* service is assessed as not being appropriate for a particular *retail client*; and
- (b) the assessment of appropriateness is based on a series of questions which the *retail client* is required to answer.
- (2) The *retail client* must not be informed of the particular answers which led to a *qualifying cryptoasset lending or borrowing* service being assessed as not appropriate for them.
- (3) Any further assessment of the appropriateness of a *qualifying cryptoasset lending or borrowing* service for that *retail client* must not be based on the same questions that were used for the purpose of a previous assessment of the appropriateness of a *qualifying cryptoasset lending or borrowing* service for that *retail client*.
- 10.2A.7 R (1) This *rule* applies where a first and second assessment have both determined that a *qualifying cryptoasset lending or borrowing* service is not appropriate for a particular *retail client*.
- (2) Following the second, and each and every subsequent, determination that a *qualifying cryptoasset lending or borrowing* service is not appropriate for a *retail client*, any further assessment of the appropriateness of a *qualifying cryptoasset lending or borrowing* service for that *retail client* must not be undertaken for at least 24 hours.
- 10.2A.8 G When gathering information regarding a *retail client's* knowledge and experience for the purpose of assessing whether a *qualifying cryptoasset*

lending or borrowing service is appropriate for that *retail client*, the *firm* or *person* undertaking the assessment should:

- (1) avoid asking the *retail client* questions that invite binary (yes/no) answers;
- (2) if asking multiple-choice questions, use questions which offer at least 3 plausible answers (excluding the option to answer ‘do not know’, or similar); and
- (3) ensure that questions address matters that are relevant to a *qualifying cryptoasset lending or borrowing* service in which the *retail client* has expressed interest (see *COBS 10.2.2R*).

- 10.2A.9 G (1) A *retail client* should only be informed of the outcome of an appropriateness assessment once they have provided all of the information required for the assessment to be undertaken.
- (2) *COBS 10.2A.6R* does not prevent a *retail client* from being informed of the broad reasons why a *qualifying cryptoasset lending or borrowing* service was assessed not to be appropriate for them or of the nature of the deficiencies identified in their knowledge or experience. That *rule* is intended to prevent a *retail client* from being informed only of the questions within an assessment which led to a *qualifying cryptoasset lending or borrowing* service being assessed not to be appropriate such that the *client* is able simply to change their answer in any subsequent assessment without improving their own understanding.
- (3) For the purposes of *COBS 10.2A.6R(3)*, any questions used to undertake a further assessment of appropriateness should be sufficiently different such that the *retail client* could not simply infer the answers that would lead to an assessment of appropriateness from the outcome of their responses to a previous set of questions.
- (4) A *firm* should consider whether the particular features of a *qualifying cryptoasset lending or borrowing* service mean that an interval of greater than 24 hours should be applied following a second assessment (and any subsequent assessment) that that *qualifying cryptoasset lending and borrowing* service is not appropriate for a *retail client* (*COBS 10.2A.6R(2)*).
- (5) A *retail client* may be informed of the option to re-apply to use a *qualifying cryptoasset or borrowing* service following a determination that it is not appropriate for them. However, the *retail client* should not be encouraged to do so.

Amend the following as shown.

10 Annex 4 Assessing appropriateness: qualifying cryptoassets

10 Annex 4 ~~G~~ This Annex belongs to ~~COBS 10.2.9G(1)(n)~~ COBS 10.2.10R.

When determining whether a *retail client* has the necessary knowledge to understand the risks involved in relation to a *qualifying cryptoasset*, a *firm* ~~should consider asking~~ must ask the *client* questions that cover, at least, the matters in (1) to (12).

Firms may need to ask additional or alternative questions to ensure that the *retail client* has the necessary knowledge to understand the risks involved in relation to the specific type of *qualifying cryptoasset* offered.

...

Insert the following new Annex, COBS 10 Annex 6, after COBS 10 Annex 5 (Assessing appropriateness: UK RIE cryptoasset exchange traded notes). All the text is new and is not underlined.

10 Annex 6 Assessing appropriateness: qualifying cryptoasset lending or borrowing

10 Annex 6.1 G This annex belongs to *COBS 10.2A.1R*.

10 Annex 6.2 G When determining whether a *retail client* has the necessary knowledge to understand the risks involved in relation to *qualifying cryptoasset lending or borrowing* services, a *firm* should consider asking the *client* questions that cover at least the matters in *COBS 10 Annex 6.4G(1) to (7)* as applicable.

10 Annex 6.3 G *Firms* may need to ask additional or alternative questions to ensure that the *retail client* has the necessary knowledge to understand the risks involved in relation to *qualifying cryptoasset lending or borrowing* services.

10 Annex 6.4 G The matters referred to in *COBS 10 Annex 6.2G* are:

- (1) the role of the business offering or marketing the *qualifying cryptoasset* (the business) and the scope of its services in relation to *qualifying cryptoasset lending or borrowing*, including what the business does and does not do on behalf of *clients*, such as what due diligence is and is not undertaken by the business on any underlying investments;
- (2) that the *client* can lose all of the money that they invest in a *qualifying cryptoasset*;

- (3) the risk of losing *qualifying cryptoassets* or money due to failure of a *firm* offering *qualifying cryptoasset lending or borrowing* services;
- (4) the risk that *qualifying cryptoasset lending or borrowing* services can involve a *firm* transferring control of assets to a third party, which may fail to return them, particularly in the absence of robust legal protections;
- (5) that the *firm* may reuse or reinvest *qualifying cryptoassets* used in *qualifying cryptoasset lending* to generate yield, which may increase risks of losses for *clients* lending *qualifying cryptoassets*;
- (6) that *qualifying cryptoassets* committed to *qualifying cryptoasset lending or borrowing* may be locked into contracts for a fixed term, during which they cannot be sold, transferred or withdrawn by the *client*; and
- (7) where a *firm* offers *qualifying cryptoasset borrowing*, the possibility of a margin call, the possibility of liquidation of the *client's qualifying cryptoassets borrowing collateral* as a result of market volatility, and the potential for losses resulting from liquidation of the *client's qualifying cryptoasset borrowing collateral*.

Amend the following as shown.

11 Dealing and managing

11.1 Application

11.1.1 R This chapter applies to a *firm* except in relation to activities within the scope of CRYPTO 5 (Execution and orders).

...

Application of section on personal account dealing

11.1.4 R ...

11.1.4A R COBS 11.7 does not apply to designated investment business in relation to qualifying cryptoasset activities.

...

15 Cancellation

...

15 Annex Exemptions from the right to cancel

1

...			
		Exemptions for distance contracts (all products and services)	
1.10	R	There is no right to cancel a <i>distance contract</i> :	
		...	
		(3)	to <i>deal as agent, advise or arrange</i> if the <i>distance contract</i> is concluded merely as a stage in the provision of another service by the <i>firm</i> or another <i>person</i> ; <u>or</u>
		(4)	<u>for a <i>qualifying cryptoasset activity</i>.</u>
		...	
...			

16 Reporting information to clients (non-MiFID provisions)

16.1 Application

...

- 16.1.2 R (1) *COBS 16.2 to COBS 16.4 apply in relation to designated investment business other than MiFID, equivalent third country or optional exemption business.*
- (2) *COBS 16.2 to COBS 16.3 do not apply to orders, transactions and records within scope of the reporting requirements in CRYPTO 8, CRYPTO 9 or CRYPTO 10.*
- (3) *COBS 16.4.1R to COBS 16.4.6G do not apply to a firm in relation to designated investments which are qualifying cryptoassets or relevant specified investment cryptoassets.*

...

16.4 Statements of client designated investments or client money

...

16.4.6 G ...

Statements of client cryptoassets

- 16.4.7 R (1) This rule applies to a firm that safeguards cryptoassets for a client which are client cryptoassets.
- (2) A firm must provide a client with access to an online system, which qualifies as a durable medium, where the client can easily access up-to-date statements of their client cryptoassets.
- (3) Those up-to-date statements referred to in (2) must set out the quantity of each type of client cryptoasset which the firm is safeguarding for the client.
- (4) The up-to-date statements referred to in (2) must also make clear any situation where CASS 17.5.6R(3)(c)(vi) has resulted in a deduction to the per-trust/client/class cryptoasset requirement, explaining what happened.

...

Annex E

Amendments to the Supervision manual (SUP)

In this Annex, underlining indicates new text and striking through indicates deleted text.

3 Auditors

3.1 Application

...

3.1.2 R Applicable sections (see SUP 3.1.1R)

...

(1) Category of firm		(2) Sections applicable to the firm	(3) Sections applicable to its auditor
...			
(12)	...	...	...
(13)	<u>Qualifying stablecoin issuer</u>	<u>SUP 3.1 - SUP 3.7, SUP 3.11</u>	<u>SUP 3.1, SUP 3.2, SUP 3.8, SUP 3.10</u>
(14)	<u>Qualifying cryptoasset custodian but only in respect of safeguarding qualifying cryptoassets</u>	<u>SUP 3.1 - SUP 3.7, SUP 3.11</u>	<u>SUP 3.1, SUP 3.2, SUP 3.8, SUP 3.10</u>
...			

...

3.3 Appointment of auditors

...

Appointment by the appropriate regulator

3.3.7 R ...

(2) ...

(b) the auditor to hold office until ~~he resigns~~ they resign or the *firm* appoints another auditor.

...

3.4 Auditors' qualifications

Purpose

- 3.4.1 G The *appropriate regulator* is concerned to ensure that the auditor of a *firm* has the necessary skill and experience to audit the business of the *firm* to which ~~he~~ has they have been appointed. This section sets out the *appropriate regulator's rules* and *guidance* aimed at achieving this.

Qualifications

- 3.4.2 R Before a *firm*, to which SUP 3.3.2R applies, appoints an auditor, it must take reasonable steps to ensure that the auditor has the required skill, resources and experience to perform ~~his~~ their functions under the *regulatory system* and that the auditor:

...

...

Disqualified auditors

...

- 3.4.6 G If it appears to the *appropriate regulator* that an auditor of a *firm* has failed to comply with a duty imposed on ~~him~~ them under the *Act*, it may have the power to and may disqualify ~~him~~ them under section 345 or 345A, respectively, of the *Act*. A list of *persons* who are disqualified may be found on the *FCA's* website (www.fca.org.uk).

...

3.5 Auditors' independence

Purpose

- 3.5.1 G If an auditor is to carry out ~~his~~ their duties properly, ~~he needs~~ they need to be independent of the *firm* ~~he is~~ they are auditing, so that ~~he is~~ they are not subject to conflicts of interest. Many *firms* are also subject to requirements under the Companies Act 1989, or the Companies Act 2006, the Building Societies Act 1986 or the Friendly Societies Act 1992 on auditor's independence.

Independence

...

- 3.5.4 G The *appropriate regulator* will regard an auditor as independent if ~~his~~ their appointment or retention does not breach the ethical guidance in current issue

from the auditor's recognised supervisory body on the appointment of an auditor in circumstances which could give rise to conflicts of interest.

3.6 Firms' cooperation with their auditors

- 3.6.1 R A *firm* must cooperate with its auditor in the discharge of ~~his~~ their duties under this chapter.

Auditor's access to accounting records

- 3.6.2 G In complying with *SUP* 3.6.1R, a *firm* should give a right of access at all times to the *firm's* accounting and other records, in whatever form they are held, and *documents* relating to its business. A *firm* should allow its auditor to copy *documents* or other material on the premises of the *firm* and to remove copies or hold them elsewhere, or give ~~him~~ them such copies on request.

- 3.6.3 G Section 341 of the *Act* (Access to books etc.) provides that an auditor of a *firm* appointed under *SUP* 3.3.2R:

...

- (2) is entitled to require from the *firm's* officers such information and explanations as ~~he~~ they reasonably ~~considers~~ consider necessary for the performance of ~~his~~ their duties as auditor.

...

Access and cooperation: appointed representatives, material outsourcing, employees

...

- 3.6.8 G In complying with *SUP* 3.6.1R, a *firm* should take reasonable steps to ensure that all its employees cooperate with its auditor in the discharge of ~~his~~ the auditor's duties under this chapter.

...

3.7 Notification of matters raised by auditor

...

Notification

- 3.7.2 G ...

- (1) the *firm* expects or knows its auditor will qualify ~~his~~ their report on the audited annual financial statements or add an explanatory paragraph; or

...

...

3.8 Rights and duties of auditors

Purpose

- 3.8.1 G The auditor of a *firm* has various rights and duties to obtain information from the *firm* and both to enable and to require ~~him~~ them to pass information to the *appropriate regulator* in specified circumstances. This section imposes or gives *guidance* on those rights and duties.

...

Auditor's independence

- 3.8.5 R An auditor of a *firm* must be independent of the *firm* in performing ~~his~~ their duties in respect of that *firm*.
- 3.8.6 R An auditor of a *firm* must take reasonable steps to satisfy ~~himself~~ themselves that ~~he is~~ they are free from any conflict of interest in respect of that *firm* from which bias may reasonably be inferred. ~~He~~ They must take appropriate action where this is not the case.

...

Communication between the appropriate regulator, the firm and the auditor

- 3.8.9 G Within the legal constraints that apply, the *appropriate regulator* may pass on to an auditor any information which it considers relevant to ~~his~~ their function. An auditor is bound by the confidentiality provisions set out in Part XXIII of the Act ~~*Act* (Public record, disclosure of information and cooperation)~~ (Public Record, Disclosure of Information and Co-operation) in respect of confidential information ~~he receives~~ they receive from the *appropriate regulator*. An auditor may not pass on such confidential information without lawful authority, for example if an exception applies under the Financial Services and Markets Act 2000 (Disclosure of Confidential Information) Regulations 2001 (SI 2001/2188) or with the consent of the *person* from whom that information was received and (if different) to whom the information relates.

...

Termination of term of office, disqualification

- 3.8.11 R An auditor must notify the *appropriate regulator* without delay if ~~he~~ they:
- (1) ~~is~~ are removed from office by a *firm*; or
 - (2) ~~resigns~~ resign before ~~his~~ their term of office expires; or
 - (3) ~~is~~ are not re-appointed by a *firm*.

3.8.12 R If an auditor ceases to be, or is formally notified that ~~he~~ they will cease to be, the auditor of a *firm*, ~~he~~ they must notify the *appropriate regulator* without delay:

- (1) of any matter connected with ~~his~~ their so ceasing which ~~he thinks~~ they think ought to be drawn to the *appropriate regulator's* attention; or

...

...

3.10 Duties of auditors: notification and report on client assets

...

Client assets report: content

3.10.4 R An auditor of a *firm* must submit a client assets report addressed to the *FCA* which:

- (1) ...
- (2) if the *firm* claims not to hold *client money*, *stablecoin backing assets*, *stablecoin backing funds* or *custody assets*, or claims not to be *safeguarding qualifying cryptoassets*, states whether anything has come to the auditor's attention that causes ~~him~~ them to believe that the *firm* held *client money*, *stablecoin backing funds*, *stablecoin backing assets* or *custody assets*, or had carried on the *regulated activity of safeguarding qualifying cryptoassets*, during the period covered by the report.

...

3.10.5 R Client assets report

Whether in the auditor's opinion	
...	
(3)	in the case of an <i>investment management firm</i> , <i>personal investment firm</i> , a <i>UCITS firm</i> , <i>securities and futures firm</i> , <i>firm acting as trustee or depositary of an AIF</i> , <i>firm acting as trustee or depositary of a UK UCITS</i> or a <i>MIFIDPRU investment firm</i> , when a <i>subsidiary</i> of the <i>firm</i> is during the period a <i>nominee company</i> in whose name <i>custody assets</i> of the <i>firm</i> are registered during the period, that <i>nominee company</i> has maintained throughout the period systems for the custody, identification and control of <i>custody assets</i> which:
	...

	(b)	included reconciliations at appropriate intervals between the records maintained (whether by the <i>firm</i> or the <i>nominee company</i>) and statements or confirmations from <i>custodians</i> or from the <i>person</i> who maintained the record of legal entitlement; and
(4)		if there has been a <i>secondary pooling event</i> during the period, the <i>firm</i> has complied with the <i>rules</i> in <i>CASS 5.6</i> and <i>CASS 7A</i> (Client money distribution), <i>CASS 11.13</i> (<i>debt management client money distribution rules</i>) and <i>CASS 13.11</i> (claims management client money distribution rules) in relation to that pooling event.;
(5)		<u>in the case of a <i>qualifying stablecoin issuer</i>, the <i>firm</i> was in compliance with <i>CASS 16</i>; and</u>
(6)		<u>in the case of a <i>firm</i> which is <i>safeguarding qualifying cryptoassets</i> or <i>arranging qualifying cryptoasset safeguarding</i>, the <i>firm</i> was in compliance with <i>CASS 17</i>.</u>

...

Client assets report: requirements not met or inability to form opinion

- 3.10.9 R If the client assets report under *SUP 3.10.4R* states that one or more of the applicable requirements described in *SUP 3.10.5 R(1)* to ~~(4)~~ (6) has or have not been met, the auditor must specify in the report each of those requirements and the respects in which it has or they have not been met.
- 3.10.9A R (1) Whether or not an auditor concludes that one or more of the requirements specified in *SUP 3.10.5 R(1)* to ~~(4)~~ (6) has or have been met, the auditor must ensure that the client assets report identifies each individual *rule* in respect of which a breach has been identified.

...

...

3 Annex 1

- 3 Annex 1 R Auditor's client assets report – [*Editor's note*: insert link.]

[*Editor's note*: The use of italics in the form below indicates text to be completed in the form and is not indicative of terms in the Handbook Glossary.]

SUP 3 Annex 1R

Auditor's client assets report Part 1 – Auditor's Opinion

Independent auditor's report on client assets to the Financial Conduct Authority in respect of [Firm name], firm reference number [number], for the period started [dd/mm/yyyy] and ended [dd/mm/yyyy]

Part 1: Auditor's Opinion on Client Assets

...

Opinion

In our opinion:

[The firm has maintained] [Except for...the firm has maintained] [Because of...the firm did not maintain] systems adequate to enable it to comply with [the custody rules,] [the collateral rules,] [the mandate rules,] [the client money rules,] [CASS 16,] [CASS 17] [and] [the debt management client money rules] throughout the period since [the last date at which a report was made] [the firm was authorised] [the firm became subject to SUP 3.11 and we, its auditor, became subject to SUP 3.10].*

[The firm was] [Except for...the firm was] [Because of...the firm was not] in compliance with ~~the~~ [the custody rules,] [the collateral rules,] [the mandate rules,] [the client money rules,] [CASS 16,] [CASS 17] [and] [the debt management client money rules] as at the period end date.*

~/~

The scope of the firm's permissions did not allow it to hold [stablecoin backing assets] [stablecoin backing funds] [client money] [or] [custody assets].

[The scope of the firm's permissions did not allow it to safeguard qualifying cryptoassets.]

The directors (or equivalent corporate officers) of the firm have stated that the firm did not hold [stablecoin backing assets] [stablecoin backing funds] [client money] [or] [custody assets] during the period.

[The directors (or equivalent corporate officers) of the firm have stated that the firm did not safeguard qualifying cryptoassets during the period.]

Based on review procedures performed, nothing has come to our attention that causes us to believe that the firm held [stablecoin backing assets] [stablecoin backing funds] [client money] [or] [custody assets] during the period.

[Based on review procedures performed, nothing has come to our attention that causes us to believe that the firm safeguarded qualifying cryptoassets during the period.]

...

Instructions for Part 1:

* If the auditor expresses an adverse opinion (i.e. states the firm 'did not maintain...' or 'was not in compliance...') he they must set out the reasons

why. This can be done by reference to items in columns A to D in Part 2 of the auditor's report on client assets.

If the auditor expresses a qualified opinion (i.e. states 'that except for, the firm did maintain' or 'that except for, the firm was in compliance') he they must do so by reference to items in columns A to D in Part 2 of the auditor's report on client assets.

...

...

...

15 Notifications to the FCA

...

15.15 Notification by retail intermediaries of qualification as an enhanced scope SMCR firm

...

Application: Firm moving between different reporting requirements

15.15.2 G (1) Subject to *SUP* 15.15.3R, this section also applies to a *firm*:

...

(b) that is subject to the reporting requirement in column (2) of row ~~(3)~~ (1) of Part Two of the table in *SYSC* 23 Annex 1 8.2R (Table: Financial qualification conditions) for another part of that averaging period.

...

...

Obligation to make calculations

15.15.8 R A *firm* must calculate, for each averaging period, whether or not it meets the qualification condition in row ~~(3)~~ (1) of Part Two of the table in *SYSC* 23 Annex 1 8.2R (Table: Financial qualification conditions).

...

[*Editor's note*: The following amendments take into account the changes introduced by the Notification of Third Party Arrangements and Operational Incident Reporting Instrument 2026 (FCA 2026/6), which comes into force on 18 March 2027.]

16 Reporting requirements

16.1 Application

...

Application of different sections of SUP 16 (excluding SUP 16.13, SUP 16.15, SUP 16.22 and SUP 16.26)

16.1.3 R

(1) Section(s)	(2) Categories of firm to which section applies	(3) Applicable rules and guidance
...		
SUP 16.7A	A firm that is subject to the requirement in SUP 16.7A.3R or , SUP 16.7A.3AR, SUP 16.7A.5R or SUP 16.7A.5AR	Sections as relevant
...		
SUP 16.33	A firm that is:	Entire section
	...	
	(5) a Solvency II firm; or	
	(6) a CASS large firm; or	
	(7) an authorised cryptoasset firm.	
SUP 16.34	...	...
SUP 16.35	an authorised cryptoasset firm	Entire section

16.3 General provisions on reporting

...

Structure of the chapter

16.3.2 G This chapter has been split into the following sections, covering:

...

(27) access to cash reporting (*SUP* 16.32); ~~and~~

(28) *material third party arrangements* register (*SUP* 16.33);~~;~~

(29) retail banking business models reporting (*SUP* 16.34); ~~and~~

(30) cryptoasset regulatory reporting (*SUP* 16.35).

...

16.7A Annual report and accounts

Application

16.7A.1 R ...

16.7A.1A R This section also applies to an *authorised cryptoasset firm* whether or not it is included in the tables in *SUP* 16.7A.3R and *SUP* 16.7A.5R.

...

Requirement to submit annual report and accounts

16.7A.3 R ...

16.7A.3A R An *authorised cryptoasset firm* must submit its *annual report and accounts* to the *FCA* annually on a single entity basis.

...

Requirement to submit annual report and accounts for mixed activity holding companies

16.7A.5 R ...

16.7A.5A R An *authorised cryptoasset firm* whose ultimate parent is a *mixed activity holding company* must:

(1) submit the *annual report and accounts* of the *mixed activity holding company* to the *FCA* annually; and

(2) notify the *FCA* that it is covered by this reporting requirement by email using the email address specified in *SUP* 16.3.10G(3), by its *accounting reference date*.

...

Time period for firms submitting their annual report and accounts

- 16.7A.8 R *Firms* must submit their *annual report and accounts* in accordance with *SUP 16.7A.3R* and *SUP 16.7A.3AR* within the following deadlines:

...

Time period for firms submitting annual report and accounts for mixed activity holding companies

- 16.7A.9 R *Firms* must submit the *annual report and accounts* of a *mixed activity holding company* in accordance with *SUP 16.7A.5R* and *SUP 16.7A.5AR* within 7 months of their *accounting reference date*.

...

16.23 Annual Financial Crime Report

Application

...

- 16.23.2 R Table: Firms to which SUP 16.23.1R applies (subject to the exclusions in SUP 16.23.1R).

...	
a <i>firm</i> that has permission <u>permission</u> to carry on one or more of the following activities:	
	...
	<i>operating a multilateral trading facility; and/or</i>
	<i>operating an organised trading facility;</i>
	<i>issuing a qualifying stablecoin;</i>
	<i>safeguarding cryptoassets;</i>
	<i>arranging cryptoasset safeguarding;</i>
	<i>operating a qualifying CATP;</i>
	<i>dealing in qualifying cryptoassets as principal;</i>
	<i>dealing in qualifying cryptoassets as agent;</i>

	<u>arranging deals in qualifying cryptoassets</u> , provided that during the relevant financial year the <i>firm</i> carried on <u>safeguarding cryptoassets</u> in respect of <u>relevant specified investment cryptoassets</u> or <u>qualifying cryptoassets</u> under CASS 17; and/or
	<u>arranging qualifying cryptoasset staking</u> .
a <i>firm</i> that has reported total revenue of £5 million or more as at its last <i>accounting reference date</i> and has permission to carry on one or more of the following activities:	
	...
	<u>credit-related regulated activity</u> ; and
	<u>operating an electronic system for public offers of relevant securities</u> ; and/or
	<u>arranging deals in qualifying cryptoassets</u> .

...

16.33 Material third party arrangements register

Application

16.33.1 R This section applies to:

(1) a *firm* that is:

...

(e) a *Solvency II firm*; ~~or~~

(f) a *CASS large firm*; or

(g) an authorised cryptoasset firm;

...

...

Insert the following new section, SUP 16.35, after SUP 16.34 (Retail banking business models reporting). All the text is new and is not underlined.

16.35 Cryptoasset regulatory reporting

Application: who?

- 16.35.1 R This section applies to an *authorised cryptoasset firm*. The list of respective *regulated cryptoasset activities* is contained in SUP 16.35.4R.

How to submit a cryptoasset regulatory report

- 16.35.2 R A *firm* must provide a cryptoasset regulatory report containing the information specified in the table in SUP 16.35.4R and the information in SUP 16.35.6R to the *FCA* electronically in a standard format provided by the *FCA* and in accordance with the frequency prescribed in the table in SUP 16.35.4R and SUP 16.35.5R(1). Guidance notes for *data items* to be reported are set out in SUP 16 Annex 61.

Purpose

- 16.35.3 G The purpose of this section is to require *firms* to submit information about the *regulated cryptoasset activity* they carry on. This information will assist the *FCA* in pursuing the purposes set out in SUP 16.2.1G.

Reporting requirement

- 16.35.4 R The table sets out applicable *rules* containing *data items*, frequency and submission periods. The due dates are the last day of the periods given in the table below following the relevant reporting reference dates set out in SUP 16.35.5R(2), unless indicated otherwise.

(1)	(2)	(3)	(4)
Regulated activities	Provisions containing:		
	Applicable data items	Reporting frequency	Due date
<i>Safeguarding cryptoassets</i>	SUP 16.35.7R	Monthly	15 <i>business days</i> following the end of each month (see Note)
<i>Issuing a qualifying stablecoin</i>	SUP 16.35.8R	Quarterly	20 <i>business days</i>
<i>Operating a qualifying CATP</i>	SUP 16.35.9R	Quarterly	20 <i>business days</i>
<i>Dealing in qualifying cryptoassets as principal</i>	SUP 16.35.10R	Quarterly	20 <i>business days</i>

(except where <i>qualifying cryptoasset lending or borrowing</i>)			
<i>Dealing in qualifying cryptoassets as agent and arranging deals in qualifying cryptoassets (except where qualifying cryptoasset lending or borrowing)</i>	<i>SUP 16.35.10R</i>	Quarterly	<i>20 business days</i>
<i>Qualifying cryptoasset lending</i>	<i>SUP 16.35.11R</i>	Quarterly	<i>20 business days</i>
<i>Qualifying cryptoasset borrowing</i>	<i>SUP 16.35.11R</i>	Quarterly	<i>20 business days</i>
<i>Arranging qualifying cryptoasset staking</i>	<i>SUP 16.35.12R</i>	Quarterly	<i>20 business days</i>
Note: ‘Month’ means a calendar month and <i>SUP 16.3.13R(4)</i> does not apply.			

Frequency and timing of reports

- 16.35.5 R (1) A *firm* must submit the information required under *SUP 16.35.6R* to the *FCA* quarterly and within *20 business days* of the end of the relevant reporting reference date.
- (2) For the purpose of this *rule*, a *firm*’s reporting reference dates are:
- (a) its *accounting reference date*;
 - (b) 3 months after its *accounting reference date*;
 - (c) 6 months after its *accounting reference date*; and

- (d) 9 months after its *accounting reference date*.

Reporting: general

- 16.35.6 R All *firms* carrying on any of the activities in column (1) of the table in SUP 16.35.4R must provide the following information for each reporting period when reporting to the *FCA*:
- (1) the total number of *complaints* received by the *firm* from *eligible complainants* during the reporting period;
 - (2) the total number of *complaints* upheld by the *firm* from *eligible complainants* during the reporting period;
 - (3) the total number of *clients* with at least one active *regulated cryptoasset activity* arrangement as at the end of the reporting period, except for *firms issuing a qualifying stablecoin*; and
 - (4) the total number of *retail customers* with at least one active *regulated cryptoasset activity* arrangement who have been identified as having characteristics of vulnerability, except for *firms issuing a qualifying stablecoin*.

Reporting: safeguarding of cryptoassets

- 16.35.7 R A *firm* carrying on the activity of *safeguarding cryptoassets* must provide the *FCA* with the following information for each reporting period regarding this activity, and each *data item* reported must reflect the *firm's* safeguarding of *cryptoassets* which are either *client cryptoassets* in the case of *qualifying cryptoassets* or *safe custody assets* in the case of *relevant specified investment cryptoassets*:
- (1) the name of the audit firm appointed under SUP 3.3.2R;
 - (2) the *regulated activities* carried on by the *firm*;
 - (3) the total number of *clients*;
 - (4) the number of each of the following type of *clients*:
 - (a) *retail customers*;
 - (b) *clients* who are *authorised cryptoasset firms*; and
 - (c) *clients* that do not fall under either categories (a) or (b);
 - (5) the total value of all *qualifying cryptoassets* in relation to which the *firm* is carrying on *safeguarding cryptoassets*;

- (6) the highest total value of *qualifying cryptoassets* in relation to which the *firm* is carrying on *safeguarding cryptoassets*;
- (7) the lowest total value of *qualifying cryptoassets* in relation to which the *firm* is carrying on *safeguarding cryptoassets*;
- (8) the *cryptoasset safeguarding class(es)* in relation to which the *firm* is carrying on *safeguarding cryptoassets*;
- (9) the number of each *cryptoasset safeguarding class* of *qualifying cryptoassets* in relation to which the *firm* is carrying on *safeguarding cryptoassets*;
- (10) the value of *qualifying cryptoassets* in relation to which the *firm* is carrying on *safeguarding cryptoassets*, by *cryptoasset safeguarding class*;
- (11) the total value of all *relevant specified investment cryptoassets* in relation to which the *firm* is carrying on *safeguarding cryptoassets*;
- (12) the highest total value of *relevant specified investment cryptoassets* in relation to which the *firm* is carrying on *safeguarding cryptoassets*;
- (13) the lowest total value of *relevant specified investment cryptoassets* in relation to which the *firm* is carrying on *safeguarding cryptoassets*;
- (14) the *cryptoasset safeguarding class(es)* of *relevant specified investments cryptoassets* in relation to which the *firm* is carrying on *safeguarding cryptoassets*;
- (15) the number of each *cryptoasset safeguarding class* of *relevant specified investment cryptoassets* in relation to which the *firm* is carrying on *safeguarding cryptoassets*;
- (16) the value of *relevant specified investment cryptoassets* in relation to which the *firm* is carrying on *safeguarding cryptoassets*, by *cryptoasset safeguarding class*;
- (17) the name of any third party appointed by the *firm* to *safeguard cryptoassets* for the *firm's clients*, including the role and the location of the registered office (or if no registered office, the head office) of the third party;
- (18) the wallet structure(s) for safeguarding *client cryptoassets*;
- (19) the excess or shortfall of *client cryptoassets*;

- (20) adjustments made to withdraw an excess or rectify a shortfall as a result of *client cryptoasset reconciliation*;
- (21) any use of an *operational surplus*;
- (22) the number of *client cryptoasset* items that have been unresolved for the following periods of time:
 - (a) 6 to 29 *days*;
 - (b) 30 to 59 *days*;
 - (c) 60 to 90 *days*; and
 - (d) more than 90 *days*;
- (23) total revenue during the reporting period from *safeguarding cryptoassets* in relation to *qualifying cryptoassets*;
- (24) total revenue during the reporting period from *safeguarding cryptoassets* in relation to *relevant specified investment cryptoassets*;
- (25) total revenue from *arranging cryptoasset safeguarding* in relation to *qualifying cryptoassets*; and
- (26) total revenue from *arranging cryptoasset safeguarding* in relation to *relevant specified investment cryptoassets*.

Reporting: qualifying stablecoin issuance

16.35.8

- R A *firm* carrying on the activity of *issuing a qualifying stablecoin* must provide the *FCA* with the following information in respect of each *qualifying stablecoin product* that contains a *UK qualifying stablecoin* for which it is the *qualifying stablecoin issuer* for each reporting period regarding this activity:
- (1) the total number of *qualifying stablecoins minted*;
 - (2) the total number of *qualifying stablecoins* issued to a *person* by the *qualifying stablecoin issuer*;
 - (3) the balance of *stablecoin backing assets*;
 - (4) the balance of *stablecoin backing funds*;
 - (5) the following information in respect of the *core backing assets* held in the *backing asset pool* at the end of the reporting period;
 - (a) the value, in the *reference currency*, of:
 - (i) *on-demand deposits*; and

- (ii) *short-term government debt instruments*;
 - (b) the *approved bank(s)* with which *on-demand deposits* are held;
and
 - (c) the *issuer* of any *short-term government debt instruments*.
- (6) any use of excess in accordance with *CASS 16.4.16R*;
 - (7) the total number of valid *redemption* requests received;
 - (8) the total value of *qualifying stablecoins* redeemed;
 - (9) the total number of valid *redemption* requests that have been received but not completed;
 - (10) the total number of delayed valid *redemption* requests;
 - (11) the names and activities of third parties appointed under *CASS 16* or *CRYPTO 2.3*;
 - (12) whether any notifiable *CASS 16* breaches occurred and whether the *FCA* was notified as required;
 - (13) the name of the audit firm appointed under *SUP 3.3.2R*; and
 - (14) total revenue from *issuing a qualifying stablecoin* during the reporting period.

Reporting: operation of a qualifying cryptoasset trading platform

16.35.9 R A *firm* carrying on the activity of *operating a qualifying CATP* is required to provide the *FCA* with the following information for each reporting period regarding this activity:

- (1) information concerning *retail customers*:
 - (a) the total number of *retail customers* who executed at least one trade on a *UK QCATP*;
 - (b) the total value of completed fiat to *qualifying cryptoasset* transactions executed by *retail customers* on a *UK QCATP*;
 - (c) the total value of completed *qualifying cryptoasset* to *qualifying cryptoasset* transactions executed by *retail customers* on a *UK QCATP*;
 - (d) the total value of completed *qualifying cryptoasset* to fiat transactions executed by *retail customers* on a *UK QCATP*;
and

- (e) the *retail customers* with the highest total transactions by value of *qualifying cryptoassets* on a *UK QCATP*;
- (2) information concerning *clients* who are *authorised cryptoasset firms*:
 - (a) the total number of this category of *clients* who executed at least one trade on a *UK QCATP*;
 - (b) the total value of completed fiat to *qualifying cryptoasset* transactions executed by this category of *clients*;
 - (c) the total value of completed *qualifying cryptoasset* to *qualifying cryptoasset* transactions executed by this category of *clients*;
 - (d) the total value of completed *qualifying cryptoasset* to fiat transactions executed by this category of *clients*; and
 - (e) the *clients* under this category with the highest total transactions by value of *qualifying cryptoassets*;
- (3) information concerning *clients* that do not fall under the categories in (1) and (2):
 - (a) the total number of this category of *clients* who executed at least one trade on a *UK QCATP*;
 - (b) the total value of completed fiat to *qualifying cryptoasset* transactions executed by this category of *clients*;
 - (c) the total value of completed *qualifying cryptoasset* to *qualifying cryptoasset* transactions executed by this category of *clients*;
 - (d) the total value of completed *qualifying cryptoasset* to fiat transactions executed by this category of *clients*; and
 - (e) the *clients* under this category with the highest total transactions by value of *qualifying cryptoassets*; and
- (4) total *firm* revenue from operating a *UK QCATP* during the reporting period.

Reporting: cryptoasset intermediary activities

- 16.35.10 R A *firm* carrying on any of the activities of *dealing in qualifying cryptoassets as principal, dealing in qualifying cryptoassets as agent* and/or *arranging deals in qualifying cryptoassets* must provide the *FCA* with the following information for each reporting period:

- (1) information concerning *retail customers*:
 - (a) the total number of *retail customers* for whom the *firm* executed or received and transmitted for execution at least one trade;
 - (b) the total value of completed fiat to *qualifying cryptoasset* transactions executed or received and transmitted for execution by the *firm*;
 - (c) the total value of completed *qualifying cryptoasset* transactions executed or received and transmitted for execution by the *firm* that do not fall under (b) or (d);
 - (d) the total value of completed *qualifying cryptoasset* to fiat transactions executed or received and transmitted for execution by the *firm*; and
 - (e) the *retail customers* with the highest total transactions by value of *qualifying cryptoassets*;
- (2) information concerning *clients* who are *authorised cryptoasset firms*:
 - (a) the total number of this category of *clients* for whom the *firm* executed or received and transmitted for execution at least one trade;
 - (b) the total value of completed fiat to *qualifying cryptoasset* transactions executed or received and transmitted for execution by the *firm*;
 - (c) the total value of completed *qualifying cryptoasset* transactions executed or received and transmitted for execution by the *firm* that do not fall under (b) or (d);
 - (d) the total value of completed *qualifying cryptoasset* to fiat transactions executed or received and transmitted for execution by the *firm*; and
 - (e) the *clients* under this category with the highest total transactions by value of *qualifying cryptoassets*;
- (3) information concerning *clients* that do not fall under the categories in (1) and (2):
 - (a) the total number of this category of *clients* for whom the *firm* executed or received and transmitted for execution at least one trade;

- (b) the total value of completed fiat to *qualifying cryptoasset* transactions executed or received and transmitted for execution by the *firm*;
 - (c) the total value of completed *qualifying cryptoasset* transactions executed or received and transmitted for execution by the *firm* that do not fall under (b) or (d);
 - (d) the total value of completed *qualifying cryptoasset* to fiat transactions executed or received and transmitted for execution by the *firm*; and
 - (e) the *clients* under this category with the highest total transactions by value of *qualifying cryptoassets*;
- (4) the *qualifying cryptoasset execution venues* where the *firm* executed or transmitted for execution *client* orders;
 - (5) when *dealing in qualifying cryptoassets as principal* and executing orders for *clients*, where the *firm* sourced liquidity; and
 - (6) total revenue from *dealing in qualifying cryptoassets as principal, dealing in qualifying cryptoassets as agent* and *arranging deals in qualifying cryptoassets* during the reporting period.

Reporting: qualifying cryptoasset lending and borrowing

- 16.35.11 R A *firm* carrying on the activity of *dealing in qualifying cryptoassets as principal* and/or *arranging deals in qualifying cryptoassets* must provide the *FCA* with the following information regarding its *qualifying cryptoasset lending or borrowing* services:
- (1) information concerning *qualifying cryptoasset lending*:
 - (a) the total number of *retail customers* with whom the *firm* engages in *qualifying cryptoasset lending*;
 - (b) the total number of *clients* who are *authorised cryptoasset firms* with whom the *firm* engages in *cryptoasset lending* services;
 - (c) the total number of *clients* who do not fall under the categories in (a) and (b) with whom the *firm* engages in *qualifying cryptoasset lending*;
 - (d) the total number of *qualifying cryptoasset lending* arrangements;
 - (e) the total value of *qualifying cryptoasset lending* arrangements;

- (f) the lending counterparties;
 - (g) the location of the registered office (if no registered office, the head office) of the lending counterparties;
 - (h) the total value of *qualifying cryptoassets* the *firm* has transacted with other parties to generate yield for *retail clients*;
 - (i) the types of *qualifying cryptoassets* used in *qualifying cryptoasset lending*; and
 - (j) total revenue during the reporting period from *qualifying cryptoasset lending*;
- (2) information concerning *qualifying cryptoasset borrowing*:
- (a) the total number of *retail customers* with whom the *firm* engages in *qualifying cryptoasset borrowing*;
 - (b) the total number of *clients* who are *authorised cryptoasset firms* with whom the *firm* engages in *qualifying cryptoasset borrowing*;
 - (c) the total number of *clients* who do not fall under the categories in (a) and (b) with whom the *firm* engages in *qualifying cryptoasset borrowing*;
 - (d) the total number of *qualifying cryptoasset borrowing* arrangements;
 - (e) the total value of *qualifying cryptoasset borrowing* arrangements;
 - (f) the total value of *qualifying cryptoasset borrowing collateral*;
 - (g) the types of *qualifying cryptoassets* used in *qualifying cryptoasset borrowing*; and
 - (h) total revenue during the reporting period from *qualifying cryptoasset borrowing*.

Reporting: cryptoasset staking

- 16.35.12 R A *firm* carrying on the activity of *arranging qualifying cryptoasset staking* must provide the *FCA* with the following information regarding this activity:

- (1) the total number of *retail customers* with at least one active *qualifying cryptoasset staking* arrangement with the *firm*;
- (2) the total number of *clients* who are *authorised cryptoasset firms* with at least one active *qualifying cryptoasset staking* arrangement with the *firm*;
- (3) the total number of *clients* who do not fall under the categories in (1) or (2) with at least one active *qualifying cryptoasset staking* arrangement with the *firm*;
- (4) the total number of new *qualifying cryptoasset staking* arrangements that started during the reporting period;
- (5) the total value of *qualifying cryptoasset staking* arrangements where the *firm* is also *safeguarding cryptoassets* for *clients* for the staked *qualifying cryptoassets*;
- (6) the total value of *qualifying cryptoasset staking* arrangements where the *firm* is not also *safeguarding qualifying cryptoassets*;
- (7) the types of *qualifying cryptoassets* used in *qualifying cryptoasset staking*; and
- (8) total revenue during the reporting period from *arranging qualifying cryptoasset staking*.

Insert the following new Annex, SUP 16 Annex 61, after SUP 16 Annex 60G (Guidance notes for completion of the Retail Banking Business Models Report). All the text is new and is not underlined.

16 Annex 61 Guidance notes for the data items in SUP 16.35

16 Annex 61 G This annex consists only of guidance notes for the *data items* in SUP 16.35.

Guidance notes for the data items in SUP 16.35 [*Editor's note*: insert link].

SUP 16 Annex 61: Guidance notes for the data items in SUP 16.35

Terms in italics in these guidance notes bear the meaning ascribed to those terms in the *Glossary*.

The purpose of SUP 16 Annex 61 (Guidance notes for the data items in SUP 16.35) is to ensure that the *FCA* receives regular information in a standard format that supports its supervisory oversight of relevant *firms*.

Definitions

Client categorisation definitions	
<i>Retail customer</i>	A ‘ <i>retail customer</i> ’ is an individual who is not acting in the course of their trade, business or profession. This category excludes natural <i>UK persons</i> who are acting in the course of business (eg, sole traders trading for their own account or on behalf of others, whether authorised or not).
Client who is an <i>authorised cryptoasset firm</i>	This category includes all <i>firms</i> and natural <i>persons</i> (including sole traders) who hold a <i>Part 4A permission</i> under the <i>Act</i> to carry out <i>regulated cryptoasset activities</i> .
<i>Client</i> who is not a <i>retail customer</i> or an <i>authorised cryptoasset firm</i>	This category captures all <i>clients</i> not included above, including but not limited to: <ul style="list-style-type: none"> natural persons/individuals acting for themselves (outside the ‘<i>retail customer</i>’ definition, ie, acting in the course of business but not authorised); registered firms in savings or run-off; corporates acting on their own account; and corporates acting for others’ account in perimeter use cases where that activity is not required to be authorised.

In this *guidance*, where a *firm* is *overseas* and offers *qualifying cryptoassets* services through an establishment in the *UK*, references to:

- a *retail customer*;
- a *client* who is an *authorised cryptoasset firm*;
- a *client* who is not a *retail customer* or an *authorised cryptoasset firm*; and
- *eligible complainants*,

are only to those *persons* within each of those categories who deal with the *firm* for *qualifying cryptoasset* services via that establishment.

All firms

All *authorised cryptoasset firms* are required to submit to the *FCA*, on a quarterly basis, the information in the table below.

<i>SUP</i> 16.35.6R	Metric	Guidance
(1)	The total number of <i>complaints</i> received by the <i>firm</i> from <i>eligible</i>	The total number of <i>complaints</i> received by the <i>firm</i> within the reporting period. For this metric: <ul style="list-style-type: none"> • ‘<i>complaint</i>’ has the meaning in the <i>Glossary</i>;

	<p><i>complainants</i> during the reporting period</p>	<ul style="list-style-type: none"> • include all <i>complaints</i> received from <i>eligible complainants</i> within the reporting period, which include <i>complaints</i> from existing or prospective <i>customers</i> (eg, <i>complaints</i> at account registration stage) or from <i>holders</i> of a <i>UK qualifying stablecoin</i>; • include all <i>complaints</i> that relate to <i>regulated cryptoasset activities</i> carried on by the <i>firm</i> (where a <i>complaint</i> relates to multiple activities, <i>firms</i> should include the <i>complaint</i> where it is sufficiently connected to an in-scope activity); • count each <i>complaint</i> once, regardless of outcome or whether it was subsequently withdrawn; and • exclude feedback or queries that do not meet the <i>FCA</i>'s definition of a <i>complaint</i>.
(2)	<p>The total number of <i>complaints</i> upheld by the <i>firm</i> from <i>eligible complainants</i> during the reporting period</p>	<p>The total number of <i>complaints</i> received by the <i>firm</i> within the reporting period that were upheld following investigation.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • 'upheld' means where the <i>firm</i> has assessed the <i>complaints</i> and where it accepts the <i>customer's</i> grievance is valid; • where a <i>complaint</i> is upheld in part, or where the <i>firm</i> does not have enough information to make a decision yet but chooses to make a goodwill payment to the complainant, a <i>firm</i> should treat the <i>complaint</i> as upheld for reporting purposes; • include all <i>complaints</i> from <i>eligible complainants</i> or from <i>holders</i> of a <i>UK qualifying stablecoin</i> upheld within the reporting period, regardless of whether the complainant is an existing or a prospective <i>customer</i> (eg, <i>complaints</i> at account registration stage); • include all <i>complaints</i> that relate to <i>regulated cryptoasset activities</i> carried on by the <i>firm</i> (where a <i>complaint</i> relates to multiple activities, <i>firms</i> should include the <i>complaint</i> where it is sufficiently connected to an in-scope activity); and • exclude <i>complaints</i> not meeting the <i>FCA</i>'s definition of a <i>complaint</i>, and those not upheld after investigation.

Firms authorised for all regulated cryptoasset activities, except those solely authorised for issuing a qualifying stablecoin

All authorised cryptoasset firms, except those authorised solely for issuing a qualifying stablecoin, are required to submit to the *FCA*, on a quarterly basis, the information in the

table below.

SUP 16.35.6R	Metric	Guidance
(3)	The total number of <i>clients</i> with at least one active <i>regulated cryptoasset activity</i> arrangement as at the end of the reporting period, except for <i>firms issuing a qualifying stablecoin</i>	<p>The total number of individual <i>clients</i> with at least one active <i>regulated cryptoasset activity</i> arrangement as at the end of the reporting period.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • ‘active’ means an arrangement that is open at period end with a non-zero balance (including <i>qualifying cryptoassets</i> or fiat funds) and not fully closed before period end – this includes <i>clients</i> with open positions, as well as those holding fiat funds pending reinvestment or withdrawal; • count unique individual <i>clients</i>: a <i>client</i> with multiple active arrangements is counted once; • exclude test/demo accounts and arrangements with zero balance at period end; and • do not include <i>clients</i> whose only activity is pending account closure or who have no funds or <i>qualifying cryptoassets</i> held with the <i>firm</i> at period end.
(4)	The total number of <i>retail customers</i> with at least one active <i>regulated cryptoasset activity</i> arrangement who have been identified as having characteristics of vulnerability, except for <i>firms issuing a qualifying stablecoin</i>	<p>The total number of individual <i>retail customers</i> with at least one active <i>regulated cryptoasset activity</i> arrangement who have been identified as having characteristics of vulnerability as at the end of the reporting period.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • ‘active’ follows the same definition as in (3) above; • ‘vulnerable’ <i>retail customers</i> are those identified by the <i>firm</i> as having characteristics of vulnerability, in line with <i>FCA guidance</i> (FG21/1: Guidance for firms on the fair treatment of vulnerable customers) – this includes,

		<p>but is not limited to, clients with health, life events, resilience or capability factors that may make them especially susceptible to harm;</p> <ul style="list-style-type: none"> • count unique individual <i>retail customers</i>: a <i>customer</i> with multiple active arrangements is counted once; • exclude test/demo accounts and arrangements with zero balance at period end; and • <i>firms</i> should have appropriate processes to identify and record vulnerability.
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Safeguarding cryptoassets

All *firms* authorised for *safeguarding cryptoassets* are required to submit to the *FCA*, on a monthly basis, the information in the table below.

Where a *firm* ('A') appoints a third party ('B') to *safeguard cryptoassets* under *CASS 17.6*:

- A is required under *SUP 16.35* to report the following information on the entirety of the *cryptoassets* it is safeguarding, including those which it has placed with B;
- where B is not required to be *authorised* to carry on the activity of *safeguarding cryptoassets*, it is not required under *SUP 16.35* to report to the *FCA*; and
- where B is *safeguarding cryptoassets*, it is required to report on the *cryptoassets* it safeguards – this is in addition to A also reporting on the safeguarding these *cryptoassets*.

<i>SUP</i> 16.35.7R	Metric	Guidance
(1)	The name of the audit firm appointment under <i>SUP 3.3.2R</i>	The legal name of the <i>CASS</i> audit firm appointed under <i>SUP 3.3.2R</i> .
(2)	The <i>regulated activities</i> carried on by the <i>firm</i>	A list of the <i>regulated activities</i> subject to <i>CASS 17</i> performed by the <i>firm</i> .
(3)	The total number of <i>clients</i>	The total number of <i>clients</i> the <i>firm</i> has in relation to its <i>safeguarding cryptoassets</i> activity.
(4)	The number of each of the following type of <i>clients</i>	State if the <i>firm</i> is providing services to: (a) <i>retail customers</i> ;

		(b) <i>clients</i> who are <i>authorised cryptoasset firms</i> ; and (c) <i>clients</i> that do not fall under either categories (a) or (b).
(5)	The total value of all <i>qualifying cryptoassets</i> in relation to which the <i>firm</i> is carrying on <i>safeguarding cryptoassets</i>	The total value of all <i>qualifying cryptoassets</i> held on trust at reporting period end.
(6)	The highest total value of <i>qualifying cryptoassets</i> in relation to which the <i>firm</i> is carrying on <i>safeguarding cryptoassets</i>	The highest total value of <i>qualifying cryptoassets</i> held on trust at any point during the reporting period.
(7)	The lowest total value of <i>qualifying cryptoassets</i> in relation to which the <i>firm</i> is carrying on <i>safeguarding cryptoassets</i>	The lowest total value of <i>qualifying cryptoassets</i> held on trust at any point during the reporting period.
(8)	The <i>cryptoasset safeguarding class(es)</i> in relation to which the <i>firm</i> is carrying on <i>safeguarding cryptoassets</i>	The <i>cryptoasset safeguarding class(es)</i> of <i>qualifying cryptoassets</i> held on trust, on behalf of <i>clients</i> , as at the end of the reporting period. Where available, the <i>firm</i> may reference the ISO 24165 or other <i>digital token identifier</i> for the relevant <i>qualifying cryptoasset</i> provided that, in doing so, the relevant <i>cryptoasset safeguarding class</i> can be precisely distinguished.
(9)	The number of each <i>cryptoasset safeguarding class</i> of <i>qualifying cryptoasset</i> in relation to which the <i>firm</i> is carrying on <i>safeguarding cryptoassets</i>	The number of <i>qualifying cryptoassets</i> being held on trust on behalf of <i>clients</i> , by <i>cryptoasset safeguarding class</i> , as at the end of the reporting period.
(10)	The value of <i>qualifying cryptoassets</i> in relation to which the <i>firm</i> is carrying on <i>safeguarding cryptoassets</i> by <i>cryptoasset safeguarding class</i>	The value in GBP of the <i>qualifying cryptoassets</i> held on trust on behalf of <i>clients</i> , by <i>cryptoasset safeguarding class</i> , as at the end of the reporting period.
(11)	The total value of all <i>relevant specified investment cryptoassets</i> in relation to which the <i>firm</i> is carrying on <i>safeguarding cryptoassets</i>	The total value of <i>relevant specified investment cryptoassets</i> being held on trust at reporting period end.

(12)	The highest total value of <i>relevant specified investment cryptoassets</i> in relation to which the <i>firm</i> is carrying on <i>safeguarding cryptoassets</i>	The highest total value of <i>relevant specified investment cryptoassets</i> held on trust at any point during the reporting period.
(13)	The lowest total value of <i>relevant specified investment cryptoassets</i> in relation to which the <i>firm</i> is carrying on <i>safeguarding cryptoassets</i>	The lowest total value of <i>relevant specified investment cryptoassets</i> held on trust at any point during the reporting period.
(14)	The <i>cryptoasset safeguarding class(es)</i> of <i>relevant specified investment cryptoassets</i> in relation to which the <i>firm</i> is carrying on <i>safeguarding cryptoassets</i>	The <i>cryptoasset safeguarding class(es)</i> of <i>relevant specified investment cryptoasset</i> held on trust, on behalf of <i>clients</i> , as at the end of the reporting period. Where available, the <i>firm</i> may reference the ISO 24165 or other <i>digital token identifier</i> for the <i>relevant qualifying cryptoasset</i> provided that, in doing so, the <i>relevant cryptoasset safeguarding class</i> can be precisely distinguished.
(15)	The number of each <i>cryptoasset safeguarding class</i> of <i>relevant specified investment cryptoasset</i> in relation to which the <i>firm</i> is carrying on <i>safeguarding cryptoassets</i>	The number of <i>relevant specified investment cryptoassets</i> , being held on trust, on behalf of <i>clients</i> , by <i>cryptoasset safeguarding class</i> , as at the end of the reporting period.
(16)	The value of <i>relevant specified investment cryptoassets</i> in relation to which the <i>firm</i> is carrying on <i>safeguarding cryptoassets</i> , by <i>cryptoasset safeguarding class</i>	The value in GBP of the <i>relevant specified investment cryptoassets</i> held on trust on behalf of <i>clients</i> , by <i>cryptoasset safeguarding class</i> , as at the end of the reporting period.
(17)	The name of any third party appointed by the <i>firm</i> to <i>safeguard cryptoassets</i> for the <i>firm's clients</i> , including the role and the location of the registered office (or if no registered office, the head office) of the third party	Specify the name of any third-party institutions with which the <i>firm</i> has deposited <i>client cryptoassets</i> (or <i>means of access of cryptoassets</i>) as per CASS 17.6. The <i>firm</i> should detail the role the third party has been appointed to perform by the custodian and the location of the registered/head office.
(18)	The wallet structure(s) for <i>safeguarding client cryptoassets</i>	Detail the structure of the wallet where the <i>client cryptoassets</i> are held on behalf of <i>clients</i> . Are they pooled in omnibus wallets or are they

		kept in individually segregated wallets? Does the <i>firm</i> make use of wallets with additional security measures such as multi-party computation, or multi-signature wallets?
(19)	The excess or shortfall of <i>client cryptoassets</i>	Detail the amount by which the <i>firm's client cryptoasset</i> holdings differ from its actual holdings of its <i>client cryptoassets</i> as per the reconciliation carried out on the first <i>business day</i> following the reporting period in question.
(20)	Adjustments made to withdraw an excess or rectify a shortfall identified as a result of <i>client cryptoasset reconciliation</i>	A <i>firm</i> should report the action taken to correct a shortfall or withdraw an excess.
(21)	Any use of an <i>operational surplus</i>	A <i>firm</i> should indicate whether it is currently utilising an <i>operational surplus</i> .
(22)	The number of <i>client cryptoasset</i> items that have been unresolved for the following periods of time	A <i>firm</i> should identify in this data field the number of <i>client cryptoasset</i> items which have remained unresolved for: <ul style="list-style-type: none"> • 6 to 29 <i>days</i>; • 30 to 59) <i>days</i>; • 60 to 90 <i>days</i>; and • more than 90 <i>days</i>.
(23)	Total revenue during the reporting period from <i>safeguarding cryptoassets</i> in relation to <i>qualifying cryptoassets</i>	Total revenue during the reporting period from <i>safeguarding cryptoassets</i> in relation to <i>qualifying cryptoassets</i> , recognised per the <i>firm's</i> accounting policies. For this metric: <ul style="list-style-type: none"> • include safeguarding, custody or wallet maintenance fees charged to <i>clients</i> for holding <i>qualifying cryptoassets</i>; • include recurring account level fees, cold storage fees, and any other directly attributable safeguarding related charges; and • exclude transaction-related fees (eg, execution, withdrawal, brokerage fees) unless they are specifically charged for safeguarding services.
(24)	Total revenue during the reporting period from	Total revenue during the reporting period from <i>safeguarding cryptoassets</i> in relation to

	<i>safeguarding cryptoassets in relation to relevant specified investment cryptoassets</i>	<p><i>relevant specified investment cryptoassets</i>, recognised per the <i>firm</i>'s accounting policies.</p> <p>For this metric:</p> <ul style="list-style-type: none"> include all fees charged specifically for <i>safeguarding relevant specified investment cryptoassets</i> (e.g. custody charges, vaulting fees, wallet security fees); include both fixed and variable revenue linked directly to the safeguarding activity; and exclude revenues from advisory, execution, arranging or lending activities, even if provided to the same <i>client</i>.
(25)	Total revenue from <i>arranging cryptoasset safeguarding</i> in relation to <i>qualifying cryptoassets</i>	<p>Total revenue from <i>arranging cryptoasset safeguarding</i> in relation to <i>qualifying cryptoassets</i> during the reporting period, recognised per the <i>firm</i>'s accounting policies.</p> <p>For this metric:</p> <ul style="list-style-type: none"> include fees, commissions or agent spreads earned for introducing <i>clients</i> to safeguarding providers or arranging custody solutions; include ongoing revenue shares or rebates received from third-party custodians as part of an arranging/introducing agreement; exclude fees for safeguarding performed directly by the <i>firm</i> (those should be reported under safeguarding revenue, not arranging); and exclude revenue from unrelated brokerage, trading or platform activities.
(26)	Total revenue from <i>arranging cryptoasset safeguarding</i> in relation to <i>relevant specified investment cryptoassets</i>	<p>Total revenue from <i>arranging cryptoasset safeguarding</i> in relation to <i>relevant specified investment cryptoassets</i> during the reporting period, recognised per the <i>firm</i>'s accounting policies.</p> <p>For this metric:</p> <ul style="list-style-type: none"> include revenue earned for arranging safeguarding by third party custodians for <i>relevant specified investment cryptoassets</i>;

		<ul style="list-style-type: none"> • include introducing fees, commissions, distribution fees and any revenue share derived from partner custody providers; • exclude direct safeguarding fees (reported separately); and • exclude revenues linked to other <i>regulated activities</i> (eg, <i>dealing</i>, advisory, portfolio management).
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Issuing a qualifying stablecoin

All *firms* carrying on the activity of *issuing a qualifying stablecoin* are required to submit to the *FCA*, on a quarterly basis, the information in the table below for each *qualifying stablecoin product* that contains a *UK qualifying stablecoin*.

<i>SUP</i> 16.35.8R	Metric	Guidance
(1)	The total number of <i>qualifying stablecoins minted</i>	<p>The total number of <i>qualifying stablecoins minted</i> (by and on behalf of the <i>firm</i>) during the reporting period. This includes any <i>qualifying stablecoins</i> not yet distributed/sold/subscribed for.</p> <p>For this metric, exclude <i>qualifying stablecoins</i> that were <i>burned</i> before being distributed, sold or subscribed for.</p>
(2)	The total number of <i>qualifying stablecoins</i> issued to a <i>person</i> by the <i>qualifying stablecoin issuer</i>	<p>The total number of <i>qualifying stablecoins</i> issued to a <i>person</i> by the <i>qualifying stablecoin issuer</i> during the reporting period.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • include only <i>qualifying stablecoins</i> issued by the <i>firm</i> and not those obtained on the secondary market; and • include <i>qualifying stablecoins</i> allocated to <i>clients</i> but not yet settled, provided the allocation is contractually binding.
(3)	The balance of <i>stablecoin backing assets</i>	<p>The total value of <i>stablecoin backing assets</i> held in the <i>reference currency</i> at the end of the reporting period.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • include <i>assets</i> that form part of the <i>backing asset pool</i> (including any

		<p>excess held in accordance with CASS 16.4.16R);</p> <ul style="list-style-type: none"> • value positions using end-of-day prices on the last <i>business day</i> of the reporting period; and • exclude any <i>assets</i> that are not part of the <i>backing asset pool</i>.
(4)	The balance of <i>stablecoin backing funds</i>	<p>The total value of <i>stablecoin coin backing funds</i> held in the <i>reference currency</i> at the end of the reporting period.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • include <i>money</i> that forms part of the <i>backing asset pool</i> (including any excess held in accordance with CASS 16.4.16R); • value positions using end-of-day prices on the last <i>business day</i> of the reporting period; and • exclude any <i>money</i> that is not part of the <i>backing asset pool</i>.
(5)	The following information in respect of the <i>core backing assets</i> held in the <i>backing asset pool</i> at the end of the reporting period	<p>The value of <i>core backing assets</i> in the <i>backing asset pool</i> which are:</p> <ol style="list-style-type: none"> (1) <i>on-demand deposits</i>; and (2) <i>short-term government debt instruments</i>, as at the end of the reporting period. <p>For <i>on-demand deposits</i>, the <i>firm</i> must report the name of the <i>approved bank</i> where the deposit is held, the <i>reference currency</i> of the <i>qualifying stablecoin</i>, and the value of <i>on-demand deposits</i> held in the <i>backing asset pool</i> in the <i>reference currency</i>.</p> <p>For <i>short-term government debt instruments</i>, the <i>firm</i> must report the name of the government that issued the debt instrument, the <i>reference currency</i> of the <i>qualifying stablecoin</i>, and the value of <i>short-term government debt instruments</i> held in the <i>backing asset pool</i> in the <i>reference currency</i>.</p>

(6)	Any use of an excess in accordance with <i>CASS</i> 16.4.16R	A <i>firm</i> should indicate whether it held an excess in accordance with <i>CASS</i> 16.4.16R during the reporting period.
(7)	The total number of valid <i>redemption</i> requests received	<p>The total number of valid <i>redemption</i> requests for <i>qualifying stablecoins</i> received during the reporting period.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • a ‘<i>redemption</i> request’ is valid if it is made by the <i>holder</i> of a <i>qualifying stablecoin</i> and in a manner which meets any terms and conditions in the contract between the <i>qualifying stablecoin issuer</i> and the <i>qualifying stablecoin holder</i>, or other applicable mechanism, as set out in <i>CRYPTO</i> 2.4.16R; and • include all valid <i>redemption</i> requests received, whether completed or not.
(8)	The total value of <i>qualifying stablecoins</i> redeemed	<p>The total value of <i>qualifying stablecoins</i> in respect of which <i>redemption</i> was completed during the reporting period in the <i>reference currency</i>.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • ‘completed’ has the meaning in <i>CRYPTO</i> 2.4.18R and <i>CRYPTO</i> 2.4.19R; and • exclude <i>redemptions</i> that have not been completed.
(9)	The total number of valid <i>redemption</i> requests that have been received but not completed	<p>The total number of valid <i>redemption</i> requests for <i>qualifying stablecoins</i> that were received during the reporting period, but not completed by the end of the reporting period.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • include all relevant <i>redemption</i> requests, including those where the standard service level agreement or regulatory timeframe has been breached; • include requests that are awaiting customer documentation; and • do not include requests that were completed during the reporting period.

(10)	The total number of delayed valid <i>redemption</i> requests	<p>The total number of valid <i>redemption</i> requests for <i>qualifying stablecoins</i> that were not settled within the timeframe in <i>CRYPTO</i> 2.4.14R(3).</p> <p>For this metric:</p> <ul style="list-style-type: none"> include requests where <i>redemption</i> was delayed due to issuer processes or operational reasons; and do not include requests delayed in accordance with <i>CRYPTO</i> 2.4.20R.
(11)	The names and activities of third parties appointed under <i>CASS 16</i> or <i>CRYPTO 2.3</i>	<p>The name of any third parties appointed under <i>CASS 16</i> or <i>CRYPTO 2.3</i> by the <i>qualifying stablecoin issuer</i> to conduct activities related to <i>issuing a qualifying stablecoin</i>.</p> <p>For this metric:</p> <ul style="list-style-type: none"> for <i>CASS 16</i>, include third parties appointed in accordance with <i>CASS 16.6</i>; for <i>CRYPTO 2.3</i>, include third parties that carry out activities that are critical for the performance of, or amount to part of, the <i>regulated activity</i> of <i>issuing a qualifying stablecoin</i> as referred to in <i>CRYPTO 2.3.2R</i>; and specify the activity performed by each third party.
(12)	Whether any notifiable <i>CASS 16</i> breaches occurred and whether the <i>FCA</i> was notified as required	<p>A <i>firm</i> should indicate whether at any point during the reporting period one of the situations referred to in <i>CASS 16.2.30R</i> or <i>CASS 16.4.22R</i> arose, and the <i>firm</i> was required to notify the <i>FCA</i> of it.</p> <p>If the <i>firm</i> has indicated that one of the situations referred to in <i>CASS 16.2.30R</i> or <i>CASS 16.4.22R</i> arose, it should confirm whether all required notifications were made to the <i>FCA</i> in accordance with <i>CASS 16.2.30R</i> and <i>CASS 16.2.31</i>, or <i>CASS 16.4.22R</i>.</p>
(13)	The name of the audit firm appointed under <i>SUP 3.3.2R</i>	The full legal name of the audit firm and not, for example, a trading name.

(14)	Total revenue from <i>issuing a qualifying stablecoin</i> during the reporting period	<p>Total revenue, in GBP, earned from <i>issuing qualifying stablecoins</i> during the reporting period, recognised per the <i>firm's</i> accounting policies.</p> <p>For this metric:</p> <ul style="list-style-type: none"> include all revenue arising from <i>issuing a qualifying stablecoin</i> (eg, issuance fees, <i>minting</i>/spread revenue, issuance/redemption-related fees charged to <i>clients</i>); include any net revenue earned from issuance-related services provided on behalf of <i>group</i> entities or third-party partners; where issuance activities are outsourced, include the <i>firm's</i> retained revenue share from outsourced arrangements (eg, agent fees, distribution fees); and exclude revenue from unrelated activities (eg, custody fees, trading fees, income from the <i>firm's</i> own <i>money</i> or <i>assets</i>).
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Operating a qualifying cryptoasset trading platform

All *firms* authorised for *operating a qualifying CATP* are required to submit to the *FCA*, on a quarterly basis, the information in the table below.

SUP 16.35.9R	Metric	Guidance
(1) Information concerning <i>retail customers</i>		
(1)(a)	The total number of <i>retail customers</i> who executed at least one trade on a <i>UK QCATP</i>	<p>The total number of <i>retail customers</i> who executed at least one live trade on the <i>UK QCATP</i> during the reporting period.</p> <p>For this metric:</p> <ul style="list-style-type: none"> 'live trade' means a trade matched and executed on the platform, excluding test/demo/simulated trades and pending/failed/cancelled orders; and

		<ul style="list-style-type: none"> count each <i>retail customer</i> once, regardless of the number of trades, or accounts held, by the same <i>retail customer</i>.
(1)(b)	The total value of completed fiat to <i>qualifying cryptoasset</i> transactions executed by <i>retail customers</i> on a <i>UK QCATP</i>	<p>The total cumulative value, in GBP, of completed fiat to <i>qualifying cryptoasset</i> transactions executed by <i>retail customers</i> on the <i>UK QCATP</i> during the reporting period.</p> <p>For this metric:</p> <ul style="list-style-type: none"> include only trades executed and settled on the platform; exclude pending/failed/cancelled orders, deposits/withdrawals, and non-trade movements; and value each transaction at the GBP consideration at execution time using a consistent, auditable rate source.
(1)(c)	The total value of completed <i>qualifying cryptoasset</i> to <i>qualifying cryptoasset</i> transactions executed by <i>retail customers</i> on a <i>UK QCATP</i>	<p>The total cumulative value, in GBP, of completed <i>qualifying cryptoasset</i> to <i>qualifying cryptoasset</i> transactions executed by <i>retail customers</i> on the <i>UK QCATP</i> during the reporting period.</p> <p>For this metric:</p> <ul style="list-style-type: none"> include only trades executed within the activity perimeter; exclude pending/failed/cancelled orders and non-trade movements; and value each transaction at the GBP consideration at execution time using a consistent, auditable rate source.
(1)(d)	The total value of completed <i>qualifying cryptoasset</i> to fiat transactions executed by <i>retail customers</i> on a <i>UK QCATP</i>	<p>The total cumulative value, in GBP, of completed <i>qualifying cryptoasset</i> to fiat transactions executed by <i>retail customers</i> on the <i>UK QCATP</i> during the reporting period.</p> <p>For this metric:</p> <ul style="list-style-type: none"> include only trades executed on the platform; exclude pending/failed/cancelled orders, withdrawals, and non-trade movements; and

		<ul style="list-style-type: none"> value each transaction at the GBP proceeds at execution/settlement.
(1)(e)	The <i>retail customers</i> with the highest total transactions by value of <i>qualifying cryptoassets</i> on a <i>UK QCATP</i>	<p>The anonymised unique identifiers and cumulative GBP transaction value of the top 10 <i>retail customers</i> by executed trading volume on the <i>UK QCATP</i> during the reporting period.</p> <p>For this metric:</p> <ul style="list-style-type: none"> ‘cumulative GBP transaction value’ means the sum of executed trade consideration in GBP for buys and sells, measured at execution time; exclude deposits/withdrawals, transfers, and pending/failed/cancelled orders; and use stable anonymisation so the same <i>client</i> can be tracked across periods without their identity being revealed.
(2) Information concerning <i>clients</i> who are <i>authorised cryptoasset firms</i>		
(2)(a)	The total number of this category of <i>clients</i> who executed at least one trade on a <i>UK QCATP</i>	<p>The total number of <i>authorised cryptoasset firms</i> who executed at least one live trade on the <i>UK QCATP</i> during the reporting period.</p> <p>For this metric:</p> <ul style="list-style-type: none"> ‘live trade’ means a trade matched and executed on the platform, excluding test/demo/simulated trades and pending/failed/cancelled orders; and count each <i>client</i> once, regardless of the number of trades, or accounts held, by the same <i>client</i>.
(2)(b)	The total value of completed fiat to <i>qualifying cryptoasset</i> transactions executed by this category of <i>clients</i>	<p>The total cumulative value, in GBP, of completed fiat to <i>qualifying cryptoasset</i> transactions executed by <i>authorised cryptoasset firms</i> on the <i>UK QCATP</i> during the reporting period.</p> <p>For this metric, apply the same inclusion/exclusion and valuation guidance as in (2)(a).</p>
(2)(c)	The total value of completed <i>qualifying cryptoasset</i> to <i>qualifying cryptoasset</i>	The total cumulative value, in GBP, of completed <i>qualifying cryptoasset</i> to <i>qualifying cryptoasset</i> transactions executed

	transactions executed by this category of <i>clients</i>	by <i>authorised cryptoasset firms</i> on the <i>UK QCATP</i> during the reporting period. For this metric, apply the same inclusion/exclusion and valuation guidance as in (2)(a).
(2)(d)	The total value of completed <i>qualifying cryptoasset</i> to fiat transactions executed by this category of <i>clients</i>	The total cumulative value, in GBP, of completed <i>qualifying cryptoasset</i> to fiat transactions executed by <i>authorised cryptoasset firms</i> on the <i>UK QCATP</i> during the reporting period. For this metric, apply the same valuation and exclusion guidance as in (2)(a).
(2)(e)	The <i>clients</i> under this category with the highest total transactions by value of <i>qualifying cryptoassets</i>	The legal names (and <i>LEIs</i> where available) and cumulative GBP transaction value of the top 10 <i>authorised cryptoasset firms</i> ranked by executed trading volume on the <i>UK QCATP</i> during the reporting period. For this metric: <ul style="list-style-type: none"> • ‘cumulative GBP transaction value’ means the sum of executed trade consideration in GBP for buys and sells, measured at execution time; and • exclude deposits/withdrawals, transfers, and pending/failed/cancelled orders.
(3) Information concerning <i>clients</i> that do not fall under the categories in (1) and (2)		
(3)(a)	The total number of this category of <i>clients</i> who executed at least one trade on a <i>UK QCATP</i>	The total number of other <i>clients</i> who executed at least one live trade on the <i>UK QCATP</i> during the reporting period. For this metric: <ul style="list-style-type: none"> • ‘live trade’ means a trade matched and executed on the platform, excluding test/demo/simulated trades and cancelled/failed/pending orders; and • count each <i>client</i> once, regardless of the number of trades, or accounts held, by the same <i>client</i>.
(3)(b)	The total value of completed fiat to <i>qualifying cryptoasset</i> transactions executed by this category of <i>clients</i>	The total cumulative value, in GBP, of completed fiat to <i>qualifying cryptoasset</i> transactions executed by other <i>UK clients</i>

		<p>on the <i>UK QCATP</i> during the reporting period.</p> <p>For this metric, apply the same inclusion/exclusion and valuation guidance as in (3)(a).</p>
(3)(c)	<p>The total value of completed <i>qualifying cryptoasset</i> to <i>qualifying cryptoasset</i> transactions executed by this category of <i>clients</i></p>	<p>The total cumulative value, in GBP, of completed <i>qualifying cryptoasset</i> to <i>qualifying cryptoasset</i> transactions executed by other <i>UK clients</i> on the <i>UK QCATP</i> during the reporting period.</p> <p>For this metric, apply the same inclusion/exclusion and valuation guidance as in (3)(a).</p>
(3)(d)	<p>The total value of completed <i>qualifying cryptoasset</i> to fiat transactions executed by this category of <i>clients</i></p>	<p>The total cumulative value, in GBP, of completed <i>qualifying cryptoasset</i> to fiat transactions executed by other <i>UK clients</i> on the <i>UK QCATP</i> during the reporting period.</p> <p>For this metric, apply the same valuation and exclusion guidance as in (3)(a).</p>
(3)(e)	<p>The <i>clients</i> under this category with the highest total transactions by value of <i>qualifying cryptoassets</i></p>	<p>The legal names (and <i>LEIs</i> where available) and cumulative GBP transaction value of the top 10 other <i>UK clients</i> ranked by executed trading volume on the <i>UK QCATP</i> during the reporting period.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • ‘cumulative GBP transaction value’ means the sum of executed trade consideration in GBP for buys and sells, measured at execution time; and • exclude deposits/withdrawals, transfers, and pending/failed/cancelled orders.
(4)	<p>Total <i>firm</i> revenue from <i>operating a UK QCATP</i> during the reporting period</p>	<p>The total revenue, in GBP, earned by the <i>UK QCATP operator</i> in respect of the <i>UK QCATP</i> during the reporting period, recognised per the <i>firm’s</i> accounting policies (state accrual or cash basis and apply consistently).</p> <p>For this metric, include trading fees, commissions, deposit/withdrawal charges and other account maintenance fees linked to use of the platform.</p>

Cryptoasset intermediaries

All *firms* authorised for:

- *dealing in qualifying cryptoassets as principal;*
- *dealing in qualifying cryptoassets as agent; and*
- *arranging deals in qualifying cryptoassets (excluding qualifying cryptoasset lending services and qualifying cryptoasset borrowing services),*

are required to submit to the *FCA*, on a quarterly basis, the information in the table below.

SUP 16.35.10R	Metric	Guidance
(1) Information concerning <i>retail customers</i>		
(1)(a)	The total number of <i>retail customers</i> for whom the <i>firm</i> executed or received and transmitted for execution at least one trade	<p>The total number of <i>retail customers</i> for whom the <i>firm</i> received and transmitted for execution or executed at least one live trade during the reporting period, whether executed by the intermediary itself or by another <i>qualifying cryptoasset execution venue</i>.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • ‘live trade’ means a trade matched and executed, excluding test/demo/simulated trades and pending/failed/cancelled orders; • count each <i>client</i> once, regardless of the number of trades, or accounts held, by the same <i>client</i>; and • the concept of a <i>qualifying cryptoasset execution venue</i> is defined in the <i>Glossary</i>.
(1)(b)	The total value of completed fiat to <i>qualifying cryptoasset</i> transactions executed or received and transmitted for execution by the <i>firm</i>	<p>The total cumulative value, in GBP, of completed fiat to <i>qualifying cryptoasset</i> transactions received and transmitted for execution or executed by the <i>firm</i> during the reporting period for <i>retail customers</i>.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • include trades executed by the intermediary itself or by another <i>qualifying cryptoasset execution venue</i>;

		<ul style="list-style-type: none"> exclude pending/failed/cancelled orders, deposits/withdrawals, and non-trade movements; and value each transaction at the GBP consideration at execution time using a consistent, auditable rate source.
(1)(c)	The total value of completed <i>qualifying cryptoasset</i> transactions executed or received and transmitted for execution by the <i>firm</i> that do not fall under (b) or (d)	<p>The total cumulative value, in GBP, of completed <i>qualifying cryptoasset</i> to <i>qualifying cryptoasset</i> transactions received and transmitted for execution or executed by the <i>firm</i> during the reporting period for <i>retail customers</i>.</p> <p>For this metric:</p> <ul style="list-style-type: none"> include trades executed by the intermediary itself or by another <i>qualifying cryptoasset execution venue</i>; exclude pending/failed/cancelled orders and non-trade movements; and value each transaction at the GBP consideration at execution time using a consistent, auditable rate source.
(1)(d)	The total value of completed <i>qualifying cryptoasset</i> to fiat transactions executed or received and transmitted for execution by the <i>firm</i>	<p>The total cumulative value, in GBP, of completed <i>qualifying cryptoasset</i> to fiat transactions received and transmitted for execution or executed by the <i>firm</i> during the reporting period for <i>retail customers</i>.</p> <p>For this metric:</p> <ul style="list-style-type: none"> include trades executed by the intermediary itself or by another <i>qualifying cryptoasset execution venue</i>; exclude pending/failed/cancelled orders, withdrawals, and non-trade movements; and value each transaction at the GBP proceeds at execution time using a consistent, auditable rate source.
(1)(e)	The <i>retail customers</i> with the highest total transactions by value of <i>qualifying cryptoassets</i>	The anonymised unique identifiers and cumulative GBP transaction value of the

		<p><i>retail customers</i> by executed trading volume during the reporting period.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • ‘cumulative GBP transaction value’ means the sum of executed trade consideration in GBP for buys and sells, measured at execution time; • exclude deposits/withdrawals, transfers, and pending/failed/cancelled orders; and • use stable anonymisation so the same <i>client</i> can be tracked across periods without their identity being revealed.
<p>(2) Information concerning <i>clients</i> who are <i>authorised cryptoasset firms</i></p>		
(2)(a)	<p>The total number of this category of <i>clients</i> for whom the <i>firm</i> executed or received and transmitted for execution at least one trade</p>	<p>The total number of <i>authorised cryptoasset firms</i> for whom the <i>firm</i> received and transmitted for execution or executed at least one live trade during the reporting period, whether executed by the intermediary itself or by another <i>qualifying cryptoasset execution venue</i>.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • ‘live trade’ means a trade matched and executed, excluding test/demo/simulated trades and cancelled/failed/pending order; and • count each <i>client</i> once, regardless of the number of trades, or accounts held, by the same <i>client</i>.
(2)(b)	<p>The total value of completed fiat to <i>qualifying cryptoasset</i> transactions executed or received and transmitted for execution by the <i>firm</i></p>	<p>The total cumulative value, in GBP, of completed fiat to <i>qualifying cryptoasset</i> transactions received and transmitted for execution or executed by the <i>firm</i> during the reporting period by <i>authorised cryptoasset firms</i>.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • include trades executed by the intermediary itself or by another <i>qualifying cryptoasset execution venue</i>;

		<ul style="list-style-type: none"> exclude pending/failed/cancelled orders, deposits/withdrawals, and non-trade movements; and value each transaction at the GBP consideration at execution time using a consistent, auditable rate source.
(2)(c)	The total value of completed <i>qualifying cryptoasset</i> transactions executed or received and transmitted for execution by the <i>firm</i> that do not fall under (b) or (d)	<p>The total cumulative value, in GBP, of completed <i>qualifying cryptoasset</i> to <i>qualifying cryptoasset</i> transactions received and transmitted for execution or executed by the <i>firm</i> during the reporting period by <i>authorised cryptoasset firms</i>.</p> <p>For this metric:</p> <ul style="list-style-type: none"> include trades executed by the intermediary itself or by another <i>qualifying cryptoasset execution venue</i>; exclude pending/failed/cancelled orders and non-trade movements; and value each transaction at the GBP consideration at execution time using a consistent, auditable rate source.
(2)(d)	The total value of completed <i>qualifying cryptoasset</i> to fiat transactions executed or received and transmitted for execution by the <i>firm</i>	<p>The total cumulative value, in GBP, of completed <i>qualifying cryptoasset</i> to fiat transactions received and transmitted for execution or executed by the <i>firm</i> during the reporting period by <i>authorised cryptoasset firms</i>.</p> <p>For this metric:</p> <ul style="list-style-type: none"> include trades executed by the intermediary itself or by another <i>qualifying cryptoasset execution venue</i>; exclude pending/failed/cancelled orders, withdrawals, and non-trade movements; and value each transaction at the GBP proceeds at execution time using a consistent, auditable rate source.
(2)(e)	The <i>clients</i> under this category with the highest total	The legal names (and <i>LEIs</i> where available) and cumulative GBP transaction value of the top 10 <i>authorised cryptoasset</i>

	transactions by value of <i>qualifying cryptoassets</i>	<p><i>firms</i> ranked by executed trading volume during the reporting period.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • cumulative GBP transaction value” means the sum of executed trade consideration in GBP for buys and sells, measured at execution time; and • exclude deposits/withdrawals, transfers, and pending/failed/cancelled orders.
(3) Information concerning <i>clients</i> that do not fall under the categories in (1) and (2)		
(3)(a)	The total number of this category of <i>clients</i> for whom the <i>firm</i> executed or received and transmitted for execution at least one trade	<p>The total number of other <i>clients</i> for whom the <i>firm</i> received and transmitted for execution or executed at least one live trade during the reporting period, whether executed by the intermediary itself or by another <i>qualifying cryptoasset execution venue</i>.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • ‘live trade” means a trade matched and executed, excluding test/demo/simulated trades and pending/failed/cancelled orders; and • count each <i>client</i> once, regardless of the number of trades, or accounts held, by the same <i>client</i>.
(3)(b)	The total value of completed fiat to <i>qualifying cryptoasset</i> transactions executed or received and transmitted for execution by the <i>firm</i>	<p>The total cumulative value, in GBP, of completed fiat to <i>qualifying cryptoasset</i> transactions received and transmitted for execution or executed by the <i>firm</i> during the reporting period for other <i>UK clients</i>.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • include trades executed by the intermediary itself or by another <i>qualifying cryptoasset execution venue</i>; • exclude pending/failed/cancelled orders, deposits/withdrawals, and non-trade movements; and

		<ul style="list-style-type: none"> value each transaction at the GBP consideration at execution time using a consistent, auditable rate source.
(3)(c)	The total value of completed <i>qualifying cryptoasset</i> transactions executed or received and transmitted for execution by the <i>firm</i> that do not fall under (b) or (d)	<p>The total cumulative value, in GBP, of completed <i>qualifying cryptoasset</i> to <i>qualifying cryptoasset</i> transactions received and transmitted for execution or executed by the <i>firm</i> during the reporting period for other <i>UK clients</i>.</p> <p>For this metric:</p> <ul style="list-style-type: none"> include trades executed by the intermediary itself or by another <i>qualifying cryptoasset execution venue</i>; exclude pending/failed/cancelled orders and non-trade movements; and value each transaction at the GBP consideration at execution time using a consistent, auditable rate source.
(3)(d)	The total value of completed <i>qualifying cryptoasset</i> to fiat transactions executed or received and transmitted for execution by the <i>firm</i>	<p>The total cumulative value, in GBP, of completed <i>qualifying cryptoasset</i> to fiat transactions received and transmitted for execution or executed by the <i>firm</i> during the reporting period for other <i>UK clients</i>.</p> <p>For this metric:</p> <ul style="list-style-type: none"> include trades executed by the intermediary itself or by another <i>qualifying cryptoasset execution venue</i>; exclude pending/failed/cancelled orders, withdrawals, and non-trade movements; and value each transaction at the GBP proceeds at execution time using a consistent, auditable rate source.
(3)(e)	The <i>clients</i> under this category with the highest total transactions by value of <i>qualifying cryptoassets</i>	<p>The legal names (and <i>LEIs</i> where available) and cumulative GBP transaction value of the top 10 other <i>UK clients</i> ranked by executed trading volume during the reporting period.</p> <p>For this metric:</p>

		<ul style="list-style-type: none"> • ‘cumulative GBP transaction value’ means the sum of executed trade consideration in GBP for buys and sells, measured at execution time; and • exclude deposits/withdrawals, transfers, and pending/failed/cancelled orders.
(4)	The <i>qualifying cryptoasset execution venues</i> where the <i>firm</i> executed or transmitted for execution <i>client</i> orders	<p>The names (and <i>LEIs</i> where available) and cumulative GBP transaction value of the top 10 execution venues the reporting entity uses for <i>client</i> trades, including the <i>firm</i> itself or an affiliated entity where applicable and other <i>qualifying cryptoasset execution venues</i>, ranked by executed trading volume for <i>client</i> trades during the reporting period.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • ‘cumulative GBP transaction value’ means the sum of executed trade consideration in GBP for buys and sells, measured at execution time; • exclude deposits/withdrawals, transfers, and pending/failed/cancelled orders; and • include a breakdown of the top 10 execution venues for, respectively: <ul style="list-style-type: none"> ○ <i>retail customers</i>; ○ <i>authorised cryptoasset firms</i>; and ○ <i>other UK clients</i>.
(5)	When <i>dealing in qualifying cryptoassets as principal</i> and executing orders for <i>clients</i> , where the <i>firm</i> sourced liquidity	<p>Where a <i>firm</i> is <i>dealing in qualifying cryptoassets as principal</i> and executes orders for <i>clients</i>, the names (and <i>LEIs</i> where available) and cumulative GBP transaction values of the top 5 liquidity sources (by transaction value) it uses during the reporting period.</p> <p>Liquidity sources refer to counterparties or <i>qualifying cryptoasset execution venues</i> via which a <i>firm</i> purchases or sells <i>qualifying cryptoassets</i> for own accounts.</p>

		<p>Where a liquidity source is a blockchain-based system and there is no identifiable legal entity to report, the <i>firm</i> may instead report (where applicable):</p> <ul style="list-style-type: none"> • the protocol name (and, where applicable, the pool/market name); • the blockchain/network; and • the smart contract address or other unique on-chain identifier for the relevant protocol/pool. <p>For this metric:</p> <ul style="list-style-type: none"> • ‘cumulative GBP transaction value’ means the sum of executed trade consideration in GBP for buys and sells, measured at execution time; and • exclude deposits/withdrawals, transfers, and pending/failed/cancelled orders.
(6)	<p>Total revenue from <i>dealing in qualifying cryptoassets as principal, dealing in qualifying cryptoassets as agent and arranging deals in qualifying cryptoassets</i> during the reporting period</p>	<p>The total revenue, in GBP, earned from <i>qualifying cryptoasset</i> intermediation activities during the reporting period, recognised per the <i>firm</i>’s accounting policies.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • include agency/brokerage fees, commissions, proprietary trading revenues and execution-related spreads earned for arranging or executing trades; and • include a breakdown of the total revenue by type of activity: <ul style="list-style-type: none"> ○ <i>dealing in qualifying cryptoassets as principal</i>; ○ <i>dealing in qualifying cryptoassets as agent</i>; and ○ <i>arranging deals in qualifying cryptoassets</i>.

Qualifying cryptoasset lending

All *firms* that:

- are authorised for:
 - *dealing in qualifying cryptoassets as principal*;
 - *dealing in qualifying cryptoassets as agent*; and
 - *arranging deals in qualifying cryptoassets*; and
- undertake *qualifying cryptoasset lending* services,

are required to submit to the *FCA*, on a quarterly basis, the information in the table below.

<i>SUP</i> 16.35.11R	Metric	Guidance
(1)(a)	The total number of <i>retail customers</i> with whom the <i>firm</i> engages in <i>qualifying cryptoasset lending</i>	<p>The total number of <i>retail customers</i> with at least one active <i>qualifying cryptoasset lending</i> arrangement as at the end of the reporting period.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • ‘active’ means an arrangement that is open at period end with a non-zero outstanding balance owed by the <i>firm</i> to the <i>retail customer</i> (including rolled/renewed arrangements) and not fully closed before period end; • count unique <i>retail customers</i>: a <i>retail customer</i> with multiple lending arrangements is counted once; and • exclude test/demo accounts and arrangements with zero balance at period end.
(1)(b)	The total number of <i>clients</i> who are <i>authorised cryptoasset firms</i> with whom the <i>firm</i> engages in <i>cryptoasset lending</i> services	<p>The total number of <i>clients</i> who are <i>authorised cryptoasset firms</i> with at least one active <i>qualifying cryptoasset lending</i> arrangement as at the end of the reporting period.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • ‘active’ means an arrangement that is open at period end with a non-zero outstanding balance owed by the <i>firm</i> to the <i>client</i> (including rolled/renewed arrangements) and not fully closed before period end;

		<ul style="list-style-type: none"> • count unique <i>clients</i> who are <i>authorised cryptoasset firms</i>: one per <i>person</i>; and • exclude test/demo accounts and arrangements with zero balance at period end.
(1)(c)	The total number of <i>clients</i> who do not fall under the categories in (a) and (b) with whom the <i>firm</i> engages in <i>qualifying cryptoasset lending</i>	<p>The total number of <i>clients</i> that do not fall under the categories in <i>SUP</i> 16.35.11R(1)(a) and (1)(b) with at least one active <i>qualifying cryptoasset lending</i> arrangement as at the end of the reporting period.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • ‘active’ means an arrangement that is open at period end with a non-zero outstanding balance owed by the <i>firm</i> to the <i>client</i> (including rolled/renewed arrangements), and not fully closed before period end; • count unique other customers: one per legal entity/sole trader; and • exclude test/demo accounts and arrangements with zero balance at period end.
(1)(d)	The total number of <i>qualifying cryptoasset lending</i> arrangements	<p>The total number of new <i>qualifying cryptoasset lending</i> arrangements contractually agreed during the reporting period, with both new and existing customers.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • ‘new’ includes originations and contractual renewals that reset economic terms (eg, new tenor/rate/amount); • exclude amendments or parameter changes that do not constitute a contractual renewal; and • count per contract: multiple contracts with the same customer each count once.

<p>(1)(e)</p>	<p>The total value of <i>qualifying cryptoasset lending</i> arrangements</p>	<p>The total market value, in GBP, of active <i>qualifying cryptoasset lending</i> arrangements as at the end of the reporting period.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • measure the <i>firm's</i> outstanding obligations to customers under lending arrangements at period end (principal only); • convert to GBP using end-of-day prices on the last <i>business day</i> of the period – use a consistent, auditable price source; and • exclude accrued but unpaid interest unless it is contractually capitalised into principal.
<p>(1)(f)</p>	<p>The lending counterparties</p>	<p>For the 10 counterparties with the largest aggregate outstanding exposures from the <i>firm's</i> lending activities at period end, report:</p> <ul style="list-style-type: none"> • legal name; • <i>LEI</i> (where available); • principal outstanding (GBP); • nature of the arrangement (collateralised, uncollateralised, staked, rehypothecated or other (specify)); and • whether the counterparty is in the <i>firm's group</i>. <p>Where the lending exposure is to a blockchain-based system and there is no identifiable legal entity counterparty to report, the <i>firm</i> may instead report:</p> <ul style="list-style-type: none"> • the protocol name (and, where applicable, the pool/market name); • the blockchain/network; and • the smart contract address or other unique on-chain identifier for the relevant protocol/pool. <p>For this metric:</p>

		<ul style="list-style-type: none"> report exposure on a gross principal basis – do not net against <i>qualifying cryptoasset borrowing collateral</i> or apply internal haircuts; and if multiple facilities with the same counterparty exist, aggregate to one counterparty line – where applicable, exposures to the same blockchain-based system (as described above) should be aggregated and reported as one line item.
(1)(g)	The location of the registered office (if no registered office, the head office) of the lending counterparties	Report the location of the registered office (or head office) for each of the top 10 counterparties identified.
(1)(h)	The total value of <i>qualifying cryptoassets</i> the <i>firm</i> has transacted with other parties to generate yield for <i>retail clients</i>	<p>The total market value, in GBP, at period end, of <i>client cryptoassets</i> received under <i>qualifying cryptoasset lending</i> arrangements that have been reused by the <i>firm</i> (including onward lending, rehypothecation or other reuse).</p> <p>For this metric, convert to GBP using end-of-day prices on the last <i>business day</i> of the period – use a consistent, auditable price source.</p>
(1)(i)	The types of <i>qualifying cryptoassets</i> used in <i>qualifying cryptoasset lending</i>	<p>Report the top 10 <i>qualifying cryptoasset</i> underlying active <i>qualifying cryptoasset lending</i> arrangements (ie, owed by the <i>firm</i> to <i>customers</i>), ranked by market value (GBP) at period end.</p> <p>‘Type’ refers to a <i>qualifying cryptoasset</i> on a specific network that uses distributed ledger technology (eg, blockchain) and may include reference to the <i>digital token identifier</i>, such as the Digital Token Identifier system outlined in ISO standard 24165.</p> <p>For this metric:</p> <ul style="list-style-type: none"> value tokens using end-of-day prices on the last <i>business day</i> of the period – use a consistent, auditable source; and exclude zero-balance arrangements closed before period end.

(1)(j)	Total revenue during the reporting period from <i>qualifying cryptoasset lending</i>	<p>The total revenue, in GBP, earned from <i>qualifying cryptoasset lending</i> activities for the reporting period, recognised per the <i>firm's</i> accounting policies.</p> <p>For this metric:</p> <ul style="list-style-type: none">• report net revenue retained by the <i>firm</i> (eg, fees/commissions/agent spreads) and exclude lending yield credited to <i>clients</i>; and• exclude revenue from unrelated activities.
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Qualifying cryptoasset borrowing

All *firms* that:

- are authorised for:
 - *dealing in qualifying cryptoassets as principal;*
 - *dealing in qualifying cryptoassets as agent;* and
 - *arranging deals in qualifying cryptoassets;* and
- undertake *qualifying cryptoasset borrowing services,*

are required to submit to the *FCA*, on a quarterly basis, the information in the table below.

SUP 16.35.11R	Metric	Guidance
(2)(a)	The total number of <i>retail customers</i> with whom the <i>firm</i> engages in <i>qualifying cryptoasset borrowing</i>	<p>The total number of <i>retail customers</i> with at least one active <i>qualifying cryptoasset borrowing</i> arrangement as at the end of the reporting period.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • ‘active’ means an arrangement open at period end where the <i>retail customer</i> owes a non-zero principal amount of <i>qualifying cryptoassets</i> to the <i>firm</i> under a <i>qualifying cryptoasset borrowing</i> product; • count unique <i>retail customers</i>: a <i>retail customer</i> with multiple <i>qualifying cryptoasset borrowing</i> arrangements is counted once; and • exclude test/demo accounts and arrangements with zero principal outstanding at period end.
(2)(b)	The total number of <i>clients</i> who are <i>authorised cryptoasset firms</i> with whom the <i>firm</i> engages in <i>qualifying cryptoasset borrowing</i>	<p>The total number of <i>clients</i> who are <i>authorised cryptoasset firms</i> with at least one active <i>qualifying cryptoasset borrowing</i> arrangement as at the end of the reporting period.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • ‘active’ means an arrangement open at period end where the <i>client</i> owes a non-zero principal amount of <i>qualifying cryptoassets</i> to the <i>firm</i> under a <i>qualifying cryptoasset borrowing</i> product;

		<ul style="list-style-type: none"> • count unique clients who are <i>authorised cryptoasset firms</i>: one per <i>person</i>; and • exclude test/demo accounts and arrangements with zero balance at period end.
(2)(c)	The total number of <i>clients</i> who do not fall under the categories in (a) and (b) with whom the <i>firm</i> engages in <i>qualifying cryptoasset borrowing</i>	<p>The total number of <i>clients</i> that do not fall under the categories in <i>SUP</i> 16.35.11R(2)(a) and (2)(b) with at least one active <i>qualifying cryptoasset borrowing</i> arrangement as at the end of the reporting period.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • ‘active’ means an arrangement open at period end where the customer owes a non-zero principal amount of <i>qualifying cryptoassets</i> to the <i>firm</i> under a <i>qualifying cryptoasset borrowing</i> product; • count unique other <i>clients</i>: one per legal entity/sole trader; and • exclude test/demo accounts and arrangements with zero balance at period end.
(2)(d)	The total number of <i>qualifying cryptoasset borrowing</i> arrangements	<p>The total number of new <i>qualifying cryptoasset borrowing</i> arrangements contractually agreed during the reporting period, with both new and existing <i>clients</i>.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • ‘new’ includes originations and contractual renewals that reset economic terms; • exclude amendments that do not constitute a renewal; and • count per contract: multiple contracts with the same customer each count once.
(2)(e)	The total value of <i>qualifying cryptoasset borrowing</i> arrangements	The total principal value, in GBP, of <i>qualifying cryptoassets</i> outstanding under <i>qualifying cryptoasset borrowing</i>

		<p>arrangements (ie, owed by <i>clients</i> to the <i>firm</i>) as at the end of the reporting period.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • report principal outstanding only – exclude accrued interest unless capitalised; • convert to GBP using end-of-day prices on the last <i>business day</i> of the period – use a consistent, auditable price source; and • do not net against <i>qualifying cryptoasset borrowing collateral</i>.
(2)(f)	<p>The total value of <i>qualifying cryptoasset borrowing collateral</i></p>	<p>The total market value, in GBP, at period end, of <i>qualifying cryptoasset borrowing collateral</i> provided by <i>clients</i> to secure <i>qualifying cryptoasset borrowing</i> arrangements.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • include <i>qualifying cryptoasset borrowing collateral</i> provided under both security interest and title transfer collateral arrangement mechanisms; • value <i>qualifying cryptoasset borrowing collateral</i> using end-of-day prices on the last <i>business day</i> of the period – use a consistent, auditable price source; and • report gross posted <i>qualifying cryptoasset borrowing collateral</i> – do not subtract haircuts or add excess <i>qualifying cryptoasset borrowing collateral</i> re-used elsewhere.
(2)(g)	<p>The types of <i>qualifying cryptoassets</i> used in <i>qualifying cryptoasset borrowing</i></p>	<p>Report the top 10 <i>qualifying cryptoassets</i> used as customer <i>qualifying cryptoasset borrowing collateral</i> for <i>qualifying cryptoasset</i> borrowing arrangements, ranked by market value (GBP) at period end.</p> <p>‘Type’ refers to a <i>qualifying cryptoasset</i> on a specific network that uses distributed ledger technology (eg, blockchain) and may include reference to the <i>digital token identifier</i>, such as the Digital Token</p>

		<p>Identifier system outlined in ISO standard 24165.</p> <p>For this metric:</p> <ul style="list-style-type: none"> value tokens using end-of-day prices on the last <i>business day</i> of the period – use a consistent, auditable price source; and where multiple <i>qualifying cryptoassets</i> tie for 10th place, use internal rank rules and note methodology.
(2)(h)	Total revenue during the reporting period from <i>qualifying cryptoasset borrowing</i>	<p>The total revenue, in GBP, earned from <i>qualifying cryptoasset borrowing</i> activities for the reporting period, recognised in line with the <i>firm</i>'s accounting policies.</p> <p>For this metric:</p> <ul style="list-style-type: none"> include fees, spreads, and interest income directly attributable to <i>clients</i> borrowing <i>qualifying cryptoassets</i> from the <i>firm</i>; and exclude income from unrelated activities (eg, trading) unless directly linked to <i>qualifying cryptoasset borrowing</i> products and disclosed as such.

Arranging qualifying cryptoasset staking

All *firms* authorised for *arranging qualifying cryptoasset staking* are required to submit to the *FCA*, on a quarterly basis, the information in the table below.

For the purposes of this *guidance*, where the *firm* has a *qualifying cryptoasset staking* arrangement with a *client* and:

- that arrangement involves the issuance of another *cryptoasset* to the *client*; and
- the *cryptoasset* issued confers or represents any rights (including ownership) or obligations with respect to the *qualifying cryptoassets* used in the *qualifying cryptoasset staking* service,

the *firm* should report such arrangements against the *client* who is known to the *firm*.

<i>SUP</i> 16.35.12R	Metric	Guidance
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(1)	<p>The total number of <i>retail customers</i> with at least one active <i>qualifying cryptoasset staking</i> arrangement with the <i>firm</i></p>	<p>The total number of <i>retail customers</i> with at least one active <i>qualifying cryptoasset staking</i> arrangement as at the end of the reporting period.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • ‘active’ staking includes positions that are staked/delegated at period end (including bonded, locked, or in un-bonding where rewards/validation rights continue per protocol); • count unique <i>retail customers</i>: multiple staking positions across networks/protocols count once; and • exclude test/demo accounts and arrangements with zero balance at period end.
(2)	<p>The total number of <i>clients</i> who are <i>authorised cryptoasset firms</i> with at least one active <i>qualifying cryptoasset staking</i> arrangement with the <i>firm</i></p>	<p>The total number of <i>clients</i> who are <i>authorised cryptoasset firms</i> with at least one active <i>qualifying cryptoasset staking</i> arrangement as at the end of the reporting period.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • ‘active’ staking includes positions that are staked/delegated at period end (including bonded, locked, or in un-bonding where rewards/validation rights continue per protocol); • count unique <i>clients</i> who are <i>authorised cryptoasset firms</i>: multiple staking positions across networks/protocols count once; and • exclude test/demo accounts and arrangements with zero balance at period end.
(3)	<p>The total number of <i>clients</i> who do not fall under the categories in (a) and (b) with at least one active <i>qualifying cryptoasset staking</i> arrangement with the <i>firm</i></p>	<p>The total number of <i>clients</i> that do not fall under the categories in <i>SUP 16.35.12R(1)</i> and (2) with at least one active <i>qualifying cryptoasset staking</i> arrangement as at the end of the reporting period.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • ‘active’ staking includes positions that are staked/delegated at period end

		<p>(including bonded, locked, or in unbonding where rewards/validation rights continue per protocol);</p> <ul style="list-style-type: none"> • count unique other <i>clients</i>: multiple staking positions across networks/protocols count once; and • exclude test/demo accounts and arrangements with zero balance at period end.
(4)	The total number of new <i>qualifying cryptoasset staking</i> arrangements that started during the reporting period	<p>The total number of new <i>qualifying cryptoasset staking</i> arrangements established during the reporting period (whether or not the <i>firm</i> is <i>safeguarding cryptoassets</i> for the <i>client</i> for the staked <i>qualifying cryptoasset</i>).</p> <p>For this metric:</p> <ul style="list-style-type: none"> • count per <i>client</i> protocol pair at initial opt-in/enablement or contractual renewal that resets economic terms; • exclude granular position top-ups/partial re-stakes under an existing arrangement; • if a <i>client</i> opts into multiple protocols, count each protocol once: multiple wallets on the same protocol under one arrangement count once.
(5)	The total value of <i>qualifying cryptoasset staking</i> arrangements where the <i>firm</i> is also <i>safeguarding cryptoassets</i> for <i>clients</i> for the staked <i>qualifying cryptoassets</i>	<p>The total market value, in GBP, at period end, of <i>client cryptoassets</i> safeguarded by the <i>firm</i> and staked on behalf of <i>clients</i> (where the <i>firm</i> has a safeguarding obligation).</p> <p>For this metric:</p> <ul style="list-style-type: none"> • value positions using end-of-day prices on the last <i>business day</i> of the period – use a consistent, auditable price source; • include <i>cryptoassets</i> staked directly by the <i>firm</i> or via sub-custodians where the safeguarding obligation to <i>clients</i> remains with the <i>firm</i>; and • where a <i>client</i> receives a <i>cryptoasset</i> as part of the <i>qualifying cryptoasset</i>

		<p><i>staking</i> service, the <i>firm</i> should use the value of the underlying <i>qualifying cryptoasset</i> used in the <i>qualifying cryptoasset staking</i> service to calculate total market value at period end.</p>
(6)	<p>The total value of <i>qualifying cryptoasset staking</i> arrangements where the <i>firm</i> is not also <i>safeguarding qualifying cryptoassets</i></p>	<p>The total market value, in GBP, at period end, of <i>client cryptoassets</i> staked by <i>clients</i> in arrangements facilitated by the <i>firm</i> where the <i>firm</i> is not <i>safeguarding cryptoassets</i> for the <i>client</i> for the staked <i>qualifying cryptoasset</i> at the time of staking.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • include only staking that is initiated, routed or otherwise facilitated through the <i>firm</i>'s systems (so the <i>firm</i> can evidence amounts); • exclude off-platform/self-directed staking that the <i>firm</i> neither facilitates nor observes; • value using end-of-day prices on the last <i>business day</i> of the period – use a consistent, auditable price source; and • where a <i>client</i> receives a <i>cryptoasset</i> as part of the <i>qualifying cryptoasset staking</i> service, the <i>firm</i> should use the value of the underlying <i>qualifying cryptoasset</i> used in the staking service to calculate total market value at period end.
(7)	<p>The types of <i>qualifying cryptoassets</i> used in <i>qualifying cryptoasset staking</i></p>	<p>Report the amount of the top 10 <i>qualifying cryptoassets</i> staked by <i>clients</i> in a <i>qualifying cryptoasset staking</i> arrangement, ranked by market value (GBP) at period end.</p> <p>'Type' refers to a <i>qualifying cryptoasset</i> on a specific network that uses distributed ledger technology (eg, blockchain); and may include reference to the <i>digital token identifier</i>, such as the Digital Token Identifier system outlined in ISO standard 24165.</p> <p>For this metric:</p>

		<ul style="list-style-type: none"> • value <i>qualifying cryptoassets</i> using end-of-day prices on the last <i>business day</i> of the period – use a consistent, auditable price source; and • where multiple <i>qualifying cryptoassets</i> tie for 10th place, use internal rank rules and note methodology.
(8)	<p>Total revenue during the reporting period from <i>arranging qualifying cryptoasset staking</i></p>	<p>The total revenue, in GBP, earned from <i>arranging qualifying cryptoasset staking</i> activities for the reporting period, recognised per the <i>firm's</i> accounting policies.</p> <p>For this metric:</p> <ul style="list-style-type: none"> • report net revenue retained by the <i>firm</i> (eg, fees/commissions/agent spreads) and exclude staking rewards credited to <i>clients</i>; and • exclude revenue from unrelated activities.

Annex G

Amendments to the Dispute Resolution: Complaints sourcebook (DISP)

In this Annex, underlining indicates new text and striking through indicates deleted text.

[*Editor's note:* This Annex takes into account the changes introduced by the Complaints Reporting Instrument 2025 (FCA 2025/53), which comes into force on 31 December 2026.]

1 Treating complainants fairly

...

1.1 Purpose and application

Purpose

1.1.1 G This chapter contains *rules* and *guidance* on how *respondents* should deal promptly and fairly with *complaints* in respect of business:

(1) ...

(1A) carried on from establishments in the *United Kingdom* by *third country firms*, in respect of the activities of *operating a qualifying CATP* which is a *UK QCATP*, where *complaints* are made by complainants established or habitually resident in the *United Kingdom*.

...

Application to firms

1.1.5 R This chapter does not apply to:

(1) ...

...

(3A) ...

(3B) a *third country firm* carrying on activities of *operating a qualifying CATP* which is a *UK QCATP*, or ancillary to such activities, in respect of *complaints* made by *eligible complainants* who were not, at the time of the acts of omissions complained of, established or habitually resident in the *United Kingdom*.

...

1.6 Complaints time limit rules

...

1.6.2C R ...

Stablecoin issuers: complaints received by appointed third party

1.6.2D G For the purpose of DISP 1.6.2R, when a *complaint* relating to the activity of *issuing a qualifying stablecoin* to which *CRYPTO 2.3.15R(4)* applies is received by an appointed third party, the *respondent* should have appropriate management controls and take reasonable steps to respond within eight weeks of the third party receiving the *complaint*.

...

1.10 Complaints reporting rules

1.10.1 R ...

(4) ...

(5) DISP 1.10 and DISP 1.10A do not apply to a *firm* carrying out any of the following activities, in relation to *complaints* relating to those activities:

(a) *issuing a qualifying stablecoin;*

(b) *safeguarding cryptoassets;*

(c) *arranging cryptoasset safeguarding;*

(d) *operating a qualifying CATP;*

(e) *dealing in qualifying cryptoassets as principal;*

(f) *dealing in qualifying cryptoassets as agent;*

(g) *arranging deals in qualifying cryptoassets; or*

(h) *arranging qualifying cryptoasset staking.*

1.10.1-A G

...

1.10.1-B G A *firm* to which DISP 1.10.1R(5) applies must, in relation to the relevant *complaints*, submit information to the *FCA* about the number of

complaints it has received in accordance with the requirements in SUP 16.35.6R(1) and (2).

...

2 Jurisdiction of the Financial Ombudsman Service

...

2.3 To which activities does the Compulsory Jurisdiction apply?

...

General

- 2.3.3 G *Complaints* about acts or omissions include those in respect of activities for which the *firm, payment service provider, electronic money issuer, CBTL firm, designated credit reference agency or designated finance platform* is responsible (including business of any *appointed representative, ~~or agent~~ or other person acting on its behalf* for which the *firm, payment institution, electronic money institution, designated credit reference agency or designated finance platform* has accepted responsibility).

...

[*Editor's note:* The amendments to DISP 2.5.1R take into account the changes introduced by the Deferred Payment Credit Instrument 2026 (FCA 2026/2), which come into force on 15 July 2026. The amendments to the text shown below in DISP 2.5.1R(2) seek to clarify this provision and proposed changes.]

2.5 To which activities does the Voluntary Jurisdiction apply?

- 2.5.1 R The *Ombudsman* can consider a *complaint* under the *Voluntary Jurisdiction* if:

...

- (2) it relates to an act or omission by a *VJ participant* in carrying on one or more of the following activities:
- (a) an activity (other than ~~*auction regulation bidding, administering a benchmark, meeting of repayment claims, managing dormant asset funds (including the investment of such funds), regulated pensions dashboard activity, operating an electronic system for public offers of relevant securities, providing targeted support and deferred payment credit activity*~~) carried on after 28 April 1988 which:

- (i) ~~was not a regulated activity at the time of the act or omission, but~~ auction regulation bidding;
- (ii) ~~was a regulated activity when the VJ participant joined the Voluntary Jurisdiction (or became an authorised person, if later)~~ administering a benchmark;
- (iii) meeting of repayment claims;
- (iv) managing dormant asset funds (including the investment of such funds);
- (v) regulated pensions dashboard activity;
- (vi) operating an electronic system for public offers of relevant securities;
- (vii) providing targeted support;
- (viii) deferred payment credit activity;
- (ix) issuing a qualifying stablecoin;
- (x) safeguarding cryptoassets;
- (xi) arranging cryptoasset safeguarding;
- (xii) operating a qualifying CATP;
- (xiii) dealing in qualifying cryptoassets as principal;
- (xiv) dealing in qualifying cryptoassets as agent;
- (xv) arranging deals in qualifying cryptoassets; and
- (xvi) arranging qualifying cryptoasset staking).

carried on after 28 April 1988 which was not a regulated activity at the time of the act or omission, but was a regulated activity when the VJ participant joined the Voluntary Jurisdiction (or became an authorised person, if later).

...

- (c) ~~activities, other than regulated claims management activities, activities ancillary to regulated claims management activities, meeting of repayment claims, managing dormant asset funds (including the investment of such funds), regulated pensions dashboard activity,~~

~~operating an electronic system for public offers of relevant securities, providing targeted support and deferred payment credit activity;~~

- (i) regulated claims management activities;
- (ii) activities ancillary to regulated claims management activities;
- (iii) meeting of repayment claims;
- (iv) managing dormant asset funds (including the investment of such funds);
- (v) regulated pensions dashboard activity;
- (vi) operating an electronic system for public offers of relevant securities;
- (vii) providing targeted support;
- (viii) deferred payment credit activity;
- (ix) issuing a qualifying stablecoin;
- (x) safeguarding cryptoassets;
- (xi) arranging cryptoasset safeguarding;
- (xii) operating a qualifying CATP;
- (xiii) dealing in qualifying cryptoassets as principal;
- (xiv) dealing in qualifying cryptoassets as agent;
- (xv) arranging deals in qualifying cryptoassets; and
- (xvi) arranging qualifying cryptoasset staking,

which (at ~~15 July 2026~~ 25 October 2027) would be covered by the *Compulsory Jurisdiction*, if they were carried on from an establishment in the *United Kingdom* (these activities are listed in *DISP 2 Annex 1G*);

...

...

2.6 What is the territorial scope of the relevant jurisdiction?

Compulsory Jurisdiction

- 2.6.1 R (1) The Compulsory Jurisdiction covers *complaints* about the activities of a *firm* (including its *appointed representatives*), of a *payment service provider* (including *agents* of a *payment institution*), of an *electronic money issuer* (including *agents* of an *electronic money institution*), of a *CBTL firm*, of a *designated credit reference agency* or of a *designated finance platform* which:
- (a) (except for *regulated claims management activities* ~~and~~, activities ancillary to *regulated claims management activities* and activities of a *third country firm* referred to in (d)) are carried on from an establishment in the *United Kingdom*; ~~or~~
 - (b) are carried on from an establishment in an *EEA State*, in the case of a *TP firm*, a *TA EMI firm*, a *TA PI firm* or a *TA RAISP firm* with respect to services provided into the *United Kingdom*; ~~or~~
 - (c) are, or are ancillary to, *regulated claims management activities*; ~~or~~
 - (d) are carried on from an establishment in the *United Kingdom* by a *third country firm* where the *complaints*:
 - (i) relate to the activities of *operating a qualifying CATP* which is a *UK QCATP*, or activities which are ancillary to such activities; and
 - (ii) are made by *eligible complainants* who were, at the time of the acts or omissions complained of, established or habitually resident in the *United Kingdom*.

...

Location of the complainant

- 2.6.5 G ~~A~~ (Except for *complaints* referred to in *DISP 2.6.1R(1)(d)*, a *complaint* can be dealt with under the *Financial Ombudsman Service* whether or not the complainant lives or is based in the *United Kingdom*.
- 2.6.5A G For *complaints* referred to in *DISP 2.6.1R(1)(d)* (about the operation of a *qualifying CATP* which is a *UK QCATP*), a *complaint* can only be dealt with under the *Financial Ombudsman Service* where the *eligible complainant* was established or habitually resident in the *United Kingdom* at the time of the act or omission to which the *complaint* relates.

...

2.7 Is the complainant eligible?

...

Eligible complainants

...

2.7.6 R To be an *eligible complainant person* must also have a *complaint* which arises from matters relevant to one or more of the following relationships with the *respondent*:

...

(18) the complainant is a *customer* of the *respondent* in relation to *regulated pensions dashboard activity*;

(19) the complainant is or was a holder of a UK qualifying stablecoin issued by the respondent.

...

[*Editor's note:* The amendments to DISP 2 Annex 1 take into account the changes introduced by the Deferred Payment Credit Instrument 2026 (FCA 2026/2), which come into force on 15 July 2026.]

2 Annex 1 Regulated Activities for the Voluntary Jurisdiction at ~~15 July 2026~~ 25 October 2027

2 Annex 1 G This table belongs to *DISP 2.5.1R*

The activities which were covered by the *Compulsory Jurisdiction* (at ~~15 July 2026~~ 25 October 2027) were:

...

The activities which (at ~~15 July 2026~~ 25 October 2027) were *regulated activities* were, in accordance with section 22 of the *Act* (Regulated Activities), any of the following activities specified in Part II and Parts 3A and 3B of the *Regulated Activities Order* (with the addition of *auction regulation bidding, administering a benchmark and dealing with unwanted asset money*):

...

(2) ...

- (2A) issuing a qualifying stablecoin (article 9M);
- (2B) safeguarding cryptoassets (article 9N(1)(a));
- (2C) arranging cryptoasset safeguarding (article 9N(1)(b));
- (2D) operating a qualifying CATP (article 9S);
- (2E) dealing in qualifying cryptoassets as principal (article 9T);
- (2F) dealing in qualifying cryptoassets as agent (article 9W);
- (2G) arranging deals in qualifying cryptoassets (article 9Y);
- (2H) arranging qualifying cryptoasset staking (article 9Z6);

...

...

4 Standard terms

...

4.2 Standard terms

...

Application to DISP 1 to DISP 3

- 4.2.3 R The following rules and guidance apply to *VJ participants* as part of the *standard terms*, except where the context requires otherwise:

...

- (2) *DISP 2* (Jurisdiction of the Financial Ombudsman Service), except:

...

(fa) ...

(fb) *DISP 2.7.6R(19)*;

...

...

...

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