Draft Regulations laid before Parliament under sections 71S(2) and 429(2A) and (3) of, and paragraph 26(2)(a) of Schedule 2 to, the Financial Services and Markets Act 2000 (c. 8), for approval by resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

2025 No. 0000

FINANCIAL SERVICES

The Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2025

Made - - - - ***

Coming into force in accordance with regulation 1(2) and (3)

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The Treasury make these Regulations in exercise of the powers conferred by sections 21(5), (6), (9), (10) and (15), 22(1) and (5), 71K, 71L, 71M, 71N(2) and (5), 71O(2), (10) and (11), 71P, 71Q, 71R and 428(3) of, and paragraph 25 of Schedule 2 to, the Financial Services and Markets Act 2000 ("the Act")(**a**).

In the opinion of the Treasury, one of the effects of these Regulations is that an activity which is not a regulated activity (within the meaning given by section 22 of the Act) will become a regulated activity.

In accordance with sections 71S(2) and 429(2A) and (3) of, and paragraph 26(2)(a) of Schedule 2 to, the Act(**b**), a draft of these Regulations has been laid before, and approved by a resolution of, each House of Parliament.

PART 1
General

Citation, commencement and extent

1.—(1) These Regulations may be cited as the Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2025.

(2) Subject to paragraph (3) these Regulations come into force on 25th October 2027 (the "full commencement day").

(3) These Regulations come into force at the end of the period of 21 days beginning with the day after the day on which they are made, for the following purposes—

(a) enabling the FCA—

(**a**) 2000 c. 8. Sections 71K to 71S were inserted by section 8(2) of the Financial Services and Markets Act 2023 (c. 29). Section 428(3) was amended by section 66(3) of that Act. Paragraph 25 of Schedule 2 was amended by section 8 of the Financial Services Act 2012 (c. 21) and section 27 of the Financial Guidance and Claims Act 2018 (c. 10).

(**b**) Subsections (2A) and (2B) of section 429 were inserted by section 136 of the Financial Services (Banking Reform) Act 2013 (c. 33). Subsections (2B)(aa) and (ab) were inserted by section 8(8)(a) of the Financial Services and Markets Act 2023. Subsection (4)(e) was amended by section 27 of the Financial Guidance and Claims Act 2018. There are other amendments that are not relevant to this instrument.

(i) to make or approve designated activity rules and general rules;

(ii) to give guidance;

(iii) to give directions;

(iv) to carry out any other preparatory steps in relation to the exercise of their functions by virtue of these Regulations;

(b) enabling applications for—

(i) a Part 4A permission(**a**),

(ii) a variation of a Part 4A permission, under section 55H of the Act(**b**),

(iii) permission under section 55NA of the Act (general requirement relating to financial promotion approval)(**c**), or

(iv) approval under Part 5 of the Act (performance of regulated activities), under section 59 of the Act (approval for particular arrangements)(**d**),

to be made and determined in relation to any activity which becomes a regulated activity by virtue of these Regulations;

(c) enabling the FCA to exercise any of its powers under Part 4A (permission to carry on regulated activities) or Part 5 (performance of regulated activities) of the Act in relation to any activity which becomes a regulated activity by virtue of these Regulations.

(4) These Regulations extend to England and Wales, Scotland and Northern Ireland.

Interpretation: general

2. In these Regulations—

"the Act" means the Financial Services and Markets Act 2000;

"the Financial Promotion Order" means the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005;

"the full commencement day" means the date specified by regulation 1(2) (citation, commencement and extent);

"qualifying cryptoasset" has the meaning given by article 88F of the Regulated Activities Order (qualifying cryptoassets)(**e**);

"qualifying cryptoasset trading platform" has the meaning given by article 3 of the Regulated Activities Order(**f**);

"qualifying stablecoin" has the meaning given by article 88G of the Regulated Activities Order (qualifying stablecoin)(**g**);

"the Regulated Activities Order" means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001(**h**).

(**a**) Section 55A was inserted by section 11 of the Financial Services Act 2012 and amended by S.I. 2018/135 and 1149, and Schedule 5 to the Financial Services and Markets Act 2023.
(**b**) Section 55H was inserted by section 11 of the Financial Services Act 2012 and amended by Schedule 8 to the Financial Services and Markets Act 2023 and S.I. 2013/1773 and 2018/135.
(**c**) Section 55NA was inserted by section 20 of the Financial Services and Markets Act 2023.
(**d**) Section 59 was amended by section 14 of, and Schedule 5 to, the Financial Services Act 2012, section 18 of, and Schedule 3 to, the Financial Services (Banking Reform) Act 2013, Schedule 4 to the Bank of England and Financial Services Act 2016 (c. 14) and S.I. 2013/1773 and 2019/632.
(**e**) Article 88F is inserted by regulation 40(11) of this instrument.
(**f**) The definition of "qualifying cryptoasset trading platform" is inserted into article 3 by regulation 40(2) of this instrument.
(**g**) Article 88G is inserted by regulation 40(11) of this instrument.
(**h**) S.I. 2001/544.

PART 2

Markets in cryptoassets: designated activities

Chapter 1

Qualifying cryptoasset public offers and admissions to trading

Interpretation

Interpretation: qualifying cryptoasset public offers and admissions to trading

3.—(1) In this Chapter and Schedule 2 (compensation: exemptions)—

"advertisement" means a communication which—

(a) relates to—

(i) a specific offer of a qualifying cryptoasset to the public, or

(ii) an admission, or proposed admission, of a qualifying cryptoasset to trading on a qualifying cryptoasset trading platform,

(b) aims specifically to promote the potential buying of, or subscribing for, a qualifying cryptoasset, and

(c) is not a qualifying cryptoasset disclosure document or a supplementary disclosure document,

and "advertise" has a corresponding meaning;

"authorised operator" means a person with a Part 4A permission for carrying on the regulated activity specified by article 9S of the Regulated Activities Order (operating a qualifying cryptoasset trading platform)(**a**);

"qualifying cryptoasset disclosure document" has the meaning given by regulation 6 ("qualifying cryptoasset disclosure document" and "supplementary disclosure document");

"relevant authorised operator", in respect of a qualifying cryptoasset, means the authorised operator of a qualifying cryptoasset trading platform to which that qualifying cryptoasset is—

(a) admitted to trade, or

(b) subject to an application for admission to trade;

"relevant qualifying cryptoasset" has the meaning given by regulation 17(1) (interpretation: market abuse in qualifying cryptoassets and related instruments);

"supplementary disclosure document" has the meaning given by regulation 6 ("qualifying cryptoasset disclosure document" and "supplementary disclosure document").

(2) In this Chapter and the Schedules, any reference to buying, or subscribing for, a qualifying cryptoasset includes a reference to buying, or subscribing for, a right or interest in that qualifying cryptoasset.

(3) In this Chapter and the Schedules, the "person responsible for the offer" means—

(a) in relation to the offer of a qualifying cryptoasset to the public—

(i) the person making the offer, or

(**a**) Article 9S is inserted by regulation 40(5) of this instrument.

(ii) where the offer is being made on behalf of another, the person on whose behalf the offer is being made;

(b) in relation to the admission of a qualifying cryptoasset to trading on a qualifying cryptoasset trading platform—

(i) the person requesting or obtaining admission to trading on the qualifying cryptoasset trading platform, or

(ii) where, of their own motion, a relevant authorised operator admits a qualifying cryptoasset to trading on a qualifying cryptoasset trading platform operated by them, that relevant authorised operator.

"Issuing qualifying stablecoin" and the "issuer" of that qualifying stablecoin

4. For the purposes of this Chapter—

(a) a person is "issuing qualifying stablecoin" where that person, whether an authorised person or not, is carrying on the activity described in article 9M of the Regulated Activities Order (issuing qualifying stablecoin)(**a**);

(b) the person described in paragraph (a) is to be considered the "issuer" of that qualifying stablecoin.

"Offer of a qualifying cryptoasset to the public"

5.—(1) For the purposes of this Chapter and the Schedules, there is an offer of a qualifying cryptoasset to the public if there is a communication to any person which presents sufficient information on—

(a) the qualifying cryptoasset to be offered, and

(b) the terms on which it is to be offered,

to enable a person to decide to buy or subscribe for the qualifying cryptoasset in question.

(2) For the purposes of this Chapter, to the extent that an offer of a qualifying cryptoasset is made to a person in the United Kingdom, it is an offer of a qualifying cryptoasset to the public in the United Kingdom.

(3) The communication referred to in paragraph (1) may be made in any form and by any means.

(4) In paragraph (1), the reference to an offer of a qualifying cryptoasset to the public includes the placing of a qualifying cryptoasset through an intermediary.

(5) In paragraph (1), the reference to a communication does not include—

(a) a communication in connection with trading on a qualifying cryptoasset trading platform;

(b) a communication made in the course of the activity specified by article 9Z6 of the Regulated Activities Order (qualifying cryptoasset staking)(**b**).

"Qualifying cryptoasset disclosure document" and "supplementary disclosure document"

6. In this Chapter and Schedule 2 (compensation: exemptions)—

(a) "qualifying cryptoasset disclosure document" means, except to the extent that this meaning is modified by regulation 13(3), a document whose publication is required by—

(**a**) Article 9M is inserted by regulation 40(5) of this instrument.
(**b**) Article 9Z6 is inserted by regulation 40(5) of this instrument.

(i) designated activity rules made by virtue of regulation 9 (designated activity rules: qualifying cryptoasset public offers and admissions to trading), or

(ii) rules made by the relevant authorised operator, whether or not as a result of designated activity rules,

and which is described by those rules as a qualifying cryptoasset disclosure document;

(b) "supplementary disclosure document" means, except to the extent that this meaning is modified by regulation 14(6), a document whose publication is required by—

(i) designated activity rules made by virtue of regulation 9 (designated activity rules: qualifying cryptoasset public offers and admissions to trading), or

(ii) rules made by the relevant authorised operator, whether or not as a result of designated activity rules,

and which is described by those rules as a supplementary disclosure document.

Designated activities: qualifying cryptoasset public offers and admissions to trading

Designated activities: public offers of qualifying cryptoassets

7. The following activities are specified under section 71K of the Act (designated activities) as designated activities for the purposes of that Act—

(a) offering a qualifying cryptoasset to the public in the United Kingdom;

(b) communicating an advertisement relating to such an offer of a qualifying cryptoasset to the public in the United Kingdom;

(c) disclosing, otherwise than in an advertisement, information relating to such an offer of a qualifying cryptoasset to the public in the United Kingdom;

(d) disclosing to the public in the United Kingdom information relating to a qualifying stablecoin offered to the public in the United Kingdom, where disclosing that information is not an activity within the scope of paragraphs (a), (b) or (c).

Designated activities: admissions to trading on a qualifying cryptoasset trading platform

8. The following activities are specified under section 71K of the Act (designated activities) as designated activities for the purposes of that Act—

(a) requesting or obtaining the admission of a qualifying cryptoasset to trading on a qualifying cryptoasset trading platform;

(b) communicating an advertisement relating to the admission, or proposed admission, of a qualifying cryptoasset to trading on a qualifying cryptoasset trading platform;

(c) disclosing, otherwise than in an advertisement, information relating to the admission, or proposed admission, of a qualifying cryptoasset to trading on a qualifying cryptoasset trading platform;

(d) admitting a qualifying cryptoasset to trading on a qualifying cryptoasset trading platform.

Designated activity rules: qualifying cryptoasset public offers and admissions to trading

Designated activity rules: qualifying cryptoasset public offers and admissions to trading

9.—(1) The FCA may make designated activity rules relating to—

(a) the carrying on of one or more of the activities specified by regulation 7 (designated activities: public offers of qualifying cryptoassets);

(b) the carrying on of one or more of the activities specified by regulation 8 (designated activities: admissions to trading on a qualifying cryptoasset trading platform).

(2) The power to make designated activity rules by virtue of paragraph (1) includes power to make designated activity rules relating to the carrying on of one or more of the activities specified by regulation 7 or 8 in relation to a qualifying cryptoasset that has already been—

(a) offered to the public;

(b) admitted to trading on a qualifying cryptoasset trading platform.

(3) Designated activity rules made by virtue of paragraph (1) may provide for liability arising out of the carrying on of an activity specified by regulation 7 or 8 to be determined in accordance with the rules.

(4) Provision made by virtue of paragraph (3) may include provision excluding civil liability, whether generally or to such extent as may be specified in the rules.

Prohibition of public offers of qualifying cryptoassets

Prohibition of public offers of qualifying cryptoassets

10.—(1) It is unlawful for a qualifying cryptoasset to be offered to the public in the United Kingdom unless—

(a) the offer is of a kind specified by Part 1 (exceptions from prohibition of offers to the public) of Schedule 1, or

(b) the offer is of a kind that consists entirely of a combination of two or more of the kinds of offer specified by that Part of that Schedule.

(2) Part 2 (supplementary provisions relating to Part 1) of Schedule 1 contains provision supplementing Part 1 of that Schedule.

Disclosure of information

Disclosure of information

11.—(1) Paragraph (2) applies in relation to an offer of a qualifying cryptoasset to the public in the United Kingdom if—

(a) the offer is of a kind specified by Part 1 (exceptions from prohibition of offers to the public) of Schedule 1, and

(b) the total consideration for the qualifying cryptoasset being offered in the United Kingdom amounts, in value, to at least £500,000, or an equivalent amount (see paragraph (5)).

(2) In the event that material information is disclosed by, or on behalf of, the person responsible for the offer and addressed to a person considering buying or subscribing for the qualifying cryptoasset in oral or written form, that information must—

(a) in a case where designated activity rules made by virtue of regulation 9, or rules made by a relevant authorised operator of a qualifying cryptoasset trading platform, require the publication of a qualifying cryptoasset disclosure document, supplementary disclosure document or other document, be included in that qualifying cryptoasset disclosure document, supplementary disclosure document or other document;

(b) in any other case, be disclosed to any other persons to whom the offer is addressed.

(3) In determining whether an offer ("offer A") falls within paragraph (1)(b), offer A is to be taken together with any connected offer of a qualifying cryptoasset of the same kind as that to which offer A relates which was open at any time within the period of 12 months ending with the day on which offer A is first made.

(4) In paragraph (3), offer A is connected to another offer (the "connected offer") if the person responsible for offer A is also responsible for the other offer.

(5) Paragraph 11 of Schedule 1 (meaning of an "equivalent amount") applies for the purposes of paragraph (1)(b) as it applies for the purposes of Part 1 of that Schedule.

Qualifying cryptoasset disclosure document and supplementary disclosure document

Responsibility for disclosure documents

12. Designated activity rules made by virtue of regulation 9 (designated activity rules: qualifying cryptoasset public offers and admissions to trading) may make provision for determining the person responsible for—

(a) a qualifying cryptoasset disclosure document;

(b) a supplementary disclosure document.

General requirements to be met by a qualifying cryptoasset disclosure document or supplementary disclosure document

13.—(1) A qualifying cryptoasset disclosure document must contain the information which is material to a person considering buying or subscribing for the qualifying cryptoasset to enable that person to make an informed assessment of—

(a) the features of the qualifying cryptoasset including, where applicable—

(i) the rights and obligations attached to the qualifying cryptoasset;

(ii) the underlying technology, including any protocol and consensus mechanism, of the qualifying cryptoasset;

(iii) the governance mechanisms of the qualifying cryptoasset;

(iv) the mechanisms for creating, destroying and distributing the qualifying cryptoasset;

(v) any conflicts of interest in relation to the qualifying cryptoasset;

(b) the risks associated with holding the qualifying cryptoasset;

(c) where the qualifying cryptoasset seeks or purports to maintain a stable value in relation to another asset or right, features associated with that cryptoasset designed, or which purport, to maintain its stable value, including the holding and management of assets and the application of algorithms to those features;

(d) any matters relating to—

(i) the person responsible for the offer;

(ii) a person who created the qualifying cryptoasset;

(iii) a person on whose behalf the qualifying cryptoasset was created;

(iv) where the qualifying cryptoasset is a qualifying stablecoin, the person issuing that stablecoin,

that may impact the price or value of the qualifying cryptoasset;

(e) any matters relating to the control of the qualifying cryptoasset, including any person exerting such control, that may impact the price or value of that qualifying cryptoasset;

(f) any underlying assets.

(2) The information may vary depending on—

(a) the nature and circumstances of a person mentioned in paragraph (1)(d) or (e),

(b) the type of qualifying cryptoasset, and

(c) whether the qualifying cryptoasset has already been admitted to trading on a qualifying cryptoasset trading platform.

(3) In this regulation, a reference to a qualifying cryptoasset disclosure document is to be read, in relation to a case where a supplementary disclosure document has been subsequently published in relation to it, as a reference to the qualifying cryptoasset disclosure document taken together with the supplementary disclosure document.

(4) This regulation does not limit any further information, or update in relation to the information required under paragraph (1), required to be included in a qualifying cryptoasset disclosure document or supplementary disclosure document by—

(a) designated activity rules made by virtue of regulation 9, or

(b) rules made by the relevant authorised operator.

Compensation for statements in a qualifying cryptoasset disclosure document or supplementary disclosure document

14.—(1) A person responsible for a qualifying cryptoasset disclosure document or supplementary disclosure document is liable to pay compensation to a person who has—

(a) bought or subscribed for a qualifying cryptoasset to which that document applies, and

(b) suffered loss in respect of the qualifying cryptoasset as a result of—

(i) an untrue or misleading statement in that document, or

(ii) the omission from the qualifying cryptoasset disclosure document or supplementary disclosure document of a matter that is required to be included by regulation 13 (general requirements to be met by a qualifying cryptoasset disclosure document or supplementary disclosure document).

(2) If a qualifying cryptoasset disclosure document or supplementary disclosure document is required to include information about the absence of a particular matter, the omission from that document of that information is to be treated as a statement in that document that there is no such matter.

(3) Where the relevant rules require a qualifying cryptoasset disclosure document or a supplementary disclosure document to include a summary containing key information, a person is not to be subject to liability solely on the basis of the summary unless the summary, when read with the rest of that document—

(a) is misleading, inaccurate or inconsistent, or

(b) does not provide the key information that is required by those rules to be included in the summary.

(4) In paragraph (3), "summary" means anything that is described by the relevant rules as a summary.

(5) A person who fails to comply with a requirement of the relevant rules relating to the publication of a supplementary disclosure document is liable to pay compensation to a person who has—

(a) bought or subscribed for a qualifying cryptoasset of the kind in question, and

(b) suffered loss in respect of the qualifying cryptoasset as a result of the failure.

(6) In paragraph (5) the reference to a supplementary disclosure document includes a reference to a document which the relevant rules provide is to be treated for the purposes of that paragraph as if it were a supplementary disclosure document.

(7) A loss is not to be regarded as suffered as a result of the statement or omission mentioned in paragraph (1), or the failure to comply with a requirement mentioned in paragraph (5), unless

the person suffering it bought, or subscribed for, the relevant qualifying cryptoasset in reliance on—

(a) a document mentioned in paragraph (1), or

(b) information in a cryptoasset disclosure document or supplementary disclosure document that would have been amended or supplemented by the document mentioned in paragraph (5).

(8) In this regulation, "relevant rules" means—

(a) designated activity rules made by virtue of regulation 9, or

(b) rules made by a relevant authorised operator.

(9) In Schedule 2—

(a) Part 1 contains exemptions from liability under paragraphs (1) and (5), and

(b) Part 2 contains exemptions from liability under those paragraphs and from other liability.

(10) This regulation and Part 1 of Schedule 2 do not affect any liability which may be incurred otherwise than by virtue of this regulation.

Withdrawal rights

15.—(1) A person ("P") who has agreed to buy or subscribe for a qualifying cryptoasset offered to the public may withdraw the acceptance in such circumstances and in such manner as may be specified by designated activity rules made by virtue of regulation 9.

(2) Designated activity rules made by virtue of regulation 9 may include provision—

(a) requiring the relevant person to take such steps as may be specified by those rules to inform P of their entitlement to withdraw the acceptance of a right conferred by virtue of paragraph (1);

(b) providing that, in the event of a failure by the relevant person to comply with a duty imposed under sub-paragraph (a), a transaction resulting from P's acceptance of the offer is to be void or unenforceable.

(3) In paragraph (2) "the relevant person" means—

(a) the person responsible for the offer, or

(b) the intermediary through whom the qualifying cryptoasset is bought or subscribed for.

(4) This regulation does not limit a right that P may have otherwise than by virtue of this regulation.

Application of section 85 of the Act (contravention of prohibition relating to public offer of securities)

16. Subsections (3) and (4) of section 85 of the Act (contravention of prohibition relating to public offer of securities)(**a**) apply in relation to a contravention of regulation 10 (prohibition of public offers of qualifying cryptoassets) as they apply in relation to a contravention of regulation 12 of the Public Offers and Admissions to Trading Regulations 2024.

(**a**) Section 85 to be amended by S.I. 2024/105 (19 January 2026).

Chapter 2

Market abuse in qualifying cryptoassets and related instruments

Interpretation: market abuse in qualifying cryptoassets and related instruments

Interpretation: market abuse in qualifying cryptoassets and related instruments

17.—(1) In this Chapter—

"authorised cryptoasset person" means a person who has a Part 4A permission for a regulated activity specified by Chapter 2B (cryptoassets) of Part 2 (specified activities) of the Regulated Activities Order(**a**);

"financial instrument" has the meaning given by article 3(1) (interpretation) of the Regulated Activities Order(**b**);

"inside information" has the meaning given by regulation 18 (inside information);

"insider dealing" means using inside information as prohibited by regulation 22 (prohibited use of inside information (insider dealing));

"issuing qualifying stablecoin" has the meaning given by regulation 4 ("issuing qualifying stablecoin" and the "issuer" of that qualifying stablecoin), and related expressions, including the "issuer" of that qualifying stablecoin, are to be read accordingly;

"legitimate cryptoasset market practice" means a market practice specified as such in designated activity rules made by the FCA by virtue of regulation 34 (legitimate cryptoasset market practice);

"market abuse" means any activity prohibited by—

(a) regulation 22 (prohibited use of inside information (insider dealing));

(b) regulation 24 (prohibition on the disclosure of inside information);

(c) regulation 28 (prohibition of market manipulation);

"market manipulation" has the meaning given by regulation 19 (market manipulation);

"operator of a qualifying cryptoasset trading platform" means a person who has a Part 4A permission for the regulated activity specified by article 9S (operating a qualifying cryptoasset trading platform) of the Regulated Activities Order in respect of that platform;

"person responsible for the offer", in relation to a qualifying cryptoasset, has the meaning given by regulation 3(3) (interpretation: qualifying cryptoasset public offers and admissions to trading);

"related instrument" means 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) of the market abuse regulation (scope)(**c**);

(**a**) Chapter 2B is inserted by regulation 40(5) of this instrument.

(**b**) The definition of "financial instrument" was inserted by S.I. 2006/3384 and amended by S.I. 2017/488, 2019/632 and 2025/1020.

(**c**) EUR 2014/596; "market abuse regulation" is defined by section 417(1) of the Financial Services and Markets Act 2000. Article 2 was amended by S.I. 2019/310 and 2021/494.

"relevant dealer in principal", in relation to a relevant qualifying cryptoasset, means a person who carries on an activity of a kind described in article 9T of the Regulated Activities Order (dealing in qualifying cryptoassets as principal)(**a**) in relation to that cryptoasset;

"relevant issuer" means—

(a) in relation to a relevant qualifying cryptoasset—

(i) the issuer of a qualifying stablecoin, or

(ii) in any other case, a person ("A") where—

(aa) A offers a qualifying cryptoasset, or arranges for another to offer that qualifying cryptoasset to the public, and

(bb) that qualifying cryptoasset is created by, or on behalf of, A for sale or subscription;

(b) in relation to a related instrument, the issuer of that instrument;

"relevant qualifying cryptoasset" means a qualifying cryptoasset that has been admitted to trading, or is subject to an application seeking admission to trading, on a qualifying cryptoasset trading platform operated by a person with a Part 4A permission for the activity specified by article 9S of the Regulated Activities Order (operating a qualifying cryptoasset trading platform) in relation to that platform;

"specified investment" means an investment of a kind specified by Part 3 of the Regulated Activities Order (specified investments).

(2) For the purposes of this Chapter, issuing, and any related expression, does not include the minting of a relevant qualifying cryptoasset, such that it first exists as—

(a) an identifiable asset on the blockchain, and

(b) in a transferable form.

(3) For the purposes of this Chapter, making a recommendation includes providing an inducement forming part of or related to that recommendation.

(4) For the purposes of this Chapter, a "relevant person", in relation to a relevant qualifying cryptoasset or a related instrument, means—

(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) an operator of a qualifying cryptoasset trading platform on which that relevant qualifying cryptoasset is—

(i) admitted to trading, or

(ii) subject to an application seeking admission to trading, or

(d) a relevant dealer in principal.

(5) For the purposes of this Chapter, the person responsible for the offer of a related instrument is the person who is for the purposes of the market abuse regulation the offeror of that instrument.

Inside information

18.—(1) In this Chapter, "inside information" is to be read in accordance with this regulation.

(2) "Inside information" means information of a precise nature, which has not been made public, relating, directly or indirectly, to—

(**a**) Article 9T is inserted by regulation 40(5) of this instrument.

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

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

(c) an operator of a qualifying cryptoasset trading platform on which a relevant qualifying cryptoasset is—

(i) admitted to trading, or

(ii) subject to an application seeking admission to trading, or

(d) a relevant qualifying cryptoasset or related instrument,

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

(3) Where any person to whom this Chapter applies is executing orders for a relevant qualifying cryptoasset or a related instrument on behalf of clients, "inside information" also includes information of a precise nature, which has not been made public, conveyed by a client and relating both to the client's pending orders for a relevant qualifying cryptoasset or a related instrument and, directly or indirectly, to—

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

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

(c) an operator of a qualifying cryptoasset trading platform on which a relevant qualifying cryptoasset is—

(i) admitted to trading, or

(ii) subject to an application seeking admission to trading, or

(d) a relevant qualifying cryptoasset or related instrument,

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

(4) For the purposes of paragraphs (2) and (3)—

(a) information is to be considered of a precise nature if it indicates a set of circumstances which exists or which may reasonably be expected to come into existence, or an event which has occurred or which may reasonably be expected to occur, where it is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the price of a relevant qualifying cryptoasset or related instrument;

(b) in the case of an ongoing process that is intended to bring about, or that results in, a particular circumstance or event, that future circumstance or event, and also the intermediate steps of that process which are connected with bringing about or resulting in that future circumstance or event, is to be considered precise information;

(c) an intermediate step in an ongoing process is to be considered inside information if, in and of itself, it satisfies the criteria of inside information referred to in sub-paragraph (a);

(d) information which, if it were made public, would be likely to have a significant effect on the price of a relevant qualifying cryptoasset or related instrument means information that a reasonable person would be likely to use as the basis, or part of the basis, of the person's investment decisions.

Market manipulation

19.—(1) For the purposes of this Chapter, "market manipulation" means any of the following activities—

(a) entering into a transaction, placing an order to trade or engaging in any other behaviour which—

(i) gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of, a relevant qualifying cryptoasset or related instrument, or

(ii) secures, or is likely to secure, the price of a relevant qualifying cryptoasset or related instrument at an abnormal or artificial level;

(b) entering into a transaction, placing an order to trade or any other activity or behaviour which affects or is likely to affect the price of a relevant qualifying cryptoasset or related instrument, while employing a fictitious device or any other form of deception or contrivance;

(c) disseminating information, including the dissemination of rumours, through the media, including the internet, or by any other means which—

(i) gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of a relevant qualifying cryptoasset or related instrument, or

(ii) secures, or is likely to secure, the price of a relevant qualifying cryptoasset or related instrument at an abnormal or artificial level,

where the person who engaged in the dissemination knew, or ought to have known, that the information was false or misleading;

(d) transmitting false or misleading information or providing false or misleading input in relation to a benchmark where the person who made the transmission or provided the input knew or ought to have known that it was false or misleading, or any other behaviour which manipulates the calculation of a benchmark.

(2) The following are examples of behaviour that is to be considered market manipulation—

(a) securing a dominant position over the supply of, or demand for, a relevant qualifying cryptoasset or related instrument, which has, or is likely to have, the effect of fixing, directly or indirectly, purchase or sale prices or creates, or is likely to create, other unfair trading conditions;

(b) the placing, cancellation, modification or revocation of orders for a relevant qualifying cryptoasset on a qualifying cryptoasset trading platform by any available means of trading, including electronic means such as algorithmic and high-frequency trading strategies, in such a way as to produce an effect referred to in paragraph (1)(a)(i) or (ii) by—

(i) disrupting or delaying the functioning of the qualifying cryptoasset trading platform, or engaging in any activities likely to have that effect;

(ii) making it more difficult for other persons to identify genuine orders on the qualifying cryptoasset trading platform, or engaging in any activities likely to have that effect, including by entering orders which result in the destabilisation of the normal functioning of the trading platform;

(iii) creating a false or misleading signal about the supply of, or demand for, or price of, a relevant qualifying cryptoasset, in particular by entering orders to initiate or exacerbate a trend, or engaging in any activities likely to have that effect;

(c) taking advantage of occasional or regular access to the traditional or electronic media by voicing an opinion about a relevant qualifying cryptoasset or related instrument,

while having previously taken positions on that relevant qualifying cryptoasset or related instrument, and profiting subsequently from the impact of the opinions voiced on the price of that relevant qualifying cryptoasset or related instrument, without having simultaneously disclosed that conflict of interest to the public in a proper and effective way.

(3) For the purposes of this Chapter, it is immaterial where the activities specified by this regulation are carried out.

Designated activities: use and disclosure of inside information and market manipulation

Designated activities: use and disclosure of inside information and market manipulation

20. The following activities are specified under section 71K of the Act (designated activities) as designated activities in relation to qualifying cryptoassets and related instruments for the purposes of that Act—

(a) the use and disclosure of inside information;

(b) market manipulation.

FCA powers: designated activity rules

Designated activity rules: market abuse in qualifying cryptoassets and related instruments

21.—(1) The FCA may make designated activity rules relating to the carrying on of one or more of the activities specified by regulation 20 (designated activities: use and disclosure of inside information and market manipulation).

(2) Designated activity rules made by virtue of paragraph (1) may provide for liability relating to the carrying on of an activity specified by regulation 20 to be determined in accordance with the rules.

(3) Provision made by virtue of paragraph (2) may include provision excluding civil liability, whether generally or to such extent as may be specified in the rules.

Prohibited use of inside information (insider dealing)

Prohibited use of inside information (insider dealing)

22.—(1) A person to whom this paragraph applies by virtue of paragraph (4) or (5) is prohibited from—

(a) using the inside information by—

(i) acquiring or disposing of, or attempting to acquire or dispose of, a relevant qualifying cryptoasset or related instrument to which that information relates, for that person's own account or on the account of another, either directly or indirectly, or

(ii) cancelling or amending, or attempting to cancel or amend, an order concerning a relevant qualifying cryptoasset or related instrument to which that information relates, for that person's own account or on the account of another, either directly or indirectly;

(b) making a recommendation to, or inducing, another person, on the basis of the inside information—

(i) to acquire or dispose of a relevant qualifying cryptoasset or related instrument to which that information relates, or

(ii) to cancel or amend an order concerning a relevant qualifying cryptoasset or related instrument to which that information relates.

(2) A person is prohibited from using or relying on, or attempting to use or rely on, a recommendation within the scope of sub-paragraph (1)(b) if the person knows, or ought to have known, that the recommendation is made on the basis of inside information.

(3) For the purposes of paragraph (1)—

(a) it is immaterial whether the order mentioned in sub-paragraph (a)(ii) or (b)(ii) of that paragraph was placed before or after the person to whom that paragraph applies came into possession of the inside information;

(b) engaging or attempting to engage in insider dealing under paragraph (1)(a) or (2) includes where carried on for that person's own account or for the account of a third party;

(c) the use of inside information includes submitting, modifying or withdrawing a bid by a person referred to in paragraph (4) or (5).

(4) Paragraph (1) applies to a person who possesses inside information as a result of—

(a) exercising administrative, management or supervisory functions of a relevant person,

(b) having a holding in the capital of—

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

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

(iii) a person who applied for or is seeking admission to trading on a qualifying cryptoasset trading platform for that relevant qualifying cryptoasset,

(c) having access to the information through the exercise of their employment, profession or duties, or

(d) having acquired the information through criminal activity.

(5) Paragraph (1) also applies to a person, other than one within paragraph (4), who knows, or ought to have known, that the information is inside information.

(6) For the purposes of this Chapter, it is immaterial where the activities specified by this regulation are carried out.

Exclusions: insider dealing

23.—(1) A person does not contravene any prohibition in regulation 22 (prohibited use of inside information (insider dealing))—

(a) where the conduct that would otherwise fall within that regulation is a legitimate cryptoasset market practice, or

(b) in circumstances specified in designated activity rules made by virtue of paragraph (2).

(2) The FCA may make designated activity rules—

(a) specifying circumstances in which a person who possesses inside information is not to be regarded as—

(i) using that information;

(ii) contravening the prohibition in regulation 22;

(b) in relation to the application of sub-paragraph (a) as the FCA considers appropriate.

Unlawful disclosure of inside information

Prohibition on the disclosure of inside information

24.—(1) A person to whom this paragraph applies as a result of paragraph (3) or (4) is prohibited from disclosing that information to any other person, unless the disclosure is made in the normal course of the exercise of their employment, profession or duties.

(2) Where a person ("A") discloses a recommendation or inducement referred to in regulation 22(1)(b), which A knows or ought to know to have been based on inside information, the onward

disclosure of that recommendation or inducement is prohibited, unless the disclosure is made in the normal course of the exercise of their employment, profession or duties.

(3) Paragraph (1) applies to a person who possesses inside information as a result of—

(a) exercising administrative, management or supervisory functions of a relevant person;

(b) having a holding in the capital of—

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

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

(iii) a person who applied for or is seeking admission to trading on a qualifying cryptoasset trading platform for that relevant qualifying cryptoasset,

(c) having access to the information through the exercise of their employment, profession or duties, or

(d) having acquired the information through criminal activity.

(4) Paragraph (1) also applies to a person, other than one within paragraph (3), who knows, or ought to have known, that the information is inside information.

Exclusions: prohibition on the disclosure of inside information

25.—(1) A person ("A") does not contravene any prohibition in regulation 24 (prohibition on the disclosure of inside information) where—

(a) the conduct that would otherwise fall within that regulation is a legitimate cryptoasset market practice, or

(b) A discloses the information for the purposes of journalism.

(2) Paragraph (1)(b) does not apply where—

(a) A, or a person closely associated with A, derived, directly or indirectly, an advantage or profits from the disclosure, or

(b) A disclosed the information with the intention of misleading the market as to the supply of, demand for, or price of a relevant qualifying cryptoasset or related instrument.

(3) For the purposes of paragraph (2)(a), a "person closely associated" has the meaning given by Article 3.1(26) of the market abuse regulation (definitions), as read with section 131AC of the Act(**a**).

Public disclosure of inside information

26.—(1) Subject to regulation 27 (public disclosure of inside information: delayed disclosure), a relevant person ("A") must, where so required by designated activity rules made by virtue of paragraph (2), inform the public—

(a) as soon as possible of inside information that directly concerns A, and

(b) in a manner that enables fast access as well as complete, correct and timely assessment of the information by the public.

(2) The FCA may make designated activity rules—

(a) specifying the relevant persons to whom this provision applies;

(b) concerning the form, type, timing and technical means of disclosure required by this regulation;

(**a**) Section 131AC was inserted by regulation 9(15) of S.I. 2016/680.

(c) in relation to the application of this regulation as the FCA considers appropriate.

(3) Where information is disclosed under paragraph (1), A must file the information with such a body as may be specified by designated activity rules.

Public disclosure of inside information: delayed disclosure

27.—(1) A relevant person may delay the public disclosure of inside information, under regulation 26 (public disclosure of inside information), in accordance with any applicable designated activity rules made by virtue of paragraph (2).

(2) The FCA may make designated activity rules concerning—

(a) the form, type, timing of and arrangements for notifications to delay disclosure;

(b) the conditions under which disclosure may be delayed;

(c) the conditions or circumstances when disclosure would need to be made;

(d) such matters related to this regulation as the FCA considers appropriate.

Market manipulation

Prohibition of market manipulation

28. Engaging in, or attempting to engage in, market manipulation is prohibited.

Exclusions: market manipulation

29.—(1) A person ("A") does not contravene the prohibition in regulation 28 (prohibition of market manipulation) where—

(a) the conduct that would otherwise fall within that regulation is a legitimate cryptoasset market practice, or

(b) A disclosed or disseminated the information for the purposes of journalism.

(2) Paragraph (1)(b) does not apply where—

(a) A, or a person closely associated with A, derived, directly or indirectly an advantage or profits from the disclosure or dissemination, or

(b) A disclosed or disseminated the information with the intention of misleading the market as to the supply of, demand for, or price of a relevant qualifying cryptoasset or related instrument.

(3) For the purposes of paragraph (2)(a), a "person closely associated" has the meaning given by Article 3.1(26) of the market abuse regulation (definitions), as read with section 131AC of the Act.

Systems and procedures to prevent, detect and disrupt market abuse of relevant qualifying cryptoassets and related instruments

Systems and procedures for trading relevant qualifying cryptoassets and related instruments

30.—(1) This regulation applies—

(a) in relation to relevant qualifying cryptoassets, to an authorised person with a Part 4A permission to carry on a regulated activity specified by any of the following provisions of the Regulated Activities Order—

(i) article 9S (operating a qualifying cryptoasset trading platform);

(ii) article 9T (dealing in qualifying cryptoassets as principal);

(iii) article 9W (dealing in qualifying cryptoassets as agent)(**a**);

(iv) article 9Y (arranging deals in qualifying cryptoassets)(**b**);

(b) in relation to related instruments, to an authorised person with a Part 4A permission to carry on a regulated activity specified by any of the following provisions of the Regulated Activities Order—

(i) article 14 (dealing in investments as principal);

(ii) article 21 (dealing in investments as agent);

(iii) article 25 (arranging deals in investments).

(2) A person to whom this regulation applies must establish and maintain effective arrangements, systems and procedures aimed at preventing, detecting and disrupting—

(a) insider dealing;

(b) market manipulation;

(c) attempted insider dealing;

(d) attempted market manipulation.

(3) Where a person within the scope of paragraph (1)(a)(ii), (iii) or (iv) or (b) ("A") reasonably suspects that an order or transaction in relation to any relevant qualifying cryptoasset or related instrument, whether placed or executed on, or outside, a qualifying cryptoasset trading platform, could constitute—

(a) insider dealing,

(b) market manipulation,

(c) attempted insider dealing, or

(d) attempted market manipulation,

that person must notify the operator of the qualifying cryptoasset trading platform ("B") without unnecessary delay, in accordance with any applicable designated activity rules made by virtue of paragraph (5).

(4) When receiving information in a notification under paragraph (3), B must comply with any applicable designated activity rules made by virtue of paragraph (5).

(5) The FCA may make designated activity rules in relation to—

(a) the design, scope and application of arrangements, systems and procedures to be put in place for the purposes of paragraph (2);

(b) notifications under paragraph (3), including specifying—

(i) that the notification by A or B's use of information received in such a notification will not—

(aa) give rise to a breach of any obligation of confidence owed by A or B, or

(bb) give rise to any civil liability, on the part of A or B, to the person to whom the disclosed information relates;

(ii) such additional conditions in relation to sub-paragraph (b)(i)(aa) or (bb) as the FCA considers appropriate;

(c) restrictions on onward transmission or use of information received by B pursuant to a notification under paragraph (3);

(**a**) Article 9W is inserted by regulation 40(5) of this instrument.
(**b**) Article 9Y is inserted by regulation 40(5) of this instrument.

(d) such matters related to this regulation as the FCA considers appropriate.

Insider lists for relevant qualifying cryptoassets and related instruments

Insider lists for relevant qualifying cryptoassets and related instruments

31.—(1) A relevant person must, where required to do so under any applicable designated activity rules made by virtue of paragraph (2)—

(a) draw up a list of all persons who have access to inside information and who are working for the relevant person under a contract of employment, or otherwise performing tasks through which they have access to inside information, such as advisers, accountants or credit rating agencies (an "insider list"),

(b) maintain and update that insider list, and

(c) provide that insider list to the FCA upon its request.

(2) The FCA may make designated activity rules—

(a) specifying the relevant persons to whom this provision applies;

(b) concerning the form, content, maintenance, updating and recording of an insider list for the purposes of paragraph (1), including how and when a relevant person must provide an insider list to the FCA;

(c) on such matters related to this regulation as the FCA considers appropriate.

Information sharing

Cases in which sharing of information authorised or required

32.—(1) A person referred to in regulation 30(1)(a) or (b) ("A") or another person ("B") may disclose to a authorised cryptoasset person ("C") information, including inside information, for the purpose of detecting, preventing or disrupting market abuse, in accordance with any applicable designated activity rules made by virtue of paragraph (4).

(2) A person referred to in regulation 30(1)(a) or (b) ("A") must disclose to a authorised cryptoasset person ("C") information, including inside information, for the purpose of detecting, preventing or disrupting market abuse, in accordance with any applicable designated activity rules made by virtue of paragraph (4).

(3) When receiving information from A or B pursuant to a disclosure under paragraph (1) or (2), C must comply with any applicable designated activity rules made by virtue of paragraph (4).

(4) The FCA may make designated activity rules specifying—

(a) the persons to whom paragraphs (1) and (2) apply;

(b) the situations where disclosure is required or permitted;

(c) the form and content of, and the mechanisms for, any disclosure under this regulation;

(d) in relation to a disclosure under paragraph (1) or (2)—

(i) that the disclosure by A or B, or C's use of the disclosed information will not—

(aa) give rise to a breach of any obligation of confidence owed by A, B or C, or

(bb) give rise to any civil liability, on the part of A, B or C, to the person to whom the disclosed information relates;

(ii) such additional conditions in relation to sub-paragraph (d)(i)(aa) or (bb) as the FCA considers appropriate;

(e) restrictions on onward transmission or use of information received by C pursuant to a disclosure under this regulation;

(f) such matters related to this regulation as the FCA considers appropriate.

Protected disclosures

33.—(1) A disclosure that satisfies all of the three conditions specified by this regulation is to be taken to not breach any restriction on the disclosure of information (however imposed).

(2) The first condition is that the information or other matter—

(a) causes the person making the disclosure ("P") to know or suspect, or

(b) gives them reasonable grounds for knowing or suspecting,

that another person has contravened regulation 22 (prohibited use of inside information (insider dealing)), regulation 24 (prohibition on the disclosure of inside information) or regulation 28 (prohibition of market manipulation).

(3) The second condition is that the information or other matter disclosed came to the attention of P in the course of their trade, profession, business or employment.

(4) The third condition is that disclosure is made to a nominated officer as soon as is practicable after the information or other matter came to the attention of P.

(5) A disclosure to a nominated officer is a disclosure which is made—

(a) to a person nominated by the discloser's employer to receive disclosures under this regulation,

(b) in the course of the discloser's employment, and

(c) in accordance with the procedure established by the employer for the purpose.

(6) For the purposes of this regulation, references to a person's employer include any body, association or organisation, including a voluntary organisation, in connection with whose activities the person exercises a function, whether or not for gain or reward, and references to employment must be construed accordingly.

Legitimate cryptoasset market practice

Legitimate cryptoasset market practice

34.—(1) The FCA may by designated activity rules specify a market practice as a legitimate cryptoasset market practice.

(2) In making designated activity rules by virtue of paragraph (1), the FCA must take account of the following matters—

(a) whether the market practice provides for an appropriate level of transparency to the financial services market in the United Kingdom in relation to relevant qualifying cryptoassets and related instruments;

(b) whether the market practice supports the effective functioning of the financial services market in the United Kingdom in relation to relevant qualifying cryptoassets and related instruments;

(c) whether the market practice supports the liquidity and efficiency of the financial services market in the United Kingdom in relation to relevant qualifying cryptoassets and related instruments;

(d) whether the market practice supports order and transparent pricing in the financial services market in the United Kingdom in relation to relevant qualifying cryptoassets and related instruments;

(e) whether the market practice enables market participants in the financial services market in the United Kingdom in relation to relevant qualifying cryptoassets and related instruments to react properly and in a timely manner to any new situation created by that practice;

(f) whether the market practice does not create inappropriate or disproportionate risks to the integrity of the financial services market in the United Kingdom in relation to relevant qualifying cryptoassets and related instruments;

(g) whether the current market practice supports the legitimate handling and disclosure of inside information in relation to relevant qualifying cryptoassets and related instruments, and does not create inappropriate or disproportionate risks in relation to the unlawful disclosure of inside information or insider dealing;

(h) whether the market practice supports the effective, efficient and orderly settlement in the financial services markets in the United Kingdom in relation to relevant qualifying cryptoassets and related instruments;

(i) whether the market practice supports innovation in the financial services market in the United Kingdom in relation to relevant qualifying cryptoassets and related instruments;

(j) the current market practice in relation to the processing of inside information in relation to qualifying cryptoassets and related instruments.

(3) In considering the matters specified by paragraph (2) above, the FCA must have regard to—

(a) the nature and type of the relevant qualifying cryptoasset or related instrument and its market, and

(b) the nature and type of market participants, including the extent of individual participation.

Chapter 3

General provisions relating to cryptoasset designated activities

Reporting of infringements

Reporting of infringements

35.—(1) An employer who carries on any of the regulated activities specified by Chapter 2B (cryptoassets) of Part 2 (specified activities) of the Regulated Activities Order must have in place appropriate internal procedures for their employees or workers to report, through an independent channel, contraventions or potential contraventions of an applicable provision.

(2) In paragraph (1)—

"applicable provision" means—

(a) a provision of this Part, or

(b) a provision of designated activity rules made by virtue of this Part;

"employer", "employee" and "worker" each has the meaning given by section 230 of the Employment Rights Act 1996(**a**).

(**a**) 1996 c. 18. There are amendments that are not relevant to these definitions.

Disapplication or modification of rules

36.—(1) Designated activity rules made by virtue of this Part may include provision enabling requirements imposed by the rules to be dispensed with, or modified, in such cases or circumstances as may be determined by the FCA under the rules.

(2) The FCA may publish any decision made by virtue of paragraph (1) in the way appearing to the FCA to be best calculated to bring it to the attention of persons likely to be affected by it.

Power of the FCA to give directions

Power of the FCA to give directions

37. The FCA may give a direction under section 71O of the Act (designated activities: directions) to a person imposing on that person such requirements as the FCA considers appropriate in relation to the carrying on of an activity that is a designated activity by virtue of—

(a) regulation 7 (designated activities: public offers of qualifying cryptoassets);

(b) regulation 8 (designated activities: admissions to trading on a qualifying cryptoasset trading platform);

(c) regulation 20 (designated activities: market abuse in qualifying cryptoassets and related instruments).

Designated activity enforcement by the FCA: cryptoasset designated activities

FCA's power to require information from persons not subject to a requirement imposed by virtue of any other provision of this Part: cryptoasset designated activities

38.—(1) This regulation applies—

(a) to a person ("P") who is not subject to a requirement imposed by virtue of any other provision of this Part, and

(b) only to information and documents reasonably required by the FCA in connection with the exercise by the FCA of its functions under or by virtue of this Part.

(2) The FCA may, by notice in writing given to P, require P —

(a) to provide specified information or information of a specified description;

(b) to produce specified documents or documents of a specified description.

(3) The information or documents must be provided or produced—

(a) before the end of such reasonable period as may be specified, and

(b) at such place as may be specified.

(4) An officer who has written authorisation from the FCA to do so may require P without unnecessary delay—

(a) to provide the officer with specified information or information of a specified description;

(b) to produce to the officer specified documents or documents of a specified description.

(5) The FCA may require any information provided under this regulation to be provided in such form as it may reasonably require.

(6) The FCA may require—

(a) any information provided, whether in a document or otherwise, to be verified;

(b) any document produced to be authenticated,

in such manner as it may reasonably require.

(7) In this regulation—

"officer" means an officer of the FCA and includes a member of the FCA's staff or an agent of the FCA;

"specified" means—

(a) in paragraphs (2) and (3), specified by the notice, and

(b) in paragraph (4), specified by the authorisation.

Liability for contravention of a prohibition in regulation 22, 24 or 28

39. A person contravenes regulation 22, 24 or 28 whether the contravention is by that person alone or by that person jointly or in concert with one or more other persons.

PART 3

Amendment of the Regulated Activities Order

Amendment of the Regulated Activities Order

40.—(1) The Regulated Activities Order is amended as follows.

(2) In article 3 (interpretation), at the appropriate places, insert—

""authorised cryptoasset custodian" means an authorised person who has a Part 4A permission to carry on the regulated activity specified by article 9N(1)(a) (safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets)(**a**);

"qualifying cryptoasset" has the meaning given by article 88F (qualifying cryptoassets);

"qualifying cryptoasset trading platform" means a system in which multiple third-party buying and selling trading interests in qualifying cryptoassets are able to interact within the system and which brings together multiple third-party buying and selling interests in qualifying cryptoassets in a way that results in a contract for the exchange of qualifying cryptoassets for—

(a) money, including electronic money, or

(b) other qualifying cryptoassets;

"qualifying stablecoin" has the meaning given by article 88G (qualifying stablecoin);

"relevant specified investment cryptoasset" has the meaning given by article 9N(5)(b);

"specified investment cryptoasset" means a cryptoasset that—

(a) is a specified investment as a result of Part 3 (specified investments)—

(i) excluding article 88F (qualifying cryptoassets), and

(ii) including where the cryptoasset is a right to or an interest in such a specified investment by operation of article 89 (rights to or interests in investments), and

(b) would be a qualifying cryptoasset if sub-paragraphs (a) to (c) of article 88F(4) were disregarded;".

(3) In article 5(2) (accepting deposits), for "9A" substitute "9AZA"(**b**).

(4) After article 9A (sums received in exchange for electronic money)(**c**) insert—

(**a**) Article 9N is inserted by regulation 40(5) of this instrument.
(**b**) Article 9AZA is inserted by regulation 40(4) of this instrument.
(**c**) Article 9A was inserted by S.I. 2002/682.

"Sums in exchange for qualifying stablecoin

9AZA. A sum is not a deposit for the purposes of article 5 (accepting deposits)(**a**) if it is immediately exchanged for qualifying stablecoin.".

(5) After article 9K (record of certified persons) insert—

"Chapter 2B

Cryptoassets

Issuing qualifying stablecoin: the activity

Issuing qualifying stablecoin

9M.—(1) Issuing a qualifying stablecoin is a specified kind of activity.

(2) A person ("A") "issues" a qualifying stablecoin if—

(a) A offers, or arranges for another to offer, a qualifying stablecoin for sale or subscription from an establishment in the United Kingdom, or has previously done so, whether before or on or after the coming into force of this article,

(b) the qualifying stablecoin was created by, or on behalf of, A or a member of A's group, and

(c) A carries on both the following activities from an establishment in the United Kingdom—

(i) undertaking, or arranging for another to undertake, to redeem the qualifying stablecoin;

(ii) holding, or arranging for another to hold, fiat currency or other assets for the purpose of maintaining the stable value of the qualifying stablecoin, as mentioned in article 88G(2)(a).

(3) The activity in paragraph (2)(a) does not include the minting of a qualifying stablecoin, such that it first exists—

(a) as an identifiable asset on the blockchain, and

(b) in a transferable form.

(4) For the purposes of paragraph (1)—

(a) A is to be considered as carrying on or having carried on the activity in paragraph (2)(a) where A accepts an invitation from another person ("B") for B's purchase of a qualifying stablecoin;

(b) A is to be considered as carrying on the activities in paragraphs (2)(a) and (2)(c)(ii), and as having created the qualifying stablecoin for the purposes of paragraph (2)(b), where A has assumed (by assignment, variation, operation of law or by any other similar mechanism) an undertaking to redeem the qualifying stablecoin;

(c) where all of the activities in paragraph (2)(a) and (c)(i) and (ii) are carried on by another person ("B") under arrangements made by A, then only A is to be considered as carrying on the activity specified in paragraph (1), not B.

(**a**) Article 5 was amended by S.I. 2002/682.

Safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets

9N.—(1) The following are specified kinds of activity—

(a) the safeguarding of a qualifying cryptoasset or a relevant specified investment cryptoasset ("the cryptoasset") on behalf of another person ("A");

(b) arranging for a person to carry on that activity.

(2) For the purposes of paragraph (1)(a)—

(a) a person ("C") is to be regarded as safeguarding the cryptoasset if C has control of the cryptoasset through any means that would enable C to bring about a transfer of the benefit of the cryptoasset to another person, including C;

(b) "on behalf of another" includes where that other person, A, has—

(i) both legal and beneficial title to the cryptoasset;

(ii) the beneficial title only to the cryptoasset;

(iii) subject to sub-paragraph (c), a right against C for the return of the cryptoasset;

(c) subject to sub-paragraph (d), sub-paragraph (b)(iii) does not apply where A's right against C for the cryptoasset arises in the following circumstances—

(i) C received the cryptoasset from A under a title transfer cryptoasset collateral arrangement, or

(ii) C acquired the cryptoasset from A under an agreement, pursuant to which A contracted to buy back the cryptoasset from C;

(d) sub-paragraph (c) does not apply where A is—

(i) a consumer, or

(ii) specified, or of a description specified, in rules made by the FCA.

(3) Rules made by virtue of paragraph (2)(d)(ii) may—

(a) specify a particular person or class of persons;

(b) be limited so as to apply only to agreements or arrangements, or classes of agreements or arrangements, specified by the rules.

(4) For the purposes of paragraph (2)(a), the means by which C may have control of the cryptoasset include—

(a) holding or storing of the means of access, or part of the means of access, to the cryptoasset;

(b) appointing a person to hold or store the means of access, or part of the means of access, to the cryptoasset under an arrangement operated by C.

(5) For the purposes of this article—

(a) "consumer" means an individual who is acting for a purpose other than for any trade, business or profession carried on by that individual;

(b) "relevant specified investment cryptoasset" means a specified investment cryptoasset that is a—

(i) security, or

(ii) contractually based investment;

(c) "title transfer cryptoasset collateral arrangement" means an agreement or arrangement between C and the person who would otherwise be regarded as safeguarding the cryptoasset on behalf of another person ("A"), where—

(i) the purpose of the agreement or arrangement with A is to secure or otherwise guarantee financial obligations owed by A to C, and

(ii) A transfers legal and beneficial ownership of the cryptoasset to C on terms that C must transfer legal and beneficial ownership of the cryptoasset or its equivalent to A when the financial obligations referred to in paragraph (i) are discharged;

(d) references to the cryptoasset, a qualifying cryptoasset or a relevant specified investment cryptoasset include the means of access to that cryptoasset;

(e) references to the "means of access" to a cryptoasset include a private cryptographic key to that cryptoasset.

Safeguarding of qualifying cryptoassets and specified investment cryptoassets: exclusions

Article 9N exclusion: group activity

9O.—(1) There are excluded from article 9N(1)(a) activities which a person ("P") carries on pursuant to arrangements—

(a) which are operated by an authorised cryptoasset custodian ("C"), who is connected with P, in the course of carrying on the activity in article 9N(1)(a), and

(b) under which C undertakes to the person on whose behalf the qualifying cryptoasset or relevant specified investment cryptoasset is being safeguarded a responsibility in respect of that cryptoasset which is no less onerous than C would have undertaken if C were safeguarding the cryptoasset.

(2) For the purposes of paragraph (1), an authorised cryptoasset custodian is connected with a person if they are a member of the same group as that person.

Article 9N exclusion:introductions

9P.—(1) There are excluded from article 9N(1)(b) arrangements pursuant to which introductions are made by a person ("P") to an authorised cryptoasset custodian ("C"), with a view to C providing in the United Kingdom a service comprising an activity of the kind specified by article 9N(1)(a), provided that—

(a) C is not connected with P, and

(b) P is not remunerated by C.

(2) For the purposes of paragraph (1), an authorised cryptoasset custodian is connected with a person if they are a member of the same group as that person.

Article 9N exclusion: temporary settlement arrangements

9Q. There are excluded from article 9N(1) arrangements whereby a qualifying cryptoasset or a relevant specified investment cryptoasset is held temporarily to facilitate the settlement of a transaction.

Article 9N exclusion: other exclusions

9R.—(1) A person ("P") does not carry on the activity specified by article 9N(1)(a) on behalf of another person ("A"), if A appoints P as their agent for the purposes of giving

instructions to a third person ("C"), where C has undertaken directly to A to safeguard that cryptoasset.

(2) A person ("P") does not carry on the activity specified by article 9N(1)(a) on behalf of another person ("A") unless P holds itself out as engaging in the business of providing a service in relation to a qualifying cryptoasset or a relevant specified investment cryptoasset to A, or to a person acting on behalf of A.

(3) There is excluded from article 9N(1) any activity where the qualifying cryptoasset in question is, or is to be, safeguarded by a person ("A"), or a member of the same group as A, for the purpose of enabling or facilitating transactions by A, or a member of the same group as A, that would be within article 9T (dealing in qualifying cryptoassets as principal) but for the operation of article 9V(1)(e).

Operating a qualifying cryptoasset trading platform: the activity

Operating a qualifying cryptoasset trading platform

9S. The operation of a qualifying cryptoasset trading platform is a specified kind of activity.

Dealing in qualifying cryptoassets as principal: the activity

Dealing in qualifying cryptoassets as principal

9T. Buying, selling, subscribing for or underwriting a qualifying cryptoasset as principal is a specified kind of activity.

Dealing in qualifying cryptoassets as principal: exclusions

Article 9T exclusion:absence of holding out etc.

9U.—(1) Subject to paragraph (3), a person ("P") does not carry on an activity specified by article 9T by entering into a transaction which relates to a qualifying cryptoasset unless—

(a) P holds itself out as willing, as principal, to buy, sell, subscribe for or underwrite qualifying cryptoassets of the kind to which the transaction relates at prices determined by P—

(i) generally, and

(ii) continuously rather than in respect of each particular transaction,

(b) P holds itself out as engaging in the business of buying qualifying cryptoassets of the kind to which the transaction relates, with a view to selling them,

(c) P holds itself out as engaging in the business of underwriting qualifying cryptoassets of the kind to which the transaction relates, or

(d) P regularly solicits members of the public with the purpose of inducing them, as principals or agents, to enter into transactions constituting activities of the kind specified by article 9T, and the transaction is entered into as a result of P having solicited members of the public in that manner.

(2) In paragraph (1)(d), "members of the public" means persons other than—

(a) an authorised person with a Part 4A permission to carry on a regulated activity specified by article 9T;

(b) a member of the same group as P.

(3) Paragraph (1) does not apply where P enters into the transaction as bare trustee or, in Scotland, as nominee for another person ("B"), where—

(a) P is acting on B's instructions, and

(b) P holds itself out as providing a service of buying and selling qualifying cryptoassets.

Article 9T exclusion: other exclusions

9V.—(1) There are excluded from article 9T—

(a) the creation, including the design, of a qualifying stablecoin;

(b) the minting of a qualifying stablecoin, such that it first exists as—

(i) an identifiable asset on a blockchain, and

(ii) in a transferable form;

(c) activity where the qualifying cryptoasset is acquired or transferred for no consideration;

(d) the distribution of a qualifying cryptoasset that was automatically created as a reward for the maintenance of the distributed ledger or the validation of transactions;

(e) activity where the qualifying cryptoasset is—

(i) issued by, or on behalf of, the person carrying on the activity, and

(ii) sold to or subscribed for by an employee or partner of the person carrying on the activity;

(f) the private sale or transfer by a person ("A") of a qualifying cryptoasset—

(i) created and minted by, or on behalf of, A, and

(ii) having as its sole purpose the raising of capital by A;

(g) any activity by a person who only enters into transactions as principal with other members of the same group.

(2) There is excluded from article 9T any activity specified by—

(a) article 9M (issuing qualifying stablecoin);

(b) article 9S (operating a qualifying cryptoasset trading platform);

(c) article 9Z6 (qualifying cryptoasset staking).

Dealing in qualifying cryptoassets as agent: the activity

Dealing in qualifying cryptoassets as agent

9W. Buying, selling, or subscribing for or underwriting a qualifying cryptoasset as agent is a specified kind of activity.

Dealing in qualifying cryptoassets as agent: exclusions

Article 9W: exclusions

9X.—(1) There is excluded from article 9W—

(a) the creation, including the design, of a qualifying stablecoin;

(b) the minting of a qualifying stablecoin, such that it first exists as—

(i) an identifiable asset on a blockchain, and

(ii) in a transferable form;

(c) activity where the qualifying cryptoasset is acquired or transferred for no consideration;

(d) the distribution of a qualifying cryptoasset that was automatically created as a reward for the maintenance of the distributed ledger or the validation of transactions;

(e) activity where the qualifying cryptoasset is—

(i) issued by, or on behalf of, the person carrying on the activity, and

(ii) sold to or subscribed for by an employee or partner of the person carrying on the activity.

(2) There is excluded from article 9W activity specified by—

(a) article 9M (issuing qualifying stablecoin);

(b) article 9S (operating a qualifying cryptoasset trading platform);

(c) article 9Z6 (qualifying cryptoasset staking).

Arranging deals in qualifying cryptoassets: the activity

Arranging deals in qualifying cryptoassets

9Y.—(1) Making arrangements for another person,whether as principal or agent, to buy, sell, subscribe for or underwrite a qualifying cryptoasset is a specified kind of activity.

(2) Making arrangements with a view to a person who participates in the arrangements for the buying, selling, subscribing for or underwriting a qualifying cryptoasset, whether as principal or agent, is also a specified kind of activity.

Arranging deals in qualifying cryptoassets: exclusions

Article 9Y exclusion: arrangements not causing a deal

9Z. There are excluded from article 9Y(1) arrangements which do not, or would not, bring about the transaction to which the arrangements relate.

Article 9Y exclusion: introducing

9Z1. There are excluded from article 9Y(2) arrangements where they are solely arrangements under which a person will be introduced to an authorised person with a Part 4A permission to carry on the regulated activity specified by this Chapter.

Article 9Y exclusion: enabling parties to communicate

9Z2. A person does not carry on an activity specified by article 9Y(2) merely by providing means by which one party to a transaction, or potential transaction, is able to communicate with other such parties.

Article 9Y exclusion: arranging transactions to which the arranger is a party

9Z3.—(1) There are excluded from article 9Y(1) arrangements for a transaction into which the person making the arrangements enters or is to enter as principal or agent for another person.

(2) There are excluded from article 9Y(2) arrangements which a person ("A") makes with a view to transactions into which A enters or is to enter as principal or agent for another person.

Article 9Y exclusion: trustees, nominees and personal representatives

9Z4.—(1) There are excluded from article 9Y arrangements made by a person ("A") acting as trustee or personal representative for, or with a view to a transaction which is, or is to be, entered into by—

(a) A and a fellow trustee or personal representative, acting in their capacity as such, or

(b) a beneficiary under the trust, will or intestacy.

(2) Paragraph (1) does not apply where A is remunerated for what A does in addition to any remuneration A receives as trustee or personal representative, and for these purposes A is not to be regarded as receiving additional remuneration merely because A's remuneration is calculated by reference to time spent.

Article 9Y: other exclusions

9Z5.—(1) There is excluded from article 9Y the following activities—

(a) the creation, including the design, of a qualifying stablecoin;

(b) the minting of a qualifying stablecoin, such that it first exists as—

(i) an identifiable asset on the blockchain, and

(ii) in a transferable form;

(c) activity where the qualifying cryptoasset is acquired or transferred for no consideration;

(d) the distribution of a qualifying cryptoasset that was automatically created as a reward for the maintenance of the distributed ledger or the validation of transactions;

(e) activity where the qualifying cryptoasset is—

(i) issued by, or on behalf of, the person carrying on the activity, and

(ii) sold to or subscribed for by an employee or partner of the person carrying on the activity;

(f) any activity where—

(i) a person ("A") who only makes arrangements for, or with a view to, a transaction which is or is to be entered into, as principal, by another member of the same group, and

(ii) A is not authorised or required to be authorised to carry on an activity specified by this Chapter.

(2) There is excluded from article 9Y activity specified by—

(a) article 9M (issuing qualifying stablecoin);

(b) article 9S (operating a qualifying cryptoasset trading platform);

(c) article 9Z6 (qualifying cryptoasset staking).

Qualifying cryptoasset staking: the activity

Qualifying cryptoasset staking

9Z6.—(1) Making arrangements on behalf of another person (whether as principal or agent) for qualifying cryptoasset staking is a specified kind of activity.

(2) In this article—

"blockchain validation" means the validation of transactions on—

(a) a blockchain, or

(b) a network that uses distributed ledger technology or other similar technology,

and includes proof of stake distributed ledger technology consensus mechanisms;

"qualifying cryptoasset staking" means the use of a qualifying cryptoasset in blockchain validation.

Qualifying cryptoasset staking: exclusions

Article 9Z6 exclusion: introducing

9Z7. There is excluded from article 9Z6 the provision of services solely for the purpose of introducing a person to an authorised person with a Part 4A permission to carry on the regulated activity specified by article 9Z6.

Article 9Z6 exclusion: enabling parties to communicate

9Z8. A person does not carry on the activity specified by article 9Z6 merely by providing means by which one party to an arrangement, or potential arrangement, is able to communicate with other such parties.

Article 9Z6 exclusion: technical services exclusion

9Z9. There is excluded from article 9Z6 a technical service provided by a person (a "P") where—

(a) the service allows another person to participate in qualifying cryptoasset staking, as defined by article 9Z6, including by the operation of a validator node for that staking, and

(b) P does not hold itself out as offering qualifying cryptoasset staking to the public.

Cryptoassets: general exclusions

Activities carried on for the sale of goods or supply of services

9Z10.—(1) There is excluded from this Chapter an activity carried on for the purpose of the sale of goods or supply of services, by a supplier to a customer.

(2) Paragraph (1) does not apply to article 9N (safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets) so far as that article applies to relevant specified investment cryptoassets.

(3) There is also excluded from the following articles activity for the purpose of a related sale of goods or supply of services—

(a) article 9T (dealing in qualifying cryptoassets as principal);

(b) article 9W (dealing in qualifying cryptoassets as agent);

(c) article 9Y (arranging deals in qualifying cryptoassets).

(4) In this article—

"customer" means a person to whom a supplier sells goods or supplies services, or agrees to do so, and, where the customer is a member of a group, also means any other member of that group;

"related sale of goods or supply of services" means a sale of goods or supply of services to the customer otherwise than by the supplier, but for the purpose of the sale or supply mentioned in paragraph (1);

"supplier" means—

(a) a person whose main business is to sell goods or supply services, and

(b) where the supplier is a member of a group, includes any other member of that group;

"supply of services" does not include the provision of a service comprising an activity of a kind specified by any provision of this Chapter.

Activities incidental to the carrying on of a profession or business

9Z11.—(1) There is excluded from this Chapter activity where that activity ("the incidental activity")—

(a) is carried on in a manner that is incidental to the carrying on of a profession or business, and

(b) does not itself constitute the carrying on of a regulated activity.

(2) For the purposes of paragraph (1)(a), an activity is carried on in a manner that is incidental to the carrying on of a profession or business where the following apply—

(a) a close factual connection exists between the carrying on of the profession or business and the incidental activity, such that the incidental activity may reasonably be regarded as a necessary ancillary to the carrying on of the profession or business,

(b) the incidental activity does not provide a systematic source of income to the person providing the professional activity,

(c) the person carrying on the professional activity does not market or otherwise promote their ability to provide the incidental activity, except where there are disclosed to clients as being a necessary ancillary to the carrying on of the profession or business, and

(d) the carrying on of a profession or business is supervised and regulated by any of the bodies listed in article 2 of the Financial Services and Markets Act 2000 (Designated Professional Bodies) Order 2001(**a**).".

(6) In article 40 (safeguarding and administering investments), after paragraph (3) insert—

"(4) For the purposes of this article, references to "assets" do not include—

(a) qualifying cryptoassets, or

(b) relevant specified investment cryptoassets.".

(**a**) S.I. 2001/1226, amended by S.I. 2004/3352 and 2006/58.

(7) In article 42A (depositaries of UK UCITs and AIFs)(**a**), for "article 40" substitute "article 9N or 40".

(8) In article 64 (agreeing to carry on specified kinds of activity)(**b**), after "9B," insert "9M, 9S,".

(9) In article 71 (activities carried on in connection with employee share schemes), after paragraph (5) insert—

"(5A) There is excluded from article 9N any activity if the relevant specified investment cryptoassets in question are, or are to be, safeguarded by C, a member of the same group as C or a relevant trustee for the purpose of enabling or facilitating transactions of the kind described in paragraph (1).".

(10) In article 72H (insolvency practitioners)(**c**), in paragraph (2), before sub-paragraph (a) insert—

"(za) any regulated activity specified by Chapter 2B (cryptoassets);".

(11) After article 88E (consumer hire agreement)(**d**) insert—

"Qualifying cryptoassets

88F.—(1) A qualifying cryptoasset.

(2) A "qualifying cryptoasset" means a cryptoasset which is—

(a) fungible,

(b) transferable,

(c) not solely a record of value or contractual rights, including rights in another cryptoasset, and

(d) not excluded by paragraph (4).

(3) For the purposes of paragraph (2)(b), the circumstances in which a cryptoasset is to be treated as "transferable" include where it confers transferable rights.

(4) A cryptoasset does not fall within paragraph (1) if it is—

(a) a specified investment cryptoasset, other than one specified by—

(i) article 74A (electronic money)(**e**); and

(ii) article 88F (qualifying cryptoassets);

(b) electronic money;

(c) currency of the United Kingdom or any other country or territory, including a central bank digital currency;

(d) a cryptoasset that—

(i) cannot be transferred or sold in exchange for money or other cryptoassets, except by way of redemption with the issuer, and

(ii) can only be used by the holder—

(aa) to acquire goods or services from the issuer, or

(**a**) Article 42A was inserted by S.I. 2013/1773 and amended by S.I. 2019/632.
(**b**) Article 64 was amended by S.I. 2013/1881, 2018/135 and 2018/1253.
(**c**) Article 72H was inserted by S.I. 2014/366 and amended by S.I. 2017/488, 2019/632 and 2022/466.
(**d**) Article 88E was inserted by S.I. 2013/1881.
(**e**) Article 74A was inserted by S.I. 2002/682.

(bb) to acquire goods or services within a limited network of service providers which have direct commercial agreements with the issuer.

Qualifying stablecoin

88G.—(1) A qualifying stablecoin.

(2) A "qualifying stablecoin" means a qualifying cryptoasset where—

(a) that cryptoasset seeks or purports to maintain a stable value in relation to a particular fiat currency ("the referenced fiat currency"), and

(b) fiat currency (which may be referenced fiat currency referred to in sub-paragraph (a)) or other assets are held for the purpose of maintaining a stable value, in accordance with sub-paragraph (a).

(3) Where a cryptoasset seeks or purports to maintain a stable value in relation to an asset other than a fiat currency, the cryptoasset is not to be regarded as falling within paragraph (2)(a) even if the asset is expressed in terms of a fiat currency.

(4) For the purposes of paragraph (2)(b)—

(a) other assets do not include the cryptoasset itself;

(b) the holding of fiat currency or another asset for the purpose of maintaining a stable value does not include the holding of assets by a person carrying on the activity described in article 5 (accepting deposits), whether authorised or not, for the purpose of complying with its general prudential requirements or meeting its liabilities generally.

(5) In this article, "fiat currency" means the currency of the United Kingdom or any other country or territory, unless that currency is solely a cryptoasset.".

(12) After article 97 (disapplication of section 49(2) of the Act)(**a**) insert—

"Application of section 137B of the Act to backing assets for qualifying stablecoin

98.—(1) For the purposes of the FCA making rules in relation to the activity specified by article 9M (issuing qualifying stablecoin), section 137B of the Act (FCA general rules: clients' money, right to rescind etc)(**b**) applies as if references to "clients' money" and "money" include a sum or asset received or held as a backing asset for the purposes of a qualifying stablecoin.

(2) For the purposes of paragraph (1), a "sum or asset received or held as a backing asset" includes where the sum or asset received or held is categorised as, is to be treated as or should be held as a backing asset under rules made by the FCA in relation to the regulated activity specified by article 9M.

Application of section 137B of the Act to safeguarding of qualifying cryptoassets

99. For the purposes of the FCA making rules in relation to an activity specified by article 9N (safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets) so far as it concerns qualifying cryptoassets, section 137B of the Act (FCA general rules: clients' money, right to rescind etc) applies as if—

(a) references to "clients' money" and "money" include a qualifying cryptoasset or any other asset;

(**a**) Article 97 was inserted by S.I. 2004/1610 and amended by S.I. 2013/472.
(**b**) Section 137B of the Act was inserted by s.24(1) of the Financial Services Act 2012.

(b) references to "accounts" are read as including a reference to wallets or any other form of storing or recording a qualifying cryptoasset.".

PART 4

Amendment of the Act

Amendment of the Act

41.—(1) The Act is amended as follows.

(2) In section 131AB (interpretation)(**a**)—

(a) in subsection (1)—

(i) for the definition of "financial instrument" substitute—

""financial instrument" means any of the following—

(a) an instrument specified in Part 1 of Schedule 2 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, read with Part 2 of that Schedule;

(b) a "qualifying cryptoasset" as defined by article 88F of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;

(c) a "related instrument" as defined by regulation 17(1) of the Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2025;";

(ii) for the definition of "issuer" substitute—

""issuer" means—

(a) an issuer defined by Article 3.1(21) of the market abuse regulation(**b**), or

(b) a "relevant person" as defined by regulation 17(4) of the Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2025; and";

(b) in subsection (2)—

(i) at the end of paragraph (a), omit "and";

(ii) in paragraph (b), for "day." substitute "day; and";

(iii) after paragraph (b), insert—

"(c) Chapter 2 of Part 2 of the Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2025.".

(3) In section 176 (entry of premises under warrant)(**c**), in subsection (11)—

(a) at the end of paragraph (aa) omit "or";

(b) before paragraph (b) insert—

"(ab) by the FCA by virtue of regulation 21 of the Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2025; or".

(4) In section 285 (exemption for recognised bodies etc.), after subsection (2)(**d**) insert—

(**a**) Section 131AB was inserted by S.I. 2016/680 and amended by S.I. 2019/310, 2021/494 and 2023/1424.
(**b**) EUR 2014/596, to which there are amendments not relevant to this instrument.
(**c**) Subsection (11) was amended by Schedule 2 to the Financial Services Act 2010 (c. 28) and Schedule 12 to the Financial Services Act 2012. Paragraph (aa) to be amended by paragraph 16 of Schedule 3 to S.I. 2024/105 (19 January 2026).
(**d**) Subsection (2) was amended by section 28(2) of the Financial Services Act 2012.

"(2A) Subsection (2) does not apply in respect of a regulated activity specified by Chapter 2B (cryptoassets) of Part 2 (specified activities) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.".

(5) In section 384(7) (power of FCA or PRA to require restitution)(**a**)—

(a) at the end of paragraph (c) omit "or";

(b) at the end of paragraph (d), for "that Part." substitute "that Part; or";

(c) after paragraph (d) insert—

"(e) a requirement imposed by or under Chapter 2 of Part 2 of the Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2025.".

(6) In section 418 (carrying on regulated activities in the United Kingdom), after subsection (6) insert—

"(6B) The ninth case is where—

(a) the regulated activity being carried on by the person ("A") is that specified by article 9M of the Regulated Activities Order (issuing qualifying stablecoin), and

(b) all of the activities specified in the conditions set out in paragraph (2)(a) to (c) of that article are carried on by A, or on behalf of A, in the United Kingdom.

(6C) The tenth case is where—

(a) the regulated activity being carried on by the person ("A") is a regulated cryptoasset activity,

(b) A is involved in the sale or subscription of a qualifying cryptoasset to, or by, a consumer ("C"), and

(c) there is no person who—

(i) is authorised under Part 4A of this Act to carry on a regulated cryptoasset activity of a kind referred to in subsection (6D)(a) or (b),

(ii) is carrying on that activity in relation to the sale or subscription mentioned in paragraph (b), and

(iii) in doing so, is acting as an intermediary between A and C.

(6D) In subsection (6C), a "regulated cryptoasset activity" means a regulated activity specified by the following articles of the Regulated Activities Order—

(a) article 9S (operating a qualifying cryptoasset trading platform);

(b) article 9T (dealing in qualifying cryptoassets as principal);

(c) article 9W (dealing in qualifying cryptoassets as agent);

(d) article 9Y (arranging deals in qualifying cryptoassets).

(6E) The eleventh case is where—

(a) the regulated activity being carried on by the person ("A") is specified by—

(i) article 9N (safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets) of the Regulated Activities Order, or

(**a**) Paragraph (c) was inserted by S.I. 2013/1773 and paragraph (d) was inserted by Schedule 10 to the Financial Services (Banking Reform) Act 2013 (c. 33).

(ii) article 9Z6 (qualifying cryptoasset staking) of the Regulated Activities Order,

(b) A is carrying on that activity on behalf of a consumer, and

(c) A is not carrying on that activity at the direction of another person who is authorised under Part 4A of this Act to carry on that regulated activity.

(6F) In subsections (6B) to (6E)—

(a) "consumer" means an individual in the United Kingdom who is acting for a purpose other than for any trade, business or profession carried on by that individual;

(b) "Regulated Activities Order" means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;

(c) where a term that is used is also used in Chapter 2B (cryptoassets) of Part 2 (specified activities) of the Regulated Activities Order, then it has the same meaning as that given in that Chapter.".

(7) In Schedule 6C (listed designated activity regulations and requirements for the purposes of certain provisions)(**a**)—

(a) in Part 1 (provisions designating relevant designated activities), at the end insert—

"Part 2 of the Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2025.".

(b) in Part 2 (relevant Part 5A requirements for the purposes of specified provisions)—

(i) in the table, in the entry relating to Part 11 of the Act, in the second column, at the end insert—

"(3) Part 2 of the Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2025.";

(ii) in the table, in the entry relating to Part 14 of the Act, in the second column, at the end insert—

"(3) Part 2 of the Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2025.";

(c) in Part 3 (relevant Part 5A directions for the purposes of Chapter 2 of Part 5A), in the table, after the final row insert a new row—

"Part 2 of the Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2025.".	

PART 5

Amendment of the Financial Promotion Order

Amendment of the Financial Promotion Order

42.—(1) The Financial Promotion Order(**b**) is amended as follows.

(2) In article 2 (interpretation: general)(**c**), for the definition of "qualifying cryptoasset" substitute—

(**a**) Schedule 6C was inserted by S.I. 2025/22.
(**b**) S.I. 2005/1529.
(**c**) The definition of "qualifying cryptoasset" was inserted by S.I. 2023/612.

""qualifying cryptoasset" has the meaning given by article 88F of the Regulated Activities Order (qualifying cryptoassets), except that the condition as to the cryptoasset being transferable or conferring transferable rights is to be taken as met if a communication made in relation to the cryptoasset describes it as being transferable or conferring transferable rights;

"qualifying stablecoin" has the meaning given by article 88G of the Regulated Activities Order (qualifying stablecoin);"

(3) In article 70 (promotions included in listing particulars etc.)(**a**), after paragraph 1(d) insert—

"(e) a qualifying cryptoasset disclosure document or a supplementary disclosure document as defined by regulation 6 ("qualifying cryptoasset disclosure document" and "supplementary disclosure document") of the Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2025.".

(4) Omit article 73ZA (certain promotions of qualifying cryptoassets).

(5) In Schedule 1—

(a) in Part 1 (controlled activities)—

(i) in paragraph 4 (arranging deals in investments), after sub-paragraph (3) insert—

"(4) This paragraph does not apply to the activity specified by paragraph 7C (qualifying cryptoasset staking)(**b**).";

(ii) in paragraph 6 (safeguarding and administering investments), after sub-paragraph (4) insert—

"(5) This paragraph does not apply to an activity specified by paragraph 7A (safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets).";

(iii) after paragraph 7 (advising on investments) insert—

"Safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets

7A.—(1) The following are controlled activities—

(a) the safeguarding of a qualifying cryptoasset or a relevant specified investment cryptoasset ("the cryptoasset") on behalf of another person ("A");

(b) arranging for a person to carry on that activity.

(2) For the purposes of sub-paragraph (1)(a)—

(a) a person ("C") is to be regarded as safeguarding the cryptoasset if C has control of the cryptoasset through any means that would enable C to bring about a transfer of the benefit of the cryptoasset to another person, including to C;

(b) "on behalf of another" includes where that other person, A, has—

(i) both legal and beneficial title to the cryptoasset;

(ii) the beneficial title only to the cryptoasset;

(iii) subject to sub-paragraph (c), a right against C for the return of the cryptoasset;

(c) subject to paragraph (d), paragraph (b)(iii) does not apply where A's right against C for the cryptoasset arises in the following circumstances—

(**a**) Article 70 to be amended by S.I. 2024/105 (19 January 2026).
(**b**) Paragraph 7C is inserted by regulation 42(5)(a)(iii) of this instrument.

(i) C received the cryptoasset from A under a title transfer cryptoasset collateral arrangement, or

(ii) C acquired the cryptoasset from A under an agreement pursuant to which A contracted to buy back the cryptoasset from C;

(d) paragraph (c) does not apply where A is—

(i) a consumer, or

(ii) specified, or of a description specified, in rules made by the FCA.

(3) Rules made by virtue of sub-paragraph (2)(d)(ii) may—

(a) specify a particular person or class of persons;

(b) be limited so as to apply only to agreements or arrangements, or classes of agreements or arrangements, specified by the rules.

(4) For the purposes of sub-paragraph (2)(a), the means by which C may have control of the cryptoasset include—

(a) holding or storing of the means of access, or part of the means of access, to the cryptoasset;

(b) appointing a person to hold or store the means of access, or part of the means of access, to the cryptoasset under an arrangement operated by C.

(5) There are excluded from sub-paragraph (1)(a) activities which a person ("P") carries on pursuant to arrangements—

(a) which are operated by an authorised cryptoasset custodian ("C"), who is connected with P, in the course of carrying on the activity in sub-paragraph (1)(a), and

(b) under which C undertakes to the person on whose behalf the cryptoasset is being safeguarded a responsibility in respect of that cryptoasset which is no less onerous than C would have undertaken if C were safeguarding the cryptoasset.

(6) There are excluded from sub-paragraph (1)(b) arrangements pursuant to which introductions are made by a person ("P") to an authorised cryptoasset custodian ("C"), with a view to C providing in the United Kingdom a service comprising an activity of the kind specified by sub-paragraph (1)(a), provided that—

(a) C is not connected with P, and

(b) P is not remunerated by C.

(7) There are excluded from sub-paragraph (1) arrangements whereby a qualifying cryptoasset or a relevant specified investment cryptoasset is held temporarily to facilitate the settlement of a transaction.

(8) A person ("P") does not carry on the activity specified by sub-paragraph (1)(a) on behalf of another person ("A"), if A appoints P as their agent for the purposes of giving instructions to a third person ("C"), where C has undertaken directly to A the responsibility to safeguard the cryptoasset.

(9) A person ("P") does not carry on the activity specified by sub-paragraph (1)(a) on behalf of another person ("A") unless P holds itself out as engaging in the business of providing a service in relation to the cryptoasset to A, or to a person acting on behalf of A.

(10) There is excluded from sub-paragraph (1) any activity where the cryptoasset is, or is to be, safeguarded by a person ("A"), or a member of the same group as A, for the purpose of enabling or facilitating transactions by A, or a member of the same group as A, that would be within article 9T (dealing in qualifying cryptoassets as principal) of the Regulated Activities Order but for the operation of article 9V(2)(c).

(11) For the purposes of this paragraph—

(a) "authorised cryptoasset custodian" means an authorised person who has a Part 4A permission to carry on the regulated activity specified by article 9N(1)(a) (safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets);

(b) "consumer" means an individual who is acting for a purpose other than for any trade, business or profession carried on by that individual;

(c) "relevant specified investment cryptoasset" has the meaning given by article 9N(5)(b) of the Regulated Activities Order (safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets);

(d) "title transfer cryptoasset collateral arrangement" means an agreement or arrangement between C and the person who would otherwise be regarded as safeguarding the cryptoasset on behalf of another person ("A"), where—

(i) the purpose of the agreement or arrangement with A is to secure or otherwise guarantee financial obligations owed by A to C, and

(ii) A transfers legal and beneficial ownership of the cryptoasset to C on terms that C must transfer legal and beneficial ownership of the cryptoasset, or its equivalent, to A when the financial obligations referred to in sub-paragraph (i) are discharged;

(e) references to a cryptoasset, qualifying cryptoasset or a relevant specified investment cryptoasset include the means of access to that cryptoasset;

(f) references to the "means of access" to a cryptoasset include a private cryptographic key to that cryptoasset;

(g) an authorised cryptoasset custodian is connected with a person if they are a member of the same group as that person.

Operating a qualifying cryptoasset trading platform

7B.—(1) The operation of a qualifying cryptoasset trading platform is a controlled activity.

(2) In this paragraph, "qualifying cryptoasset trading platform" has the meaning given by article 3 (interpretation) of the Regulated Activities Order.

Qualifying cryptoasset staking

7C.—(1) Making arrangements on behalf of another person (whether as principal or agent) for qualifying cryptoasset staking is a controlled activity.

(2) There is excluded from sub-paragraph (1) the provision of services solely for the purpose of introducing a person to an authorised person with a Part 4A permission to carry on the regulated activity specified by article 9Z6.

(3) A person does not carry on the activity specified by sub-paragraph (1) merely by providing means by which one party to an arrangement, or potential arrangement, is able to communicate with other such parties.

(4) There is excluded from sub-paragraph (1) a technical service provided by a person ("P") where—

(a) the service allows another person to participate in qualifying cryptoasset staking, as defined by article 9Z6, including by the operation of a validator node for that staking, and

(b) P does not hold itself out as offering qualifying cryptoasset staking to the public.

(5) In this paragraph—

"blockchain validation" means the validation of transactions on—

(a) a blockchain, or

(b) a network that uses distributed ledger technology or other similar technology,

and includes proof of stake distributed ledger technology consensus mechanisms;

"qualifying cryptoasset staking" means the use of a qualifying cryptoasset in blockchain validation.".

(b) in Part 2 (controlled investments), for paragraph 26F (qualifying cryptoasset)(**a**) substitute—

"Qualifying cryptoassets

26F. Qualifying cryptoassets.".

PART 6

Consequential amendment of other secondary legislation

Amendment of the Financial Services and Markets Act 2000 (Collective Investment Schemes) Order 2001

43.—(1) The Financial Services and Markets Act 2000 (Collective Investment Schemes) Order 2001(**b**) is amended as follows.

(2) In the Schedule (arrangements not amounting to a collective investment scheme)—

(a) after paragraph 3 (pure deposit based schemes) insert—

"Qualifying stablecoin arrangements

3A.—(1) Arrangements do not amount to a collective investment scheme where—

(a) they are arrangements under which money or an asset is held for the stabilisation of a qualifying stablecoin, and

(b) both the conditions in paragraph (2)(a) and (b) are met.

(2) The conditions referred to in paragraph (1)(b) are—

(a) that the issuer of the qualifying stablecoin does not pay, or arrange for another to pay, interest or yield arising from money or an asset held for the stabilisation of the qualifying stablecoin, or the benefits accruing from such to a holder;

(b) that, under normal conditions, the qualifying stablecoin offers a holder a right to redeem the stablecoin with the issuer at the same value, in the currency the stablecoin referenced at issue (excluding any fees that may be payable on redemption).

(3) For the purposes of this regulation—

(a) "qualifying stablecoin" has the meaning given by article 88G of the Regulated Activities Order (qualifying stablecoin);

(**a**) Paragraph 26F was inserted by S.I. 2023/612.
(**b**) S.I. 2001/1062, to which there are amendments not relevant to this instrument.

(b) money or an asset is held for the stabilisation of a qualifying stablecoin if it is held for the purpose mentioned in article 88G(2)(b) of the Regulated Activities Order.".

(b) In paragraph 22 (qualifying cryptoasset staking)(**a**), in sub-paragraph (2), for the definition of "qualifying cryptoasset" substitute—

""qualifying cryptoasset" has the meaning given by article 88F of the Regulated Activities Order (qualifying cryptoassets);".

Amendment of the Financial Services and Markets Act 2000 (Carrying on Regulated Activities by Way of Business) Order 2001

44.—(1) The Financial Services and Markets Act 2000 (Carrying on Regulated Activities by Way of Business) Order 2001(**b**) is amended as follows.

(2) (2) In article 3 (investment business), in paragraph (2), before sub-paragraph (a) insert—

"(za) article 9M (issuing qualifying stablecoin);

(zb) article 9N (safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets);

(zc) article 9S (operating a qualifying cryptoasset trading platform);

(zd) article 9T (dealing in qualifying cryptoassets as principal);

(ze) article 9W (dealing in qualifying cryptoassets as agent);

(zf) article 9Y (arranging deals in qualifying cryptoassets);

(zg) article 9Z6 (qualifying cryptoasset staking);".

Amendment of the Financial Services and Markets Act 2000 (Professions) (Non-Exempt Activities) Order 2001

45.—(1) The Financial Services and Markets Act 2000 (Professions) (Non-Exempt Activities) Order 2001(**c**) are amended as follows.

(2) In article 4 (activities to which exemption from the general prohibition does not apply)(**d**), after paragraph (aa) insert—

"(ab) article 9M (issuing qualifying stablecoin);

(ac) article 9T (dealing in qualifying cryptoassets as principal);

(ad) article 9Z6 (qualifying cryptoasset staking);".

Amendment of the Electronic Money Regulations 2011

46.—(1) The Electronic Money Regulations 2011(**e**) are amended as follows.

(2) In regulation 2 (interpretation), in the definition of "electronic money", at the end of paragraph (c) insert "or 3ZA".

(3) After regulation 3 (electronic money: exclusions) insert—

(**a**) Paragraph 22 was inserted by S.I. 2025/17.
(**b**) S.I. 2001/1177, to which there are amendments not relevant to this instrument.
(**c**) S.I. 2001/1227.
(**d**) Paragraph (aa) was inserted by S.I. 2002/682; there are other amendments not relevant to this instrument.
(**e**) S.I. 2011/99, to which there are amendments not relevant to this instrument.

"Electronic money: further exclusions

3ZA.—(1) For the purposes of the definition of "electronic money" in regulation 2 (interpretation), "monetary value" does not include—

(a) a stablecoin;

(b) money or an asset held for the stabilisation or backing of a stablecoin.

(2) Nothing in this regulation affects whether electronic money held for the stabilisation or backing of a stablecoin is considered electronic money, as defined by regulation 2 (interpretation).

(3) In this regulation, "stablecoin" means a cryptoasset that—

(a) meets the following two conditions—

(i) it seeks or purports to maintain a stable value in relation to a particular fiat currency ("the referenced fiat currency"), and

(ii) fiat currency (which may be that referenced fiat currency) or other assets are held for the purpose of maintaining its stable value in relation to the referenced fiat currency, in accordance with paragraph (i),

(b) is fungible,

(c) is transferable,

(d) is not solely a record of value or contractual rights, including another cryptoasset, and

(e) is not excluded by paragraph (6).

(4) Where a cryptoasset seeks or purports to maintain a stable value in relation to an asset other than a fiat currency, the cryptoasset is not to be regarded as falling within paragraph (3)(a)(i) even if the asset is expressed in terms of a fiat currency.

(5) For the purposes of paragraph (3)(a)(ii)—

(a) other assets do not include the cryptoasset itself;

(b) the holding of fiat currency or another asset for the purpose of maintaining a stable value does not include the holding of assets by a person carrying on the activity described in article 5 of the Regulated Activities Order (accepting deposits), whether authorised or not, for the purpose of complying with its general prudential requirements or meeting its liabilities generally.

(6) The following are excluded from being a stablecoin—

(a) a specified investment cryptoasset, other than one specified by the following articles of the Regulated Activities Order—

(i) article 74A (electronic money)(**a**);

(ii) article 88F (qualifying cryptoassets);

(b) electronic money;

(c) currency of the United Kingdom or any other country or territory, including a central bank digital currency;

(d) a cryptoasset that—

(i) cannot be transferred or sold in exchange for money or other cryptoassets, except by way of redemption with the issuer, and

(ii) can only be used by the holder—

(**a**) Article 74A was inserted by S.I. 2002/682.

(aa) to acquire goods or services from the issuer, or

(bb) to acquire goods or services within a limited network of service providers, which have direct commercial agreements with the issuer.

(7) For the purposes of paragraphs (1)(b) and (2), money or an asset is held for the stabilisation of a stablecoin if it is held for the purpose mentioned in paragraph (3)(a)(ii).

(8) For the purposes of paragraph (3)(c), the circumstances in which a cryptoasset is to be treated as "transferable" include where it confers transferable rights.

(9) In this regulation—

"cryptoasset" has the meaning given by section 417(1) (definitions) of the 2000 Act;

"fiat currency" means the currency of the United Kingdom or any other country or territory, unless that currency is solely a cryptoasset;

"money" includes electronic money;

"Regulated Activities Order" means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;

"specified investment cryptoasset" has the meaning given by article 3 (interpretation) of the Regulated Activities Order.".

Amendment of the Alternative Investment Fund Managers Regulations 2013

47.—(1) The Alternative Investment Fund Managers Regulations 2013(**a**) are amended as follows.

(2) After regulation 3 (meaning of "AIF") insert—

"Arrangements not constituting an AIF: qualifying stablecoin arrangements

3A.—(1) Arrangements do not constitute an AIF where—

(a) they are arrangements under which money or an asset is held for the stabilisation of a qualifying stablecoin, and

(b) both the conditions in paragraph (2)(a) and (b) are met.

(2) The conditions referred to in paragraph (1)(b) are—

(a) that the issuer of the qualifying stablecoin does not pay, or arrange for another to pay, interest or yield arising from money or an asset held for the stabilisation of the qualifying stablecoin, or the benefits accruing from such to a holder;

(b) that under normal conditions, the qualifying stablecoin offers a holder a right to redeem the stablecoin with the issuer at the same value, in the currency the stablecoin referenced at issue (excluding any fees that may be payable on redemption).

(3) For the purposes of this regulation—

(a) "qualifying stablecoin" has the meaning given by article 88G of the Regulated Activities Order (qualifying stablecoin);

(b) money or an asset is held for the stabilisation of a qualifying stablecoin if it is held for the purpose mentioned in article 88G(2)(b) of the Regulated Activities Order.".

(**a**) S.I. 2013/1773, to which there are amendments not relevant to this instrument.

Amendment of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017

48.—(1) The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017(**a**) are amended as follows.

(2) In regulation 3 (general interpretation), in paragraph (1), at the appropriate places insert—

> ""authorised cryptoasset firm" means an authorised person who is authorised to carry on a regulated activity specified by Chapter 2B (cryptoassets) of Part 2 (specified activities) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;
>
> "regulated activity" has the meaning given by section 22 of FSMA (regulated activities);
>
> "specified investment cryptoasset" has the meaning given by article 3 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (interpretation);
>
> "specified investment cryptoasset firm" means an authorised person who—
>
> (a) has permission under Part 4A of FSMA to carry on a regulated activity other than one specified by Chapter 2B (cryptoassets) of Part 2 (specified activities) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, and
>
> (b) carries on activity under that permission in relation to specified investment cryptoassets;";

(3) In regulation 54 (duty to maintain registers of certain relevant persons), for paragraph (1A)(**b**) substitute—

> "(1A) The FCA must maintain a register of those relevant persons who—
>
> (a) are—
>
> (i) cryptoasset exchange providers, or
>
> (ii) custodian wallet providers, but
>
> (b) are not—
>
> (i) authorised cryptoasset firms, or
>
> (ii) specified investment cryptoasset firms.".

(4) After regulation 56A (transitional provision for existing cryptoasset businesses: requirement to register)(**c**) insert—

> **"Requirement that cryptoasset firms acting as cryptoasset exchange providers or custodian wallet providers inform the FCA**
>
> **56B.**—(1) An authorised cryptoasset firm or specified investment cryptoasset firm must, before acting as a cryptoasset exchange provider or a custodian wallet provider or within 28 days of so doing, inform the FCA that it intends, or has begun, to act as such.
>
> (2) Paragraph (1) does not apply to an authorised cryptoasset firm or specified investment cryptoasset firm which—
>
> (a) immediately before the date specified by regulation 1(2) of the Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2025 (citation, commencement

(**a**) S.I. 2017/692.
(**b**) Paragraph (1A) was inserted by S.I. 2019/1511.
(**c**) Regulation 56A was inserted by S.I. 2019/1511.

and extent) ("the full commencement day") was acting as a cryptoasset exchange provider or custodian wallet provider and continues to act as such after that date, and

(b) informs the FCA that it is acting as such within 30 days beginning with the full commencement day.

(3) Where an authorised cryptoasset firm or specified investment cryptoasset firm ceases to act as a cryptoasset exchange provider or a custodian wallet provider, it must inform the FCA within 28 days beginning with the day of ceasing to act as such.

(4) If, at any time after an authorised cryptoasset firm or specified investment cryptoasset firm ("A") has provided the FCA with any information under this regulation—

(a) there is a material change affecting any matter contained in that information, or

(b) it becomes apparent to A that the information contains an inaccuracy,

then A must provide the FCA with details of the change or a correction of the inaccuracy within 30 days beginning with the date of the change or the discovery of the inaccuracy.

(5) Any information provided to the FCA under this regulation must be in such form and verified in such manner as the FCA may specify.

(6) Any requirement imposed by this regulation is to be treated as if it were a requirement imposed by or under FSMA.".

(5) In regulation 77 (power to impose civil penalties: suspension and removal of authorisation) omit paragraph (3)(b).

(6) In Schedule 6 (meaning of "relevant requirement"), after paragraph 10(a) insert—

"(aa) regulation 56B (requirement that cryptoasset firms acting as cryptoasset exchange providers or custodian wallet providers inform the FCA);".

Amendment of the Payment Services Regulations 2017

49.—(1) The Payment Services Regulations 2017(**a**) are amended as follows.

(2) In Schedule 1 (payment services), in Part 2 (activities which do not constitute payment services), after paragraph 3 insert—

"4. The activity specified by article 9M of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (issuing qualifying stablecoin) does not constitute a payment service.".

Amendment of the Financial Services and Markets Act 2000 (Prudential Regulation of FCA Investment Firms) (Definitions for the purposes of Part 9C) Regulations 2021

50.—(1) The Financial Services and Markets Act 2000 (Prudential Regulation of FCA Investment Firms) (Definitions for the purposes of Part 9C) Regulations 2021(**b**) are amended as follows.

(2) In regulation 2 (interpretation)—

(a) in the definition of a "IFPR financial institution", in paragraph (a), for "activities listed in points 2 to 12, point 15 and the final paragraph of the Annex 1 activities" substitute "relevant activities";

(b) after the definition of the "PRA Rulebook" insert—

(**a**) S.I. 2017/752.
(**b**) S.I. 2021/1046.

""relevant activities" means the activities—

(a) listed in points 2 to 12, point 15 and the final paragraph of the Annex 1 activities, or

(b) specified by Chapter 2B (cryptoassets) of Part 2 (specified activities) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;".

PART 7

Savings and transitional provision

Chapter 1

Interpretation and relevant application period

Interpretation

51. In this Part—

"open to review" in relation to a relevant cryptoasset permission means—

(a) the application has been refused by the FCA by a decision notice given under section 55X(4) of the Act (determination of applications: warning notices and decision notices), and

(b) one of the following is the case—

(i) the period for making a reference to the Tribunal under section 55Z3 of the Act (right to refer matters to the Tribunal) is still running;

(ii) the matter has been referred to the Tribunal but has not yet been dealt with;

(iii) the matter has been referred to the Tribunal and dealt with but the period during which an appeal may be brought against the Tribunal's decision is still running;

(iv) an appeal has been brought against the Tribunal but has not yet been determined;

"overseas person" means a person who—

(a) carries on an activity that will be a relevant cryptoasset activity on the full commencement day, and

(b) does not carry on that relevant cryptoasset activity from an establishment in the United Kingdom;

"pre-existing contract" has the meaning given by regulation 56(4) (temporary exemption relating to pre-existing contracts);

"relevant application period" means the period set by the FCA in accordance with directions given under regulation 52 (relevant application period);

"relevant cryptoasset activity" means an activity that, as a result of the amendments in regulation 40 of these Regulations (amendment of the Regulated Activities Order)—

(a) before the full commencement day, is to become a regulated activity on full commencement day, or

(b) on or after the full commencement, is a regulated activity;

"relevant cryptoasset permission" means—

(a) a Part 4A permission to carry on a relevant cryptoasset activity, or

(b) the variation of an existing Part 4A permission to include a relevant cryptoasset activity;

"the relevant day" has the meaning given by regulation 56(4) (temporary exemption relating to pre-existing contracts).

Relevant application period

52.—(1) Not later than 1 year before the full commencement day, the FCA must by direction specify an application period for the purposes of this Part ("relevant application period").

(2) A direction given under paragraph (1) must specify the first day and the last day of the relevant application period, where—

(a) the relevant application period must have a duration of at least 28 days, and

(b) the last day must be at least 28 days before the full commencement day.

(3) The power in paragraph (1) includes the power to amend or replace any direction for the purpose of extending the relevant application period.

(4) Directions given under paragraph (1) must be published in such manner as the FCA considers appropriate.

(5) A direction under paragraph (1) does not prevent applications for a relevant cryptoasset permission being made outside the relevant application period.

Chapter 2

Cryptoasset saving provision

Saving provision for decisions not fully determined

53.—(1) This regulation applies to a person ("P") where—

(a) P applied for a relevant cryptoasset permission during the relevant application period ("the application"), and

(b) the application has either—

(i) not been determined by the FCA, or

(ii) been refused by the FCA but is open to review, and

(c) P is not subject to a direction by the FCA made under regulation 55(3) (application of the cryptoasset transitional provision) applying that regulation and Chapter 3 (cryptoasset transitional provision) of this Part to them.

(2) For the purposes of the relevant cryptoasset activity to which the application relates, P, and any overseas person in the same group as P, is to be treated as if Parts 3 to 6 of these Regulations had not come into force.

(3) This Chapter ceases to have effect at the end of the period of 2 years beginning with the full commencement day.

Notification by a person to whom regulation 53 applies

54.—(1) As soon as reasonably practicable after the full commencement day, an overseas person to whom regulation 53 (saving provision for decisions not fully determined) applies ("O") must notify the FCA that they are carrying on a relevant cryptoasset activity under that regulation.

(2) If, before regulation 53 ceases to have effect, O—

(a) ceases to carry on the relevant cryptoasset activity, and

(b) no longer intends to carry on the relevant cryptoasset activity,

O must, as soon as reasonably practicable, notify the FCA that they no longer carry on and no longer intend to carry on the relevant cryptoasset activity.

Chapter 3

Cryptoasset transitional provision

Application of the cryptoasset transitional provision

55.—(1) Regulation 56 applies to a person where the following conditions are satisfied—

(a) during the relevant application period, that person applied for a relevant cryptoasset permission, and

(b) that application—

(i) has been refused by the FCA, and is no longer open to review, or

(ii) has been withdrawn.

(2) Regulation 56 also applies to a person where the following conditions are satisfied—

(a) outside the relevant application period but before the full commencement day, that person applied for a relevant cryptoasset permission, and

(b) that application—

(i) has not been determined,

(ii) has been refused, or

(iii) has been withdrawn.

(3) The FCA may direct that regulation 56, and not regulation 53, will apply to a person, where that person has—

(a) applied for a relevant cryptoasset permission during the relevant application period, and

(b) that application has been refused by the FCA but is open to review.

(4) Regulation 56 applies to an overseas person ("O") where—

(a) a person ("P"), established in the United Kingdom, has made an application within the scope of paragraph (1), and

(b) O is within the same group as P.

(5) The FCA may only exercise the power in paragraph (3) if it considers that the exercise of the power is necessary—

(a) for the prevention, detection, investigation, or prosecution of a criminal offence;

(b) for the protection of consumers;

(c) in order for the FCA to advance its objectives under Part 1A of the Act(**a**).

(6) Where the FCA decides to exercise the power in paragraph (3), the FCA must—

(a) specify the date on which the direction is to come into effect, which may not be before the full commencement day, and

(b) give a decision notice to the person to whom the decision relates.

(7) A person to whom a direction is given under paragraph (3) relates may refer the decision to exercise the power in that paragraph to the Tribunal.

(**a**) Part 1A was inserted by section 6 of the Financial Services Act 2012.

(8) Part 9 of the Act (hearings and appeals) applies to a reference to the Tribunal under paragraph (7) as it applies to a reference under that Act.

(9) This Chapter ceases to have effect at the end of the period of 2 years beginning with the full commencement day.

Temporary exemption relating to pre-existing contracts

56.—(1) Subject to paragraph (2), a person to whom this regulation applies is an exempt person for the purposes of section 19(1)(b) of the Act (the general prohibition).

(2) If a person to whom this regulation applies is already an authorised person, then they are to be treated as exempt from the application of section 20 of the Act (authorised persons acting without permission).

(3) An exemption under this regulation has effect—

(a) in relation to the carrying on of a relevant cryptoasset activity for which the person does not have a Part 4A permission,

(b) solely to the extent—

(i) necessary for the performance of a pre-existing contract, including where the performance of an obligation under the contract is contingent or conditional, and

(ii) where carried on for the purposes of performing such a contract, and

(c) subject to the operation of regulation 59 (variation and cancellation of an exemption under regulation 56).

(4) In this regulation—

"pre-existing contract" means a contract entered into before the relevant day;

"the relevant day" means—

(a) where this regulation applies as a result of regulation 55(1), (2) or (4), whichever is the later of—

(i) the full commencement day, or

(ii) if the day on which the condition in regulation 55(1), (2) or (4) (as applicable) is met is after the full commencement day, that day, or

(b) where this regulation applies as a result of regulation 55(3), the day on which the FCA specifies that the direction given under that provision takes effect.

Notification by a person to whom regulation 56 applies

57.—(1) A person to whom regulation 56 (temporary exemption relating to pre-existing contracts) applies ("A") must, as soon as reasonably practicable after the relevant day, notify the FCA that they are carrying on a relevant cryptoasset activity to which the exemption applies under regulation 56.

(2) If, before regulation 56 ceases to have effect, A—

(a) ceases to carry on the relevant cryptoasset activity, and

(b) no longer intends to carry on the relevant cryptoasset activity,

A must, as soon as reasonably practicable, notify the FCA that they no longer carry on and no longer intend to carry on the relevant cryptoasset activity.

(3) Notifications under paragraphs (1) and (2) must be made in such manner and contain or be accompanied by such information as the FCA may require.

Information to be supplied to a party to a contract with a person to whom regulation 56 applies

58.—(1) A person to whom regulation 56 (temporary exemption relating to pre-existing contracts) applies ("A") must notify each party to a pre-existing contract with A—

(a) that A is an exempt person for the purposes of section 19(1)(b) and section 20 (as applicable) of the Act;

(b) that A is not authorised by the FCA in relation to the carrying on of that activity.

(2) Notifications under paragraph (1) must be made as soon as reasonably practicable after the relevant day.

(3) A must notify each party to a pre-existing contract with A, if there is a material change in respect of—

(a) the protection afforded to assets held by A in relation to the performance of the contract;

(b) the mechanisms for resolving disputes in connection with the contract;

(c) the schemes available for compensation in relation to the contract,

of that material change.

(4) Notifications under paragraph (3) must be made as soon as reasonably practicable after the material change referred to in that paragraph came to the notice to A.

(5) Notifications under paragraphs (1) and (3) must be made in such manner and contain or be accompanied by such information as the FCA may require.

Variation and cancellation of an exemption under regulation 56

59.—(1) The FCA may by notice given to a person to whom the exemption under regulation 56 (temporary exemption relating to pre-existing contracts) applies—

(a) cancel the exemption or part of the exemption;

(b) impose on that person such conditions relating to the exemption, or part of the exemption, as the FCA consider appropriate.

(2) The power to impose conditions and remove regulated activities under paragraph (1)(b) and (c) includes the power to impose a final day for the application of—

(a) the exemption under regulation 56, or part of it;

(b) any condition imposed under paragraph (1)(b).

(3) Any final day imposed under paragraph (2) must be before the end of the period specified by regulation 55(9).

(4) The FCA may only exercise the power under paragraph (1) where—

(a) it considers that the exercise of the power is necessary for the—

(i) prevention, detection, investigation, or prosecution of a criminal offence;

(ii) protection of consumers;

(iii) FCA to advance its objectives under Part 1A of the Act, or

(b) on or after the relevant day, the person to whom regulation 56 applies has ceased carrying on a regulated activity covered by the exemption.

(5) In an urgent case, where the FCA decides to exercise the power under paragraph (1), it must give a decision notice to the person to whom the decision relates.

(6) A notice under paragraph (4) must state when the decision takes effect, which may be immediately upon receipt.

(7) In any case other than an urgent case—

(a) where the FCA proposes to exercise the power under paragraph (1), it must give the person a warning notice;

(b) where the FCA decides to exercise the power under paragraph (1), it must give the person a decision notice.

(8) Part 26 of the Act (notices) applies to a notice under paragraphs (1) and (4) as it applies to a notice given under the Act.

(9) A person in respect of whom the power under paragraph (1) is exercised may refer the decision to exercise the power to the Tribunal.

(10) Part 9 of the Act (hearings and appeals) applies to a reference to the Tribunal under paragraph (9) as it applies to a reference under the Act.

Restrictions on financial promotions

60. In respect of a person to whom regulation 56 (temporary exemption relating to pre-existing contracts) applies, section 21 of the Act (restrictions on financial promotion) has effect as if for subsection (2) there were substituted—

"(2) But subsection (1) does not apply if—

(a) A is a person to whom regulation 56 (temporary exemption relating to pre-existing contracts) of the Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2025 applies, and

(b) the communication is necessary for the performance of a pre-existing contract (within the meaning of regulation 56 of those Regulations).".

Information gathering

61. The following provisions of the Act apply to a person to whom regulation 56 (temporary exemption relating to pre-existing contracts) applies as if they were an authorised person under the Act in relation to the carrying on of that activity—

(a) section 165 (regulators' power to require information: authorised persons etc.)(**a**);

(b) section 166 (reports by skilled persons)(**b**);

(c) section 175 (information and documents: supplemental provisions)(**c**);

(d) section 177 (offences)(**d**).

Publication of information

62.—(1) The FCA may, where it considers it appropriate to do so, publish—

(a) information concerning persons to whom regulation 56 (temporary exemption relating to pre-existing contracts) applies, in relation to the application of that regulation to them;

(b) information provided under—

(i) regulation 54 (notification by a person to whom regulation 53 applies);

(**a**) Section 165 was amended by Schedule 2 to the Financial Services Act 2010, Schedule 12 to the Financial Services Act 2012, Schedule 2 to the Bank of England and Financial Services Act 2016, section 9(3) of the Financial Services and Markets Act 2023, S.I. 2015/575, 2022/466, 2024/1083, and 2025/22.

(**b**) Section 166 was substituted by Schedule 12 to the Financial Services Act 2012 and amended by Schedule 2 to the Financial Services Act 2021 (c. 22) and S.I. 2022/466 and 2025/22.

(**c**) Section 175 was amended by Schedule 12 to the Financial Services Act 2012 and Schedule 1 to the Investigatory Powers (Amendment) Act 2024 (c. 9).

(**d**) Section 177 was amended by Schedule 18 to the Financial Services Act 2012 and S.I. 2001/1090, 2007/126, 2011/1043 and 2016/680.

(ii) regulation 57 (notification by a person to whom regulations 56 applies).

(2) Publication of information under this regulation must be in such manner as the FCA considers appropriate.

Public censure

63.—(1) Where the FCA consider that—

(a) a person to whom regulation 56 (temporary exemption relating to pre-existing contracts) applies has acted in a manner which the FCA considers contrary to the advancement of its objectives under Part 1A of the Act;

(b) a person has failed to comply with—

(i) regulation 54 (notification by a person to whom regulation 53 applies);

(ii) regulation 57 (notification by a person to whom regulations 56 applies),

the FCA may publish a statement to that effect.

(2) Where the FCA proposes to publish a statement under paragraph (1), it must give the person mentioned in that statement a warning notice.

(3) The warning notice given under paragraph (2) must set out the terms of the statement.

(4) Where, having considered any representation made in response to a warning notice, the FCA decides to publish a statement under paragraph (1), whether or not in the terms proposed, it must give the person a decision notice without delay.

(5) The decision notice must set out the terms of the statement.

(6) Section 393 of the Act (third party rights)(**a**) applies in respect of the giving of notices under this regulation as it applies in respect of the giving of notices under that Act.

(7) A person in respect of whom the power under paragraph (1) is exercised may refer the decision to exercise the power to the Tribunal.

(8) Part 9 of the Act (hearings and appeals) applies to a reference to the Tribunal under paragraph (7) as it applies to a reference under the Act.

Chapter 4

Consultation relating to rules and guidance by the FCA

Consultation relating to rules and guidance by the FCA

64. The requirements of section 138I of the Act (consultation by the FCA)(**b**), in so far as they apply to a proposal by the FCA to make rules and guidance in relation to any provision made by these Regulations, may be satisfied by things done, wholly or in part, before the day on which these Regulations come into force for the purposes mentioned in regulation 1(3).

(**a**) Section 393 was amended by Schedule 9 to the Financial Services Act 2012.
(**b**) Section 138I was inserted by section 24 of the Financial Services Act 2012 and amended by Schedule 9 to the Financial Services Act 2021 and sections 28(7), 31(3)(a) and (b) and 53(1) of the Financial Services and Markets Act 2023; there are other amendments that are not relevant to this instrument.

PART 8

Review

Review

65.—(1) The Treasury must from time to time—

(a) carry out a review of the regulatory provision contained in regulations 2 to 50 (including Schedules 1 and 2), and

(b) publish a report setting out the conclusions of the review.

(2) The first report must be published before the end of the period of 5 years beginning with the full commencement day.

(3) Subsequent reports must be published at intervals not exceeding 5 years.

(4) Each report must in particular—

(a) set out the objectives intended to be achieved by the regulatory provision referred to in paragraph (1)(a),

(b) assess the extent to which those objectives are achieved,

(c) assess whether those objectives remain appropriate, and

(d) if those objectives remain appropriate, assess the extent to which they could be achieved in another way which involves less onerous regulatory provision.

(5) In this regulation "regulatory provision" has the same meaning as in sections 28 to 32 of the Small Business, Enterprise and Employment Act 2015(**a**)(see section 32 of that Act).

Date

Name
Name
Two of the Lords Commissioners of His Majesty's Treasury

(**a**) 2015 c. 26.

SCHEDULES

SCHEDULE 1

Regulation 10

Exceptions from prohibition of offers to the public

PART 1

Offers not contravening prohibition

General exceptions

1. An offer of a qualifying cryptoasset made to the public where the total consideration for the qualifying cryptoasset being offered in the United Kingdom cannot exceed £1,000,000, or an equivalent amount (see paragraph 11).

2. An offer of a qualifying cryptoasset made solely to qualified investors (see paragraph 9).

3. An offer of a qualifying cryptoasset made to fewer than 150 persons in the United Kingdom, other than qualified investors (see paragraph 9).

4. An offer of a qualifying cryptoasset made to a person who buys, or subscribes for, that qualifying cryptoasset for a total consideration of at least £100,000, or an equivalent amount, for each separate offer.

Qualifying stablecoin

5. An offer of a qualifying stablecoin for sale or subscription that is made by a person with a Part 4A permission to carry on the regulated activity specified by article 9M of the Regulated Activities Order (issuing qualifying stablecoin).

Offer of qualifying cryptoassets admitted to trading

6. An offer of a qualifying cryptoasset where—

(a) the offer is conditional on the admission of the qualifying cryptoasset to trading on a qualifying cryptoasset trading platform, or

(b) the qualifying cryptoasset being offered is, at the time of the offer, admitted to trading on a qualifying cryptoasset trading platform.

Offer of qualifying cryptoassets to directors or employees

7.—(1) An offer or allotment of a qualifying cryptoasset that—

(a) is made to existing or former directors or employees—

(i) by their employer,

(ii) by an undertaking that is part of the same group as their employer, or

(iii) by a person who, under an employee reward arrangement or proposed employee reward arrangement, holds or will hold the qualifying cryptoasset as trustee,

(b) is issued by or on behalf of that employer, undertaking or person, and

(c) includes or is accompanied by a statement containing the information on—

(i) the number and nature of the qualifying cryptoassets, and

(ii) the reason for, and details of, the offer or allotment.

(2) In this paragraph, an "employee reward arrangement" means activity that is not within article 9T of the Regulated Activities Order (dealing in qualifying cryptoassets as principal) by virtue of the exclusion in article 9V(1)(e) of that Order (article 9T: other exclusions)(**a**).

PART 2

Supplementary provisions relating to Part 1

8.—(1) In determining whether paragraph 1 is satisfied in relation to an offer ("offer A"), offer A is to be taken together with any connected offer of a qualifying cryptoasset of the same kind as that to which offer A relates which was open at any time within the period of 12 months ending with the day on which offer A is first made, if or to the extent that the earlier offer was exempt from the prohibition in regulation 10(1) (prohibition of public offers of qualifying cryptoassets) by reason only of paragraph 1.

(2) In paragraph (1), offer A is connected to another offer (the "connected offer") if a person responsible for offer A is also responsible for the other offer.

9.—(1) In paragraphs 2 and 3, "qualified investor", in relation to an offer of a qualifying cryptoasset, means—

(a) a person described in paragraph 3 of Schedule 1 to the markets in financial instruments regulation(**b**), other than a person who, before the making of the offer, has agreed in writing with the relevant firm, or each of the relevant firms, to be treated as a non-professional client in accordance with paragraph 4 of that Schedule;

(b) a person who has made a request a relevant firm to be treated as a professional client in accordance with paragraphs 5 and 6 of that Schedule and has not subsequently, but before the making of the offer, agreed in writing with that relevant firm (or each of those relevant firms) to be treated as a non-professional client in accordance with paragraph 4 of that Schedule;

(c) a person who—

(i) is an eligible counterparty for the purposes of Section 6 of Chapter 3 of the Conduct of Business sourcebook(**c**), and

(ii) has not, before the making of the offer, agreed in writing with the relevant firm (or each of the relevant firms) to be treated as a non-professional client in accordance with paragraph 4 of Schedule 1 to the markets in financial instruments regulation.

(2) In sub-paragraph (1)—

(a) "relevant firm" means an investment firm or qualifying credit institution acting in connection with the offer;

(b) the reference to the Conduct of Business sourcebook is a reference to that sourcebook in the Handbook of Rules and Guidance published by the FCA under the Act, as it has effect from time to time.

10. For the purposes of paragraph 3, the making of an offer of a qualifying cryptoasset to—

(**a**) Article 9V is inserted by regulation 40(5) of this instrument.
(**b**) EUR 2014/600, as amended by Schedule 10 to the Financial Services and Markets Act 2021, Schedule 2 to the Financial Services and Markets Act 2023 and S.I. 2018/1403.
(**c**) The Conduct of Business sourcebook is part of the FCA Handbook which is made by the FCA under the Act. It can be found online at https://www.handbook.fca.org.uk/handbook and a hard copy is available for inspection at FCA, 12 Endeavour Square, London, E20 1JN.

(a) trustees of a trust,

(b) members of a partnership in their capacity as such, or

(c) two or more persons jointly,

is to be treated as the making of an offer to a single person.

11.—(1) For the purposes of Part 1 of this Schedule, an amount is an "equivalent amount", in relation to an amount denominated in sterling, if it is an amount of equal value denominated wholly or partly in another currency or unit of account.

(2) The equivalent is to be calculated at the latest practicable date before (but in any event not more than 3 working days before) the date on which the offer is first made.

(3) In this paragraph, "working day" means a day other than—

(a) Saturday or Sunday;

(b) Christmas Day or Good Friday;

(c) any other day which is a bank holiday in England and Wales under the Banking and Financial Dealings Act 1971(**a**).

SCHEDULE 2

Regulation 14(9)

Compensation: exemptions

PART 1

General exemptions

Statements believed to be true

1.—(1) In this paragraph "statement" means—

(a) an untrue or misleading statement in a qualifying cryptoasset disclosure document or supplementary disclosure document, or

(b) the omission from a qualifying cryptoasset disclosure document or supplementary disclosure document of a matter required to be included by regulation 13 (general requirements to be met by a qualifying cryptoasset disclosure document or supplementary disclosure document).

(2) A person ("D") does not incur a liability under regulation 14 (compensation for statements in a qualifying cryptoasset disclosure document or supplementary disclosure document) for loss caused by a statement if D satisfies the court—

(a) that, at the time when the qualifying cryptoasset disclosure document or supplementary disclosure document was published, D reasonably believed, having made such enquiries as were reasonable, that—

(i) the statement was true and not misleading, or

(ii) the matter whose omission caused the loss was properly omitted, and

(b) that one or more of the conditions set out in sub-paragraph (3) are satisfied.

(3) The conditions are—

(**a**) 1971 c. 80.

(a) that D continued in D's belief until the time when the qualifying cryptoasset in question was bought or subscribed for;

(b) that the qualifying cryptoasset in question was bought or subscribed for before it was reasonably practicable to bring a correction to the attention of a person likely to buy or subscribe for it;

(c) that, before the qualifying cryptoasset in question was bought or subscribed for, D had taken all such steps as it was reasonable for D to have taken to secure that a correction was brought to the attention of a person likely to buy or subscribe for it;

(d) that D continued in D's belief until after the commencement of dealings in the qualifying cryptoasset in question following its admission to trading and it was bought or subscribed for after such a lapse of time that D ought in the circumstances to be reasonably excused.

Correction of statements

2.—(1) In this paragraph "statement" has the same meaning as in paragraph 1.

(2) A person ("D") does not incur a liability under regulation 14 (compensation for statements in a qualifying cryptoasset disclosure document or supplementary disclosure document) for loss caused by a statement if D satisfies the court—

(a) that before the qualifying cryptoasset in question was bought or subscribed for, a correction had been published in a manner calculated to bring it to the attention of a person likely to buy or subscribe for it, or

(b) that D took all such steps as it was reasonable for D to take to secure such publication and reasonably believed that it had taken place before the qualifying cryptoasset in question was bought or subscribed for.

(3) Nothing in this paragraph is to be taken as affecting paragraph 1.

Statements by experts

3.—(1) In this paragraph "statement" means a statement included in a qualifying cryptoasset disclosure document or supplementary disclosure document which—

(a) purports to be made by, or on the authority of, another person as an expert, and

(b) is stated to be included in the qualifying cryptoasset disclosure document or supplementary disclosure document with that person's consent.

(2) A person ("D") does not incur a liability under regulation 14 (compensation for statements in a qualifying cryptoasset disclosure document or supplementary disclosure document) for loss caused by a statement if D satisfies the court that, at the time when the qualifying cryptoasset disclosure document or supplementary disclosure document was published, D reasonably believed—

(a) that the other person—

(i) was competent to make or authorise the statement, and

(ii) had consented to its inclusion in the form and context in which it was included, and

(b) that one or more of the conditions set out in sub-paragraph (3) are satisfied.

(3) The conditions are—

(a) that D continued in D's belief until the time when the qualifying cryptoasset in question was bought or subscribed for;

(b) that the qualifying cryptoasset in question was bought or subscribed for before it was reasonably practicable to bring the fact that the expert was not competent, or had not consented, to the attention of a person likely to buy or subscribe for it;

(c) that, before the qualifying cryptoasset in question was bought or subscribed for, D had taken all such steps as it was reasonable for D to have taken to secure that a correction was brought to the attention of a person likely to buy or subscribe for it;

(d) that D continued in D's belief until after the commencement of dealings in the qualifying cryptoasset in question following its admission to trading and it was bought or subscribed for after such a lapse of time that D ought in the circumstances to be reasonably excused.

Correction of statements by experts

4.—(1) In this paragraph "statement" has the same meaning as in paragraph 3.

(2) A person ("D") does not incur a liability under regulation 14 (compensation for statements in qualifying cryptoasset disclosure document or supplementary disclosure document) for loss caused by a statement if D satisfies the court—

(a) that before the qualifying cryptoasset in question was bought or subscribed for, the fact that the expert was not competent, or had not consented, had been published in a manner calculated to bring it to the attention of a person likely to buy or subscribe for it, or

(b) D took all such steps as it was reasonable for D to take to secure such publication and reasonably believed that it had taken place before the qualifying cryptoasset in question was bought or subscribed for.

(3) Nothing in this paragraph is to be taken as affecting paragraph 3.

Official statements

5. A person ("D") does not incur a liability under regulation 14 (compensation for statements in qualifying cryptoasset disclosure document or supplementary disclosure statement) for loss caused by—

(a) a statement made by an official person referred to or included in the qualifying cryptoasset disclosure document or supplementary disclosure document, or

(b) a statement contained in a public official document referred to or included in the qualifying cryptoasset disclosure document or supplementary disclosure document,

if D satisfies the court that the statement is accurately and fairly reproduced or referred to.

Belief that supplementary disclosure document not called for

6.—(1) A person ("D") does not incur a liability under regulation 14(5) if D satisfies the court that D reasonably believed that the circumstances were not such as to give rise under the relevant rules (as defined by regulation 14(8)) to the obligation to publish a supplementary disclosure document.

(2) In sub-paragraph (1), the reference to a supplementary disclosure document includes a reference to a document falling within regulation 14(6).

Meaning of "expert"

7. In this Part, "expert" includes an engineer, valuer, accountant or other person whose profession, qualifications or experience give authority to a statement made by the person.

PART 2

Further exemption relating to forward-looking statement

"Protected forward-looking statement"

8.—(1) For the purposes of this Part of this Schedule, a forward-looking statement in a qualifying cryptoasset disclosure document or supplementary disclosure document is a "protected forward-looking statement" if—

(a) it is of a kind specified by the FCA for the purposes of this paragraph in the designated activity rules made by virtue of regulation 9, and

(b) it is accompanied by a statement, in such form as may be required by those designated activity rules, which identifies the statement as a protected forward-looking statement for the purposes of this Part of this Schedule.

(2) In sub-paragraph (1), "forward-looking statement" includes—

(a) a statement containing a projection, estimate, forecast or target;

(b) a statement giving guidance;

(c) a statement of opinion as to future events or circumstances;

(d) a statement of intention.

Exemption from liability

9.—(1) Unless the condition in sub-paragraph (2) is met, a person responsible for a qualifying cryptoasset disclosure document or supplementary disclosure document ("R")—

(a) does not incur a liability under regulation 14 (compensation for statements in qualifying cryptoasset disclosure document or supplementary disclosure document) in respect of any loss caused by a protected forward-looking statement, and

(b) is not subject to any other liability in respect of any loss caused by such a statement.

(2) The condition is that, at any time in the relevant period, R—

(a) knew the protected forward-looking statement to be untrue or misleading or was reckless as to whether it was untrue or misleading, or

(b) knew the omission from the protected forward-looking statement to be a dishonest concealment of a material fact.

(3) A person ("P") who is not among those responsible for a qualifying cryptoasset disclosure document or supplementary disclosure document but would, apart from this sub-paragraph, have any liability to a person other than the person responsible for the offer in respect of loss caused by a protected forward-looking statement in the qualifying cryptoasset disclosure document or supplementary disclosure document has no such liability unless at any time in the relevant period, P—

(a) knew the protected forward-looking statement to be untrue or misleading or was reckless as to whether it was untrue or misleading, or

(b) knew the omission from the protected forward-looking statement to be a dishonest concealment of a material fact.

(4) In this paragraph, "the relevant period" is the period beginning with the time when the qualifying cryptoasset disclosure document or supplementary disclosure document ("the relevant document") is published and ending with the later of—

(a) the closure of the offer to which the relevant document relates, and

(b) the commencement of dealings in a qualifying cryptoasset following their admission to trading on the qualifying cryptoasset trading platform.

(5) This paragraph does not limit the application of Part 1 of this Schedule in relation to loss caused by a protected forward-looking statement.

EXPLANATORY NOTE

(This note is not part of these Regulations)

These Regulations establish a regulatory regime for certain cryptoasset activities pursuant to powers conferred by the Financial Services and Markets Act 2000 (c. 8)("the Act").

Part 1 of the Regulations sets out general provisions, including citation, commencement, extent, and defines certain terms used in the Regulations. Regulation 1 provides that some provisions commence early to enable the Financial Conduct Authority ("FCA") to give directions or guidance, make rules and to carry out any other preparatory steps in relation to the exercise of their functions in relation to these Regulations before most, if not all, of the remaining provisions come into force on 25 October 2027.

Part 2 of the Regulations introduces two designated activity regimes under Part 5A of the Act: the first (Chapter 1) for public offers of qualifying cryptoassets and admissions to trading on qualifying cryptoasset trading platforms; the second (Chapter 2) covering market abuse (including insider dealing, the disclosure of inside information and market manipulation). It also sets out the powers of the FCA in relation to those activities. In relation to the first, it also sets out requirements for disclosure documents, the liability for untrue or misleading statements, and withdrawal rights for qualifying cryptoasset purchasers. In relation to the second, it includes requirements for market abuse-related systems and controls.

Part 3 of the Regulations amends the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544) so as to specify certain activities relating to cryptoassets as regulated activities for the purposes of the Act. The new regulated activities include the issuing of qualifying stablecoin, the safeguarding of certain cryptoassets, operating cryptoasset trading platforms, dealing in cryptoassets as principal or agent, arranging deals in cryptoassets, and cryptoasset staking. These activities are subject to detailed exclusions. Carrying on these activities will require authorisation under Part 4A of the Act.

Part 4 of the Regulations makes amendments to the Act in connection with the provisions of Parts 2 and 3 of the Regulations.

Part 5 of the Regulations makes amendments to the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (S.I. 2005/1529) to specify certain activities relating to cryptoassets as controlled activities and updates the controlled investment of "qualifying cryptoassets" for the purposes of section 21 of the Act. An invitation or inducement, made in the course of business, constitutes a controlled activity or to exercise rights conferred by a controlled investment is prohibited from communicating such an invitation or inducement unless they are an authorised person within the meaning of the Act or the content of the communication is approved by an authorised person..

Part 6 of the Regulations makes related amendments to secondary legislation. The legislation being amended includes the Electronic Money Regulations 2011, the Alternative Investment Fund Managers Regulations 2013, the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, and the Payment Services Regulations 2017.

Part 7 of the Regulations provides a structured pathway for transitioning into the new regulatory regime for existing businesses.

Part 8 of the Regulations requires the Treasury to review the regulatory provisions and publish a report setting out the conclusions of the review at intervals not exceeding five years beginning with the full commencement day.

Schedule 1 sets out the exceptions to the general prohibition on public offers of qualifying cryptoassets under regulation 10.

Schedule 2 sets out exemptions from liability to pay compensation provided for in regulation 14.

An impact assessment of the effect of these Regulations on the costs of business, the voluntary sector and the public sector is available from HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ and is published alongside these Regulations at www.legislation.gov.uk.

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